

**Walsin Lihwa Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2022 and 2021 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

### Introduction

We have reviewed the accompanying consolidated balance sheets of Walsin Lihwa Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews and the review reports of other auditors (refer to the Other Matter section), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Other Matter

We did not review the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such financial statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts included in these consolidated financial statements for such subsidiaries, is based solely on the review reports of other auditors. As of June 30, 2022 and 2021, the combined total assets of these subsidiaries were NT\$12,698,476 thousand and NT\$10,039,059 thousand, respectively, representing 6.00% and 5.76%, respectively, of the consolidated total assets; for the three months ended June 30, 2022 and 2021 and six months ended June 30, 2022 and 2021, the amounts of combined net operating revenue of these subsidiaries were NT\$4,821,000 thousand, NT\$4,116,638 thousand, NT\$7,492,955 thousand and NT\$7,453,923 thousand, respectively, representing 9.55%, 10.52%, 8.05% and 10.96%, respectively, of the consolidated net operating revenue.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Yea Shyu and Ke-Chaug Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 5, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

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

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS  | June 30, 2022<br>(Reviewed) |            | December 31, 2021<br>(Audited) |            | June 30, 2021<br>(Reviewed) |            |
|---|-----------------------------|------------|--------------------------------|------------|-----------------------------|------------|
|   | Amount                      | %          | Amount                         | %          | Amount                      | %          |
| CURRENT ASSETS  |                             |            |                                |            |                             |            |
| Cash and cash equivalents (Note 6)  | \$ 7,836,939                | 4          | \$ 10,387,581                  | 6          | \$ 9,749,037                | 6          |
| Financial assets at fair value through profit or loss - current (Note 7)                  | 487,952                     | -          | 16,147                         | -          | 5,312,605                   | 3          |
| Financial assets at amortized cost - current (Note 8)                                     | -                           | -          | -                              | -          | 647,745                     | -          |
| Financial assets for hedging - current (Note 9)   | -                           | -          | 89,232                         | -          | -                           | -          |
| Contract assets - current (Note 10)   | 5,489,566                   | 3          | 5,750,344                      | 3          | 4,298,083                   | 3          |
| Notes receivable (Notes 11 and 33)  | 3,746,121                   | 2          | 2,627,411                      | 2          | 2,821,742                   | 2          |
| Trade receivables (Notes 11 and 33)   | 13,746,357                  | 6          | 11,045,689                     | 6          | 10,328,849                  | 6          |
| Finance lease receivables (Notes 12 and 34)   | 59,023                      | -          | 58,042                         | -          | 57,077                      | -          |
| Other receivables (Note 33)   | 5,691,147                   | 3          | 1,620,595                      | 1          | 2,234,015                   | 1          |
| Inventories (Note 13)   | 37,647,130                  | 18         | 31,659,723                     | 17         | 23,745,495                  | 14         |
| Other financial assets - current (Notes 6 and 34)   | 935,215                     | -          | 530,650                        | -          | 659,934                     | -          |
| Other current assets (Notes 20 and 34)  | <u>20,750,251</u>           | <u>10</u>  | <u>5,535,226</u>               | <u>3</u>   | <u>5,839,459</u>            | <u>3</u>   |
| Total current assets  | <u>96,389,701</u>           | <u>46</u>  | <u>69,320,640</u>              | <u>38</u>  | <u>65,694,041</u>           | <u>38</u>  |
| NON-CURRENT ASSETS  |                             |            |                                |            |                             |            |
| Financial assets at fair value through other comprehensive income - non-current (Note 14) | 12,705,179                  | 6          | 16,290,587                     | 9          | 17,729,352                  | 10         |
| Financial assets at amortized cost - non-current (Note 8)                                 | 94,313                      | -          | -                              | -          | -                           | -          |
| Investments accounted for using the equity method (Note 16)                               | 38,444,000                  | 18         | 39,451,117                     | 22         | 38,148,339                  | 22         |
| Property, plant and equipment (Note 17)   | 43,318,070                  | 20         | 41,474,488                     | 23         | 36,635,022                  | 21         |
| Right-of-use assets (Note 18)   | 3,446,246                   | 2          | 1,803,510                      | 1          | 1,832,034                   | 1          |
| Investment properties (Note 19)   | 10,365,166                  | 5          | 10,431,063                     | 6          | 10,506,326                  | 6          |
| Other intangible assets   | 175,446                     | -          | 173,430                        | -          | 174,966                     | -          |
| Deferred tax assets (Note 4)  | 3,714,777                   | 2          | 2,818,549                      | 1          | 2,129,514                   | 1          |
| Refundable deposits (Note 6)  | 208,490                     | -          | 207,622                        | -          | 216,095                     | -          |
| Long-term finance lease receivables (Notes 12 and 34)                                     | 632,785                     | -          | 662,543                        | -          | 691,807                     | 1          |
| Other non-current assets (Notes 6, 20 and 34)   | <u>2,212,096</u>            | <u>1</u>   | <u>401,349</u>                 | <u>-</u>   | <u>435,863</u>              | <u>-</u>   |
| Total non-current assets  | <u>115,316,568</u>          | <u>54</u>  | <u>113,714,258</u>             | <u>62</u>  | <u>108,499,318</u>          | <u>62</u>  |
| TOTAL   | <u>\$ 211,706,269</u>       | <u>100</u> | <u>\$ 183,034,898</u>          | <u>100</u> | <u>\$ 174,193,359</u>       | <u>100</u> |
| LIABILITIES AND EQUITY  |                             |            |                                |            |                             |            |
| CURRENT LIABILITIES   |                             |            |                                |            |                             |            |
| Short-term borrowings (Note 21)   | \$ 22,309,671               | 10         | \$ 7,108,766                   | 4          | \$ 10,120,231               | 6          |
| Short-term bills payable (Note 21)  | 5,595,480                   | 3          | -                              | -          | -                           | -          |
| Financial liabilities at fair value through profit or loss - current (Note 7)             | -                           | -          | 37,439                         | -          | 32,307                      | -          |
| Financial liabilities for hedging - current (Note 9)                                      | 171,906                     | -          | -                              | -          | 13,320                      | -          |
| Contract liabilities - current  | 4,478                       | -          | 3,426                          | -          | 13,556                      | -          |
| Notes payable (Note 33)   | 421,449                     | -          | 346,947                        | -          | 250,026                     | -          |
| Trade payables (Note 33)  | 10,181,492                  | 5          | 8,493,921                      | 5          | 8,802,809                   | 5          |
| Current tax liabilities (Note 4)  | 5,398,048                   | 2          | 6,082,152                      | 3          | 4,332,984                   | 3          |
| Other payables  | 10,113,518                  | 5          | 4,861,341                      | 3          | 4,144,850                   | 2          |
| Lease liabilities - current (Note 18)   | 85,567                      | -          | 71,470                         | -          | 73,150                      | -          |
| Current portion of long-term borrowings (Note 21)   | 1,641,602                   | 1          | 10,719,081                     | 6          | 11,729,177                  | 7          |
| Other current liabilities   | <u>1,384,250</u>            | <u>1</u>   | <u>1,127,970</u>               | <u>-</u>   | <u>1,176,152</u>            | <u>1</u>   |
| Total current liabilities   | <u>57,307,461</u>           | <u>27</u>  | <u>38,852,513</u>              | <u>21</u>  | <u>40,688,562</u>           | <u>24</u>  |
| NON-CURRENT LIABILITIES   |                             |            |                                |            |                             |            |
| Bonds payable (Note 22)   | 7,500,000                   | 3          | 7,500,000                      | 4          | -                           | -          |
| Long-term borrowings (Note 21)  | 32,331,332                  | 15         | 24,785,952                     | 14         | 26,307,953                  | 15         |
| Deferred tax liabilities (Note 4)   | 3,346,472                   | 2          | 2,214,650                      | 1          | 258,776                     | -          |
| Lease liabilities - non-current (Note 18)   | 1,610,339                   | 1          | 243,676                        | -          | 257,657                     | -          |
| Net defined benefit liabilities - non-current (Note 4)                                    | 507,968                     | -          | 560,362                        | -          | 396,106                     | -          |
| Other non-current liabilities (Note 30)   | <u>1,557,932</u>            | <u>1</u>   | <u>931,477</u>                 | <u>1</u>   | <u>1,066,472</u>            | <u>1</u>   |
| Total non-current liabilities   | <u>46,854,043</u>           | <u>22</u>  | <u>36,236,117</u>              | <u>20</u>  | <u>28,286,964</u>           | <u>16</u>  |
| Total liabilities   | <u>104,161,504</u>          | <u>49</u>  | <u>75,088,630</u>              | <u>41</u>  | <u>68,975,526</u>           | <u>40</u>  |
| EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 24)  |                             |            |                                |            |                             |            |
| Share capital   | <u>34,313,329</u>           | <u>16</u>  | <u>34,313,329</u>              | <u>19</u>  | <u>34,313,329</u>           | <u>20</u>  |
| Capital surplus   | <u>18,620,177</u>           | <u>9</u>   | <u>18,440,875</u>              | <u>10</u>  | <u>18,450,182</u>           | <u>11</u>  |
| Retained earnings   |                             |            |                                |            |                             |            |
| Legal reserve   | 7,564,090                   | 4          | 6,109,568                      | 3          | 5,428,200                   | 3          |
| Special reserve   | 2,712,250                   | 1          | 2,712,250                      | 2          | 3,110,410                   | 2          |
| Unappropriated earnings   | <u>41,384,756</u>           | <u>20</u>  | <u>38,965,389</u>              | <u>21</u>  | <u>33,289,510</u>           | <u>19</u>  |
| Total retained earnings   | <u>51,661,096</u>           | <u>25</u>  | <u>47,787,207</u>              | <u>26</u>  | <u>41,828,120</u>           | <u>24</u>  |
| Other equity  |                             |            |                                |            |                             |            |
| Exchange differences on translating foreign operations                                    | (4,365,688)                 | (2)        | (6,100,687)                    | (3)        | (6,773,740)                 | (4)        |
| Unrealized gain on financial assets at fair value through other comprehensive income      | 5,117,451                   | 2          | 11,534,267                     | 6          | 14,629,813                  | 8          |
| Other equity - others   | <u>(91,467)</u>             | <u>-</u>   | <u>(91,467)</u>                | <u>-</u>   | <u>(45,770)</u>             | <u>-</u>   |
| Total other equity  | <u>660,296</u>              | <u>-</u>   | <u>5,342,113</u>               | <u>3</u>   | <u>7,810,303</u>            | <u>4</u>   |
| Total equity attributable to owners of WLC  | 105,254,898                 | 50         | 105,883,524                    | 58         | 102,401,934                 | 59         |
| NON-CONTROLLING INTERESTS   | <u>2,289,867</u>            | <u>1</u>   | <u>2,062,744</u>               | <u>1</u>   | <u>2,815,899</u>            | <u>1</u>   |
| Total equity  | <u>107,544,765</u>          | <u>51</u>  | <u>107,946,268</u>             | <u>59</u>  | <u>105,217,833</u>          | <u>60</u>  |
| TOTAL   | <u>\$ 211,706,269</u>       | <u>100</u> | <u>\$ 183,034,898</u>          | <u>100</u> | <u>\$ 174,193,359</u>       | <u>100</u> |

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

(With Deloitte & Touche review report dated August 5, 2022)

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

|  | For the Three Months Ended June 30 |             |                     |             | For the Six Months Ended June 30 |             |                     |             |
|--|------------------------------------|-------------|---------------------|-------------|----------------------------------|-------------|---------------------|-------------|
|  | 2022                               |             | 2021                |             | 2022                             |             | 2021                |             |
|  | Amount                             | %           | Amount              | %           | Amount                           | %           | Amount              | %           |
| OPERATING REVENUE<br>(Note 25)   | \$ 50,483,370                      | 100         | \$ 39,143,003       | 100         | \$ 93,040,785                    | 100         | \$ 67,980,917       | 100         |
| OPERATING COSTS (Note 13)  | <u>(45,219,854)</u>                | <u>(90)</u> | <u>(35,485,482)</u> | <u>(91)</u> | <u>(82,284,853)</u>              | <u>(89)</u> | <u>(61,910,950)</u> | <u>(91)</u> |
| GROSS PROFIT   | <u>5,263,516</u>                   | <u>10</u>   | <u>3,657,521</u>    | <u>9</u>    | <u>10,755,932</u>                | <u>11</u>   | <u>6,069,967</u>    | <u>9</u>    |
| OPERATING EXPENSES   |                                    |             |                     |             |                                  |             |                     |             |
| Selling and marketing expenses   | 772,930                            | 1           | 621,037             | 2           | 1,550,357                        | 2           | 1,148,163           | 2           |
| General and administrative expenses  | 1,280,688                          | 3           | 859,739             | 2           | 2,254,763                        | 2           | 1,695,374           | 2           |
| Research and development expenses  | <u>58,764</u>                      | <u>-</u>    | <u>40,662</u>       | <u>-</u>    | <u>109,178</u>                   | <u>-</u>    | <u>90,791</u>       | <u>-</u>    |
| Total operating expenses   | <u>2,112,382</u>                   | <u>4</u>    | <u>1,521,438</u>    | <u>4</u>    | <u>3,914,298</u>                 | <u>4</u>    | <u>2,934,328</u>    | <u>4</u>    |
| PROFIT FROM OPERATIONS   | <u>3,151,134</u>                   | <u>6</u>    | <u>2,136,083</u>    | <u>5</u>    | <u>6,841,634</u>                 | <u>7</u>    | <u>3,135,639</u>    | <u>5</u>    |
| NON-OPERATING INCOME AND EXPENSES  |                                    |             |                     |             |                                  |             |                     |             |
| Interest income  | 37,221                             | -           | 16,028              | -           | 57,304                           | -           | 48,076              | -           |
| Dividend income  | 451,064                            | 1           | 400,954             | 1           | 762,156                          | 1           | 403,085             | 1           |
| Other income   | 223,766                            | 1           | 166,138             | 1           | 398,582                          | -           | 234,975             | -           |
| Gain on disposal of property, plant and equipment  | 9,334                              | -           | 23,968              | -           | 6,687                            | -           | 20,707              | -           |
| Gain on valuation of financial assets and liabilities at fair value through profit or loss | 653,262                            | 1           | 116,274             | -           | 485,130                          | 1           | 276,040             | -           |
| Other expenses   | <u>(46,845)</u>                    | <u>-</u>    | <u>(23,011)</u>     | <u>-</u>    | <u>(86,138)</u>                  | <u>-</u>    | <u>(137,540)</u>    | <u>-</u>    |
| Foreign exchange gains, net  | 223,541                            | -           | 106,370             | -           | 405,271                          | -           | 178,780             | -           |
| (Reversal) recognition of impairment loss (Note 26)  | <u>(55)</u>                        | <u>-</u>    | <u>531</u>          | <u>-</u>    | <u>4</u>                         | <u>-</u>    | <u>(1,299)</u>      | <u>-</u>    |
| Gain (loss) on disposal of investments (Note 26)   | 311,995                            | 1           | 130,960             | -           | (322,665)                        | -           | 337,334             | -           |
| Interest expenses  | <u>(167,609)</u>                   | <u>-</u>    | <u>(107,344)</u>    | <u>-</u>    | <u>(297,174)</u>                 | <u>-</u>    | <u>(194,353)</u>    | <u>-</u>    |
| Share of profit of associates accounted for using the equity method                        | <u>1,664,957</u>                   | <u>3</u>    | <u>1,281,672</u>    | <u>3</u>    | <u>2,815,689</u>                 | <u>3</u>    | <u>1,950,542</u>    | <u>3</u>    |
| Total non-operating income and expenses  | <u>3,360,631</u>                   | <u>7</u>    | <u>2,112,540</u>    | <u>5</u>    | <u>4,224,846</u>                 | <u>5</u>    | <u>3,116,347</u>    | <u>4</u>    |
| PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS  | 6,511,765                          | 13          | 4,248,623           | 10          | 11,066,480                       | 12          | 6,251,986           | 9           |
| INCOME TAX EXPENSE<br>(Notes 4 and 27)   | <u>(1,051,025)</u>                 | <u>(2)</u>  | <u>(555,444)</u>    | <u>(1)</u>  | <u>(1,717,556)</u>               | <u>(2)</u>  | <u>(730,819)</u>    | <u>(1)</u>  |
| NET PROFIT FOR THE PERIOD  | <u>5,460,740</u>                   | <u>11</u>   | <u>3,693,179</u>    | <u>9</u>    | <u>9,348,924</u>                 | <u>10</u>   | <u>5,521,167</u>    | <u>8</u>    |

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# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

|  | For the Three Months Ended June 30 |             |                     |            | For the Six Months Ended June 30 |            |                      |            |
|--|------------------------------------|-------------|---------------------|------------|----------------------------------|------------|----------------------|------------|
|  | 2022                               |             | 2021                |            | 2022                             |            | 2021                 |            |
|  | Amount                             | %           | Amount              | %          | Amount                           | %          | Amount               | %          |
| OTHER COMPREHENSIVE INCOME (LOSS)  |                                    |             |                     |            |                                  |            |                      |            |
| Items that will not be reclassified subsequently to profit or loss:  |                                    |             |                     |            |                                  |            |                      |            |
| Remeasurement of defined benefit plans   | \$ -                               | -           | \$ -                | -          | \$ -                             | -          | \$ 7,378             | -          |
| Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income | (2,834,911)                        | (5)         | 2,111,152           | 5          | (3,726,985)                      | (4)        | 4,224,953            | 6          |
| Share of the other comprehensive (loss) income of associates accounted for using the equity method           | (1,945,264)                        | (4)         | 3,330,768           | 9          | (2,615,829)                      | (3)        | 4,342,865            | 6          |
|  | <u>(4,780,175)</u>                 | <u>(9)</u>  | <u>5,441,920</u>    | <u>14</u>  | <u>(6,342,814)</u>               | <u>(7)</u> | <u>8,575,196</u>     | <u>12</u>  |
| Items that may be reclassified subsequently to profit or loss:   |                                    |             |                     |            |                                  |            |                      |            |
| Exchange differences on translation of the financial statements of foreign operations                        | (177,599)                          | (1)         | (573,200)           | (1)        | 1,734,113                        | 2          | (765,453)            | (1)        |
| Share of the other comprehensive (loss) income of associates accounted for using the equity method           | (105,894)                          | -           | (105,684)           | -          | 162,208                          | -          | (125,665)            | -          |
|  | <u>(283,493)</u>                   | <u>(1)</u>  | <u>(678,884)</u>    | <u>(1)</u> | <u>1,896,321</u>                 | <u>2</u>   | <u>(891,118)</u>     | <u>(1)</u> |
| Other comprehensive (loss) income for the period, net of income tax  | <u>(5,063,668)</u>                 | <u>(10)</u> | <u>4,763,036</u>    | <u>13</u>  | <u>(4,446,493)</u>               | <u>(5)</u> | <u>7,684,078</u>     | <u>11</u>  |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD  | <u>\$ 397,072</u>                  | <u>1</u>    | <u>\$ 8,456,215</u> | <u>22</u>  | <u>\$ 4,902,431</u>              | <u>5</u>   | <u>\$ 13,205,245</u> | <u>19</u>  |
| NET PROFIT ATTRIBUTABLE TO:  |                                    |             |                     |            |                                  |            |                      |            |
| Owners of WLC  | \$ 5,455,171                       | 11          | \$ 3,588,582        | 9          | \$ 9,289,788                     | 10         | \$ 5,471,200         | 8          |
| Non-controlling interests  | <u>5,569</u>                       | <u>-</u>    | <u>104,597</u>      | <u>-</u>   | <u>59,136</u>                    | <u>-</u>   | <u>49,967</u>        | <u>-</u>   |
|  | <u>\$ 5,460,740</u>                | <u>11</u>   | <u>\$ 3,693,179</u> | <u>9</u>   | <u>\$ 9,348,924</u>              | <u>10</u>  | <u>\$ 5,521,167</u>  | <u>8</u>   |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:  |                                    |             |                     |            |                                  |            |                      |            |
| Owners of WLC  | \$ 238,731                         | 1           | \$ 8,374,322        | 22         | \$ 4,682,205                     | 5          | \$ 13,174,270        | 19         |
| Non-controlling interests  | <u>158,341</u>                     | <u>-</u>    | <u>81,893</u>       | <u>-</u>   | <u>220,226</u>                   | <u>-</u>   | <u>30,975</u>        | <u>-</u>   |
|  | <u>\$ 397,072</u>                  | <u>1</u>    | <u>\$ 8,456,215</u> | <u>22</u>  | <u>\$ 4,902,431</u>              | <u>5</u>   | <u>\$ 13,205,245</u> | <u>19</u>  |

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# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

|                    | For the Three Months Ended June 30 |   |         |   | For the Six Months Ended June 30 |   |         |   |
|--------------------|------------------------------------|---|---------|---|----------------------------------|---|---------|---|
|                    | 2022                               |   | 2021    |   | 2022                             |   | 2021    |   |
|                    | Amount                             | % | Amount  | % | Amount                           | % | Amount  | % |
| EARNINGS PER SHARE |                                    |   |         |   |                                  |   |         |   |
| (Note 28)          |                                    |   |         |   |                                  |   |         |   |
| Basic              | \$ 1.59                            |   | \$ 1.05 |   | \$ 2.71                          |   | \$ 1.60 |   |
| Diluted            | \$ 1.59                            |   | \$ 1.05 |   | \$ 2.70                          |   | \$ 1.60 |   |

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

(With Deloitte & Touche review report dated August 5, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

|   | Equity Attributable to Owners of WLC |                      |                     |                     |                         |   |   |                    |                       |                           |                       |
|---|--------------------------------------|----------------------|---------------------|---------------------|-------------------------|---|---|--------------------|-----------------------|---------------------------|-----------------------|
|   | Share Capital                        | Capital Surplus      | Retained Earnings   |                     |                         | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Other Equity  |                    | Total                 | Non-controlling Interests | Total Equity          |
|   |                                      |                      | Legal Reserve       | Special Reserve     | Unappropriated Earnings |   | Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income | Others             |                       |                           |                       |
| BALANCE AT JANUARY 1, 2021  | \$ 32,260,002                        | \$ 15,690,406        | \$ 5,428,200        | \$ 3,110,410        | \$ 27,791,577           | \$ (5,905,135)  | \$ 6,092,775  | \$ -               | \$ 84,468,235         | \$ 2,812,595              | \$ 87,280,830         |
| Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal | -                                    | -                    | -                   | -                   | (7,904)                 | -   | -   | -                  | (7,904)               | -                         | (7,904)               |
| Changes in capital surplus and retained earnings from investments in associates under the equity method       | -                                    | (12,022)             | -                   | -                   | 27,259                  | -   | (27,259)  | (45,770)           | (57,792)              | -                         | (57,792)              |
| 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 six months ended June 30, 2021   | -                                    | -                    | -                   | -                   | 5,471,200               | -   | -   | -                  | 5,471,200             | 49,967                    | 5,521,167             |
| Other comprehensive income (loss) for the six months ended June 30, 2021                                      | -                                    | -                    | -                   | -                   | 7,378                   | (868,605)   | 8,564,297   | -                  | 7,703,070             | (18,992)                  | 7,684,078             |
| Total comprehensive income (loss) for the six months ended June 30, 2021                                      | -                                    | -                    | -                   | -                   | 5,478,578               | (868,605)   | 8,564,297   | -                  | 13,174,270            | 30,975                    | 13,205,245            |
| Changes in non-controlling interests  | -                                    | -                    | -                   | -                   | -                       | -   | -   | -                  | -                     | (27,671)                  | (27,671)              |
| BALANCE AT JUNE 30, 2021  | <u>\$ 34,313,329</u>                 | <u>\$ 18,450,182</u> | <u>\$ 5,428,200</u> | <u>\$ 3,110,410</u> | <u>\$ 33,289,510</u>    | <u>\$ (6,773,740)</u>   | <u>\$ 14,629,813</u>  | <u>\$ (45,770)</u> | <u>\$ 102,401,934</u> | <u>\$ 2,815,899</u>       | <u>\$ 105,217,833</u> |
| BALANCE AT JANUARY 1, 2022  | \$ 34,313,329                        | \$ 18,440,875        | \$ 6,109,568        | \$ 2,712,250        | \$ 38,965,389           | \$ (6,100,687)  | \$ 11,534,267   | \$ (91,467)        | \$ 105,883,524        | \$ 2,062,744              | \$ 107,946,268        |
| Appropriation of 2021 earnings (Note 24)  |                                      |                      |                     |                     |                         |   |   |                    |                       |                           |                       |
| Legal reserve   | -                                    | -                    | 1,454,522           | -                   | (1,454,522)             | -   | -   | -                  | -                     | -                         | -                     |
| Cash dividends distributed by WLC   | -                                    | -                    | -                   | -                   | (5,490,133)             | -   | -   | -                  | (5,490,133)           | -                         | (5,490,133)           |
| Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal | -                                    | 15,045               | -                   | -                   | -                       | -   | -   | -                  | 15,045                | -                         | 15,045                |
| Disposal of equity instrument measured at fair value through other comprehensive income                       | -                                    | -                    | -                   | -                   | (3,589)                 | -   | 3,589   | -                  | -                     | -                         | -                     |
| Changes in capital surplus and retained earnings from investments in associates under the equity method       | -                                    | 6,539                | -                   | -                   | 77,311                  | -   | (77,311)  | -                  | 6,539                 | -                         | 6,539                 |
| Net profit for the six months ended June 30, 2022   | -                                    | -                    | -                   | -                   | 9,289,788               | -   | -   | -                  | 9,289,788             | 59,136                    | 9,348,924             |
| Other comprehensive income (loss) for the six months ended June 30, 2022                                      | -                                    | -                    | -                   | -                   | 512                     | 1,734,999   | (6,343,094)   | -                  | (4,607,583)           | 161,090                   | (4,446,493)           |
| Total comprehensive income (loss) for the six months ended June 30, 2022                                      | -                                    | -                    | -                   | -                   | 9,290,300               | 1,734,999   | (6,343,094)   | -                  | 4,682,205             | 220,226                   | 4,902,431             |
| Share-based payment transaction (Note 29)   | -                                    | 157,800              | -                   | -                   | -                       | -   | -   | -                  | 157,800               | -                         | 157,800               |
| Others  | -                                    | (82)                 | -                   | -                   | -                       | -   | -   | -                  | (82)                  | -                         | (82)                  |
| Changes in non-controlling interests  | -                                    | -                    | -                   | -                   | -                       | -   | -   | -                  | -                     | 6,897                     | 6,897                 |
| BALANCE AT JUNE 30, 2022  | <u>\$ 34,313,329</u>                 | <u>\$ 18,620,177</u> | <u>\$ 7,564,090</u> | <u>\$ 2,712,250</u> | <u>\$ 41,384,756</u>    | <u>\$ (4,365,688)</u>   | <u>\$ 5,117,451</u>   | <u>\$ (91,467)</u> | <u>\$ 105,254,898</u> | <u>\$ 2,289,867</u>       | <u>\$ 107,544,765</u> |

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

(With Deloitte & Touche review report dated August 5, 2022)



# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

|  | For the Six Months Ended<br>June 30 |              |
|--|-------------------------------------|--------------|
|  | 2022                                | 2021         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                     |              |
| Income before income tax   | \$ 11,066,480                       | \$ 6,251,986 |
| Adjustments for:   |                                     |              |
| Depreciation expense   | 2,025,205                           | 1,247,736    |
| Amortization expense   | 14,641                              | 17,177       |
| Expected credit loss recognized (reversed) on trade receivables  | 39,898                              | (14,932)     |
| Net gain on fair value changes of financial assets and liabilities at<br>fair value through profit or loss | (485,130)                           | (276,040)    |
| Interest expense   | 297,174                             | 194,353      |
| Interest income  | (57,304)                            | (48,076)     |
| Dividend income  | (762,156)                           | (403,085)    |
| Compensation costs of employee share options   | 164,531                             | 3,712        |
| Share of profit of associates accounted for using the equity method  | (2,815,689)                         | (1,950,542)  |
| Gain on disposal of property, plant and equipment  | (6,687)                             | (20,707)     |
| Loss (gain) on disposal of investments   | 322,665                             | (337,334)    |
| Impairment loss (reversed) recognized on non-financial assets  | (4)                                 | 1,299        |
| Unrealized loss on foreign currency exchange   | 322,845                             | 127,281      |
| Loss on lease modification   | 6                                   | -            |
| Changes in operating assets and liabilities  |                                     |              |
| Decrease in contract assets  | 260,778                             | 162,909      |
| (Increase) decrease in notes receivable  | (1,118,710)                         | 152,390      |
| Increase in trade receivables  | (2,740,566)                         | (2,784,045)  |
| Increase in other receivables  | (900,449)                           | (277,048)    |
| Increase in inventories  | (5,987,407)                         | (4,069,509)  |
| Increase in other current assets   | (14,415,536)                        | (602,495)    |
| (Increase) decrease in other financial assets  | (404,565)                           | 63,472       |
| Increase in other operating assets   | (712,375)                           | (406,919)    |
| (Decrease) increase in financial liabilities held for trading  | (976,205)                           | 163,056      |
| Increase in contract liabilities   | -                                   | 12,057       |
| Increase in notes payable  | 74,502                              | 14,768       |
| Increase in trade payables   | 1,687,571                           | 1,308,338    |
| Decrease in other payables   | (852,646)                           | (302,344)    |
| Increase (decrease) in other current liabilities   | 256,279                             | (12,042)     |
| (Decrease) increase in net defined benefit liabilities   | (52,394)                            | 11,807       |
| Increase in other operating liabilities  | 607,507                             | 779,591      |
| Cash used in operations  | (15,147,741)                        | (993,186)    |
| Interest received  | 35,298                              | 23,648       |
| Dividends received   | 6,635                               | 3,086        |
| Interest paid  | (238,820)                           | (152,037)    |
| Income tax paid  | (2,274,973)                         | (1,139,278)  |
| Net cash used in operating activities  | (17,619,601)                        | (2,257,767)  |

(Continued)

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

|   | For the Six Months Ended<br>June 30 |                     |
|---|-------------------------------------|---------------------|
|   | 2022                                | 2021                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                     |                     |
| Purchase of financial assets at fair value through other comprehensive income                       | \$ (140,417)                        | \$ (1,796,414)      |
| Disposal of financial assets at fair value through other comprehensive income                       | 335                                 | -                   |
| Capital reduction and refund from financial assets at fair value through other comprehensive income | -                                   | 3,615               |
| Purchase of financial assets at amortized cost  | (91,942)                            | -                   |
| Disposal of financial assets at amortized cost  | -                                   | 667,004             |
| Prepayments for investments   | (1,718,917)                         | -                   |
| Payments for property, plant and equipment  | (2,510,906)                         | (3,073,836)         |
| Proceeds from disposal of property, plant and equipment   | 14,302                              | 31,476              |
| Decrease in refundable deposits   | 1,954                               | 3,988               |
| Purchase of intangible assets   | (902)                               | (4,953)             |
| Acquisition of right-of-use assets  | (284,033)                           | (230,439)           |
| Other investing activities  | <u>(7,725)</u>                      | <u>626,484</u>      |
| Net cash used in investing activities   | <u>(4,738,251)</u>                  | <u>(3,773,075)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                     |                     |
| Increase in short-term borrowings   | 15,056,865                          | 3,553,940           |
| Increase in short-term bills payable  | 5,595,480                           | -                   |
| Proceeds from long-term borrowings  | 7,500,000                           | 4,000,000           |
| Repayments of long-term borrowings  | (9,032,098)                         | (3,532,098)         |
| Repayment of the principal portion of lease liabilities   | (46,471)                            | (42,768)            |
| Changes in non-controlling interests  | -                                   | 220                 |
| Other financing activities  | <u>(82)</u>                         | <u>-</u>            |
| Net cash generated from financing activities  | <u>19,073,694</u>                   | <u>3,979,294</u>    |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>           | <u>733,516</u>                      | <u>(143,823)</u>    |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>  | <u>(2,550,642)</u>                  | <u>(2,195,371)</u>  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                                     | <u>10,387,581</u>                   | <u>11,944,408</u>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>   | <u>\$ 7,836,939</u>                 | <u>\$ 9,749,037</u> |

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

(With Deloitte & Touche review report dated August 5, 2022)

(Concluded)

# **WALSIN LIHWA CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

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

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

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

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements of WLC and its subsidiaries (collectively, the “Group”) were approved by the board of directors of WLC on August 5, 2022.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Annual Improvements to IFRS Standards 2018-2020

Several standards were amended in the annual improvements and in which the Group applied the amendments to IFRS 9 to modifications and exchanges of financial liabilities that occur on or after January 1, 2022. 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 Group applied the amendments to business combinations for which the acquisition date is on or after January 1, 2022. 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 Group applied the amendments 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. 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 Group applied the amendments to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022. 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).

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

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

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

Note 2: The amendments 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 3: Except for deferred taxes that are recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments are applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

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

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

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

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

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

| <b>New IFRSs</b>   | <b>Effective Date<br/>Announced by IASB (Note)</b> |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture” | To be determined by IASB                           |
| 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                                    |

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

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.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### **b. Basic of preparation**

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

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

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

##### **c. Basis of consolidation**

See Note 15 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

##### **d. Other significant accounting policies**

Except for those described below, please refer to the consolidated financial statements for the year ended December 31, 2021.

###### **1) Retirement benefits**

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

###### **2) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2021 for the critical accounting judgments and key sources of estimation uncertainty of these consolidated financial statements.

## 6. CASH AND CASH EQUIVALENTS

|                                     | June 30, 2022       | December 31,<br>2021 | June 30, 2021       |
|-------------------------------------|---------------------|----------------------|---------------------|
| Cash on hand                        | \$ 3,157            | \$ 2,926             | \$ 3,117            |
| Checking accounts and cash in banks | 7,382,386           | 8,473,267            | 9,085,413           |
| Cash equivalents                    |                     |                      |                     |
| Time deposits                       | 341,469             | 1,801,526            | 550,724             |
| Short-term bills                    | <u>109,927</u>      | <u>109,862</u>       | <u>109,783</u>      |
|                                     | <u>\$ 7,836,939</u> | <u>\$ 10,387,581</u> | <u>\$ 9,749,037</u> |

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

|                                  | Purpose  | June 30, 2022     | December 31,<br>2021 | June 30, 2021     |
|----------------------------------|--|-------------------|----------------------|-------------------|
| Other financial assets - current |  |                   |                      |                   |
| Restricted deposits              | To meet contract requirements for completing constructions       | \$ 20,764         | \$ 18,139            | \$ 22,211         |
|                                  | To secure short-term borrowings and letters of credit            | 490,374           | 370,054              | 474,982           |
|                                  | Repatriation of offshore funds and project grants                | <u>39,358</u>     | <u>80,493</u>        | <u>81,676</u>     |
|                                  |  | <u>550,496</u>    | <u>468,686</u>       | <u>578,869</u>    |
| Refundable deposits              |  |                   |                      |                   |
| Other - pledged time deposits    | To meet contract requirements for completing construction        | 51,718            | 51,667               | 51,667            |
|                                  | To meet required security deposit                                | 275               | 867                  | 600               |
| Other non-current assets - other |  |                   |                      |                   |
| Restricted deposits              | To meet construction project and performance letter of guarantee | 11,071            | 10,854               | 10,782            |
| Pledged time deposits            | To meet required security deposits                               | 1,309             | -                    | -                 |
|                                  | To secure long-term borrowings                                   | <u>-</u>          | <u>-</u>             | <u>8,625</u>      |
|                                  |  | <u>64,373</u>     | <u>63,388</u>        | <u>71,674</u>     |
|                                  |  | <u>\$ 614,869</u> | <u>\$ 532,074</u>    | <u>\$ 650,543</u> |



## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | June 30, 2022     | December 31,<br>2021 | June 30, 2021       |
|--|-------------------|----------------------|---------------------|
| Financial assets mandatorily classified as at<br>FVTPL           |                   |                      |                     |
| Derivative financial assets (not under hedge<br>accounting)      |                   |                      |                     |
| Commodity futures contracts                                      | \$ 452,356        | \$ 1,940             | \$ -                |
| Foreign exchange forward contracts                               | 35,596            | 14,207               | 10,133              |
| Options  | -                 | -                    | -                   |
| Hybrid financial assets  |                   |                      |                     |
| Corporate bonds  | -                 | -                    | 5,302,472           |
| Financial assets at FVTPL  | <u>\$ 487,952</u> | <u>\$ 16,147</u>     | <u>\$ 5,312,605</u> |
| Current  | \$ 487,952        | \$ 16,147            | \$ 5,312,605        |
| Non-current  | -                 | -                    | -                   |
|  | <u>\$ 487,952</u> | <u>\$ 16,147</u>     | <u>\$ 5,312,605</u> |
| Financial liabilities held for trading                           |                   |                      |                     |
| Derivative financial liabilities (not under hedge<br>accounting) |                   |                      |                     |
| Commodity futures contracts                                      | \$ -              | \$ -                 | \$ 32,307           |
| Exchange rate swap contracts                                     | -                 | 37,439               | -                   |
| Financial liabilities at FVTPL                                   | <u>\$ -</u>       | <u>\$ 37,439</u>     | <u>\$ 32,307</u>    |
| Current  | \$ -              | \$ 37,439            | \$ 32,307           |
| Non-current  | -                 | -                    | -                   |
|  | <u>\$ -</u>       | <u>\$ 37,439</u>     | <u>\$ 32,307</u>    |

As of June 30, 2022, December 31, 2021 and June 30, 2021, outstanding commodity futures not under hedge accounting were as follows:

|                                | Type of<br>Transaction | Quantity<br>(Tons) | Trade Date                | Expiration<br>Date        | Exercise Price<br>(In Thousands) | Market Price<br>(In Thousands) | Valuation<br>(Loss) Gain<br>(In Thousands) |
|--------------------------------|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------------------|--|
| <u>June 30, 2022</u>           |                        |                    |                           |                           |                                  |                                |  |
| Commodity futures<br>contracts |                        |                    |                           |                           |                                  |                                |  |
| Copper                         | Buy                    | 6,225              | 2022.04.28-<br>2022.06.30 | 2022.08.17-<br>2022.11.16 | US\$ 55,991                      | US\$ 51,199                    | US\$ (4,792)                               |
| Nickel                         | Sale                   | 5,496              | 2022.05.05-<br>2022.06.29 | 2022.07.20-<br>2022.09.29 | US\$ 145,002                     | US\$ 124,660                   | US\$ 20,342                                |
| Zinc                           | Buy                    | 400                | 2022.06.02-<br>2022.06.07 | 2022.08.31                | RMB 10,491                       | RMB 9,642                      | RMB (849)                                  |
| Copper                         | Buy                    | 1,800              | 2022.04.29-<br>2022.06.29 | 2022.07.31-<br>2022.10.31 | RMB 127,716                      | RMB 115,306                    | RMB (12,410)                               |
| Stainless steel                | Sale                   | 8,000              | 2022.04.27-<br>2022.06.22 | 2022.08.31-<br>2022.09.30 | RMB 144,203                      | RMB 133,672                    | RMB 10,531                                 |
| Nickel                         | Sale                   | 38                 | 2022.06.21                | 2022.08.31                | RMB 7,236                        | RMB 6,723                      | RMB 513                                    |
| (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, 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)                           |
| Zinc                        | 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                              |

June 30, 2021

|                             |      |        |                       |                       |              |              |             |
|-----------------------------|------|--------|-----------------------|-----------------------|--------------|--------------|-------------|
| Commodity futures contracts |      |        |                       |                       |              |              |             |
| Copper                      | Buy  | 13,400 | 2020.12.08-2021.06.30 | 2021.07.21-2021.12.15 | US\$ 124,663 | US\$ 123,973 | US\$ (690)  |
| Copper                      | Sell | 1,250  | 2021.04.15-2021.06.30 | 2021.07.15-2021.09.30 | US\$ 11,675  | US\$ 11,580  | US\$ 95     |
| Nickel                      | Buy  | 1,494  | 2021.04.07-2021.06.30 | 2021.07.07-2021.09.30 | US\$ 25,957  | US\$ 27,022  | US\$ 1,065  |
| Nickel                      | Sell | 966    | 2021.04.23-2021.06.29 | 2021.07.23-2021.09.29 | US\$ 16,739  | US\$ 17,482  | US\$ (743)  |
| Zinc                        | Buy  | 630    | 2021.05.31            | 2021.08.31            | RMB 14,434   | RMB 13,838   | RMB (596)   |
| Copper                      | Buy  | 1,375  | 2021.03.01-2021.06.30 | 2021.07.31-2021.12.31 | RMB 99,107   | RMB 93,977   | RMB (5,130) |

(Concluded)

As of June 30, 2022, December 31, 2021 and June 30, 2021, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

|                      | Currency   | Maturity Date         | Notional Amount (In Thousands) |
|----------------------|------------|-----------------------|--------------------------------|
| <u>June 30, 2022</u> |            |                       |                                |
| Sell                 | EUR to USD | 2022.07.06-2022.09.01 | EUR17,000/USD18,134            |
|                      | USD to RMB | 2022.07.06-2023.05.05 | USD65,399/RMB439,469           |
|                      | EUR to MYR | 2022.07.29-2022.09.29 | EUR754/MYR3,548                |
|                      | USD to MYR | 2022.10.19            | USD300/MYR1,316                |
| Buy                  | USD to NTD | 2022.07.05            | USD20,000/NTD584,860           |
|                      | USD to JPY | 2022.07.05-2022.07.21 | USD7,744/JPY1,002,435          |
|                      | USD to SGD | 2022.08.08-2023.05.05 | USD19,517/SGD26,936            |
|                      | EUR to USD | 2022.07.05            | EUR5,000/USD5,379              |
|                      | USD to RMB | 2022.07.11-2022.08.17 | USD36,000/RMB241,503           |

December 31, 2021

|      |            |                       |                         |
|------|------------|-----------------------|-------------------------|
| Sell | EUR to USD | 2022.01.18-2022.02.17 | EUR18,000/USD20,326     |
|      | USD to NTD | 2022.01.07-2022.02.10 | USD100,000/NTD2,776,800 |
|      | USD to RMB | 2022.01.13-2022.07.20 | USD83,643/RMB536,528    |
|      | EUR to MYR | 2022.01.14-2022.03.02 | EUR1,160/MYR5,590       |

(Continued)

|     | Currency   | Maturity Date         | Notional Amount<br>(In Thousands) |
|-----|------------|-----------------------|-----------------------------------|
| 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               |

June 30, 2021

|      |            |                       |                         |
|------|------------|-----------------------|-------------------------|
| Sell | EUR to USD | 2021.07.01-2021.07.06 | EUR13,000/USD15,671     |
|      | USD to RMB | 2021.07.07-2021.07.29 | USD116,729/RMB751,171   |
|      | USD to NTD | 2021.07.28            | USD20,000/NTD550,840    |
|      | EUR to MYR | 2021.07.01-2021.12.06 | EUR2,977/MYR14,878      |
| Buy  | USD to NTD | 2021.07.05-2021.09.30 | USD270,000/NTD7,468,250 |
|      | USD to JPY | 2021.07.21            | USD4,806/JPY531,732     |
|      | USD to SGD | 2021.07.21            | USD26,938/SGD35,951     |

(Concluded)

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

|                   | Currency   | Maturity Date | Notional Amount<br>(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 six months ended June 30, 2022 and 2021, the Group's strategy for commodity futures contracts and foreign exchange forward contracts was to hedge exposures to fluctuations in the prices of raw material and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.

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. Please refer to Note 15.

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. FINANCIAL ASSETS AT AMORTIZED COST

|   | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|---|---------------|----------------------|---------------|
| <u>Current</u>                                      |               |                      |               |
| Foreign investments                                 |               |                      |               |
| Interest rate linked structured investment deposits | \$ -          | \$ -                 | \$ 647,745    |
| <u>Non-current</u>                                  |               |                      |               |
| Foreign investments                                 |               |                      |               |
| Government bonds                                    | \$ 94,313     | \$ -                 | \$ -          |

The interest rates for interest rate government bonds and linked structured investment deposits were 4.45% and 3.1% as at the end of June 30, 2022 and 2021, respectively.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

|  | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|--|---------------|----------------------|---------------|
| <u>Financial assets - current</u>                |               |                      |               |
| Fair value hedges - exchange rate swap contracts | \$ -          | \$ 89,232            | \$ -          |
| <u>Financial liabilities - current</u>           |               |                      |               |
| Fair value hedges - exchange rate swap contracts | \$ 171,906    | \$ -                 | \$ 13,320     |

The Group entered into exchange rate swap contracts to avoid exchange rate exposure of its foreign-currency trade receivables and trade payables. 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 reporting period were as follows:

|                              | Currency   | Maturity Date | Notional Amount<br>(In Thousands) |
|------------------------------|------------|---------------|-----------------------------------|
| <u>June 30, 2022</u>         |            |               |                                   |
| Exchange rate swap contracts | USD to RMB | 2022.07.13    | USD75,000/RMB483,165              |
|                              | USD to RMB | 2022.07.13    | USD70,000/RMB450,975              |
|                              | USD to RMB | 2022.09.08    | USD20,000/RMB133,112              |
|                              | USD to RMB | 2022.09.08    | USD15,000/RMB99,851               |
| <u>December 31, 2021</u>     |            |               |                                   |
| Exchange rate swap contracts | USD to RMB | 2022.01.14    | USD75,000/RMB488,325              |
|                              | USD to RMB | 2022.01.14    | USD70,000/RMB455,700              |
|                              | USD to RMB | 2022.06.08    | USD20,000/RMB129,220              |
|                              | USD to RMB | 2022.06.08    | USD15,000/RMB96,921               |

(Continued)

|                              | Currency   | Maturity Date | Notional Amount<br>(In Thousands) |
|------------------------------|------------|---------------|-----------------------------------|
| <u>June 30, 2021</u>         |            |               |                                   |
| Exchange rate swap contracts | USD to NTD | 2021.07.14    | USD95,000/NTD2,692,775            |
|                              | USD to NTD | 2021.07.14    | USD90,000/NTD2,551,050            |
|                              | USD to NTD | 2021.07.14    | USD15,000/NTD425,175              |
|                              | USD to NTD | 2021.09.08    | USD20,000/NTD554,670              |
|                              | USD to RMB | 2021.07.16    | USD95,000/RMB624,815              |
|                              | USD to RMB | 2021.07.16    | USD90,000/RMB591,939              |
|                              | USD to RMB | 2021.09.10    | USD20,000/RMB128,434              |
|                              | USD to RMB | 2021.09.16    | USD15,000/RMB97,536               |
|                              |            |               | (Concluded)                       |

|                                 | For the Six Months Ended<br>June 30 |                    |
|---------------------------------|-------------------------------------|--------------------|
|                                 | 2022                                | 2021               |
| Loss on the hedging instruments | <u>\$ (171,906)</u>                 | <u>\$ (13,320)</u> |
| Gain on the hedged items        | <u>\$ (224,540)</u>                 | <u>\$ (41,812)</u> |

## 10. CONTRACT ASSETS

As of June 30, 2022, December 31, 2021 and June 30, 2021, contract balances were as follows:

|                                     | June 30, 2022       | December 31,<br>2021 | June 30, 2021       |
|-------------------------------------|---------------------|----------------------|---------------------|
| Contract assets                     |                     |                      |                     |
| Cable installation                  | \$ 1,038,527        | \$ 840,341           | \$ 685,472          |
| Solar power systems installation    | 4,451,039           | 4,910,003            | 3,612,611           |
| Less: Allowance for impairment loss | <u>-</u>            | <u>-</u>             | <u>-</u>            |
| Contract assets - current           | <u>\$ 5,489,566</u> | <u>\$ 5,750,344</u>  | <u>\$ 4,298,083</u> |

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

## 11. NOTES RECEIVABLE AND TRADE RECEIVABLES

|                                     | June 30, 2022        | December 31,<br>2021 | June 30, 2021        |
|-------------------------------------|----------------------|----------------------|----------------------|
| <u>Notes receivable</u>             |                      |                      |                      |
| Notes receivable                    | <u>\$ 3,746,121</u>  | <u>\$ 2,627,411</u>  | <u>\$ 2,821,742</u>  |
| <u>Trade receivables</u>            |                      |                      |                      |
| Trade receivables                   | \$ 13,868,252        | \$ 11,138,592        | \$ 10,415,473        |
| Less: Allowance for impairment loss | <u>(121,895)</u>     | <u>(92,903)</u>      | <u>(86,624)</u>      |
|                                     | <u>\$ 13,746,357</u> | <u>\$ 11,045,689</u> | <u>\$ 10,328,849</u> |

a. Notes receivable

The Group entered into a factoring agreement with financial institutions to sell its discounted notes receivable. Although the Group has transferred the contractual rights to receive cash flows, the Group is still obligated to bear the default risk of such discounted notes receivable. Thus, it did not meet the conditions for derecognition of financial assets. The related information is as follows:

June 30, 2022

| <b>Factoring Partners</b>                  | <b>Notes<br/>Receivable<br/>Transferred<br/>(Note)</b> | <b>Amount<br/>Advanced</b> | <b>Interest Rate</b> |
|--|--|----------------------------|----------------------|
| Shanghai Pudong Development Bank Co., Ltd. | <u>\$ 1,032,219</u>                                    | <u>\$ 1,024,681</u>        | 1.30%-3.50%          |

Note: Classified under short-term borrowings; for related information on guarantee and short-term borrowings, refer to Notes 21 and 34.

b. Trade receivable

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

The Group permits the use of a lifetime expected credit losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to 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.

June 30, 2022

|                                | Not Past Due         | Less than 90 Days   | 91 to 180 Days    | 181 to 365 Days   | Over 365 Days    | Total                |
|--------------------------------|----------------------|---------------------|-------------------|-------------------|------------------|----------------------|
| Expected credit loss rate      | 0%                   | 0%-2%               | 0%-50%            | 0%-100%           | 50%-100%         |                      |
| Gross carrying amount          | \$ 12,041,803        | \$ 1,152,669        | \$ 306,724        | \$ 273,945        | \$ 93,111        | \$ 13,868,252        |
| Loss allowance (lifetime ECLs) | -                    | (4,819)             | (11,168)          | (44,284)          | (61,624)         | (121,895)            |
| Amortized cost                 | <u>\$ 12,041,803</u> | <u>\$ 1,147,850</u> | <u>\$ 295,556</u> | <u>\$ 229,661</u> | <u>\$ 31,487</u> | <u>\$ 13,746,357</u> |

December 31, 2021

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

June 30, 2021

|                                | Not Past Due        | Less than 90 Days | 91 to 180 Days   | 181 to 365 Days  | Over 365 Days    | Total                |
|--------------------------------|---------------------|-------------------|------------------|------------------|------------------|----------------------|
| Expected credit loss rate      | 0%                  | 0%-2%             | 0%-50%           | 0%-100%          | 15%-100%         |                      |
| Gross carrying amount          | \$ 9,429,154        | \$ 716,346        | \$ 61,103        | \$ 91,136        | \$ 117,734       | \$ 10,415,473        |
| Loss allowance (lifetime ECLs) | -                   | (2,452)           | (3,991)          | (7,868)          | (72,313)         | (86,624)             |
| Amortized cost                 | <u>\$ 9,429,154</u> | <u>\$ 713,894</u> | <u>\$ 57,112</u> | <u>\$ 83,268</u> | <u>\$ 45,421</u> | <u>\$ 10,328,849</u> |

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

|   | For the Six Months Ended<br>June 30 |                  |
|---|-------------------------------------|------------------|
|   | 2022                                | 2021             |
| Balance at January 1                            | \$ 92,903                           | \$ 94,022        |
| Add: Amount recovered                           | -                                   | 8,999            |
| Add (less): Net remeasurement of loss allowance | 39,898                              | (14,932)         |
| Less: Amounts written off                       | (14,891)                            | -                |
| Foreign exchange gains and losses               | <u>3,985</u>                        | <u>(1,465)</u>   |
| Balance at June 30                              | <u>\$ 121,895</u>                   | <u>\$ 86,624</u> |

## 12. FINANCE LEASE RECEIVABLES

|   | June 30, 2022     | December 31,<br>2021 | June 30, 2021     |
|---|-------------------|----------------------|-------------------|
| <u>Undiscounted lease payments</u>                              |                   |                      |                   |
| Year 1  | \$ 81,359         | \$ 81,359            | \$ 81,359         |
| Year 2  | 81,359            | 81,359               | 81,359            |
| Year 3  | 81,359            | 81,359               | 81,359            |
| Year 4  | 81,359            | 81,359               | 81,359            |
| Year 5  | 81,359            | 81,359               | 81,359            |
| Year 6 onwards  | <u>409,697</u>    | <u>450,376</u>       | <u>491,056</u>    |
|   | 816,492           | 857,171              | 897,851           |
| Less: Unearned finance income                                   | <u>(124,684)</u>  | <u>(136,586)</u>     | <u>(148,967)</u>  |
| Net investment in leases presented as finance lease receivables | <u>\$ 691,808</u> | <u>\$ 720,585</u>    | <u>\$ 748,884</u> |
| Current   | \$ 59,023         | \$ 58,042            | \$ 57,077         |
| Non-current   | <u>632,785</u>    | <u>662,543</u>       | <u>691,807</u>    |
|   | <u>\$ 691,808</u> | <u>\$ 720,585</u>    | <u>\$ 748,884</u> |

The power supply contracts of solar power equipment are processed according to the financial lease accounting policy. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was 3.30% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021.

The finance lease receivables as of June 30, 2022, December 31, 2021 and June 30, 2021 were neither past due nor impaired.

The amounts of finance lease receivables pledged as collateral or for security are set out in Note 34.

## 13. INVENTORIES

|                                      | June 30, 2022        | December 31,<br>2021 | June 30, 2021        |
|--------------------------------------|----------------------|----------------------|----------------------|
| Manufacturing and trading industries |                      |                      |                      |
| Raw materials                        | \$ 7,884,696         | \$ 6,753,215         | \$ 4,241,734         |
| Raw materials in transit             | 2,618,953            | 2,609,416            | 2,240,097            |
| Supplies                             | 3,348,920            | 1,780,788            | 1,489,827            |
| Work-in-process                      | 5,644,003            | 3,726,215            | 3,223,468            |
| Finished goods and merchandise       | 9,984,349            | 9,435,648            | 6,397,459            |
| Contracts in progress                | <u>212,201</u>       | <u>229,425</u>       | <u>264,885</u>       |
|                                      | <u>29,693,122</u>    | <u>24,534,707</u>    | <u>17,857,470</u>    |
| Real estate development industry     |                      |                      |                      |
| Undeveloped land                     | 3,434                | 3,434                | 3,434                |
| Buildings and land held for sale     | 216,088              | 211,858              | 211,786              |
| Contracts in progress                | <u>7,734,486</u>     | <u>6,909,724</u>     | <u>5,672,805</u>     |
|                                      | <u>7,954,008</u>     | <u>7,125,016</u>     | <u>5,888,025</u>     |
|                                      | <u>\$ 37,647,130</u> | <u>\$ 31,659,723</u> | <u>\$ 23,745,495</u> |



The costs of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021 were NT\$44,999,174 thousand, NT\$34,934,032 thousand, NT\$81,809,730 thousand and NT\$61,122,611 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and the six months ended June 30, 2022 included inventory write-downs of NT\$520,913 thousand and NT\$566,284 thousand, respectively. The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2021 and the six months ended June 30, 2021 included reversals of inventory write-downs of NT\$13,591 thousand and NT\$30,250 thousand. Previous write-downs were reversed as a result of the inventory close-out.

The inventory for the real estate development business are primarily land use rights and construction costs for future construction and contracts in progress of WLC's subsidiary Walsin (Nanjing) Construction Limited.

Walsin (Nanjing) Construction Limited entered into an agreement with third parties for the sale of real estate during the six months ended June 30, 2021; the selling prices for the related residential buildings and office buildings was RMB1,800 thousand. The sale of the real estate in the amounts of NT\$7,450 thousand was recognized as "operating revenue" for the six months ended June 30, 2021.

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

|                                   | June 30, 2022        | December 31,<br>2021 | June 30, 2021        |
|-----------------------------------|----------------------|----------------------|----------------------|
| Domestic listed ordinary shares   |                      |                      |                      |
| HannStar Display Corp.            | \$ 3,041,267         | \$ 5,423,342         | \$ 6,621,871         |
| HannStar Board Corp.              | 2,017,813            | 2,894,429            | 3,034,688            |
| TECO Electric & Machinery Corp.   | 6,878,596            | 7,293,386            | 7,650,566            |
| Global PMX Co., Ltd.              | 21,879               | 15,928               | -                    |
| K. S. Terminals Inc.              | 10,629               | -                    | -                    |
| Domestic unlisted ordinary shares | 649,547              | 560,757              | 345,839              |
| Foreign unlisted ordinary shares  | <u>85,448</u>        | <u>102,745</u>       | <u>76,388</u>        |
|                                   | <u>\$ 12,705,179</u> | <u>\$ 16,290,587</u> | <u>\$ 17,729,352</u> |
| Non-current                       | <u>\$ 12,705,179</u> | <u>\$ 16,290,587</u> | <u>\$ 17,729,352</u> |

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. During the three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021, the unrealized valuation gains (losses) resulting from these investments in equity instruments were NT\$(2,834,911) thousand, NT\$2,111,152 thousand, NT\$(3,726,985) thousand and NT\$4,224,953 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 June 30, 2022, December 31, 2021 and June 30, 2021, the Group held a total of 230,439 thousand shares, respectively, of TECO Electric & Machinery Co., Ltd.

## 15. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

| Investor                      | Investee  | Main Business   | Percentage of Ownership (%) |                    |                   |
|-------------------------------|---|---|-----------------------------|--------------------|-------------------|
|                               |   |   | June 30, 2022               | December 31, 2021  | June 30, 2021     |
| Walsin Lihwa Corporation      | Walsin Lihwa Holdings Limited (WLHL)                  | Investment holding  | 100.00                      | 100.00             | 100.00            |
|                               | Concord Industries Limited (CIL)                      | Investment holding  | 100.00                      | 100.00             | 100.00            |
|                               | Ace Result Global Limited                             | Investment holding  | 100.00                      | 100.00             | 100.00            |
|                               | Min Maw Precision Industry Corp. (Min Maw)            | Solar power systems management, design, and installation  | 100.00                      | 100.00             | 100.00            |
|                               | Walsin Info-Electric Corp. (Walsin Info-Electric)     | Mechanical and electrical, communications, and power systems  | 99.51                       | 99.51              | 99.51             |
|                               | 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              | 99.22             |
|                               | Joint Success Enterprises Limited                     | Investments   | 49.05                       | 49.05              | 49.05             |
|                               | P.T. Walsin Lippo Industries (P.T. Walsin)            | Manufacture and sale of cables and wires  | 70.00                       | 70.00              | 70.00             |
|                               | PT. Walsin Lippo Kabel                                | Cables and wires  | 70.00                       | 70.00              | 70.00             |
|                               | Waltuo Green Resources Corp.                          | Waste disposal, resource recovery and cement products   | 100.00                      | 100.00             | 100.00            |
|                               | PT. Walsin Nickel Industrial Indonesia                | Manufacture and sale of nickel pig iron   | 50.00<br>(Note 1)           | 50.00<br>(Note 1)  | 50.00<br>(Note 1) |
|                               | Walsin Precision Technology Sdn. Bhd.                 | Manufacture and sale of stainless steel   | 100.00                      | 100.00             | 100.00            |
|                               | New Hono Investment Pte. Ltd.                         | Investment holding  | 100.00<br>(Note 1)          | 100.00<br>(Note 1) | -                 |
|                               | PT. Walsin Nickel Industrial Indonesia                | Manufacture and sale of nickel pig iron   | 42.00<br>(Note 1)           | 42.00<br>(Note 1)  | -                 |
|                               | WLHL  |   |                             |                    |                   |
| New Hono Investment Pte. Ltd. | Walsin (China) Investment Co., Ltd.                   | Investment holding  | 100.00                      | 100.00             | 100.00            |
|                               | Jiangyin Walsin Steel Cable Co., Ltd. (JHS)           | Manufacture and sale of steel cables and wires  | 100.00                      | 100.00             | 100.00            |
|                               | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.    | Manufacture and sale of cables and wires  | 95.71                       | 95.71              | 95.71             |
|                               | Dongguan Walsin Wire & Cable Co., Ltd.                | Manufacture and sale of bare copper cables and wires  | 100.00                      | 100.00             | 100.00            |
|                               | Walsin International Investments Limited              | Investments   | 100.00                      | 100.00             | 100.00            |
|                               | Borrego Solar Systems, Inc.                           | Solar power system  | 73.32                       | 73.49              | 73.36             |
|                               | Nanjing Taiwan Trade Mart Management Co., Ltd.        | Business and assets management, consulting and advertising services   | 100.00                      | 100.00             | 100.00            |
|                               | Jiangyin Walsin Specialty Alloy Materials Co., Ltd.   | Manufacture and sale of cold-rolled stainless steel and flat-rolled products  | 18.37                       | 18.37              | 18.37             |
|                               | CIL   |   |                             |                    |                   |
|                               | Walsin Specialty Steel Corp.                          | Sale of specialty steel products and investment   | 100.00                      | 100.00             | 100.00            |
| Jin-Cherng                    | Changshu Walsin Specialty Steel Co., Ltd.             | Manufacture and sale of specialized steel tubes, rods and wires   | 100.00                      | 100.00             | 100.00            |
|                               | Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. | Manufacture and sale of stainless steel   | 100.00                      | 100.00             | 100.00            |
|                               | Yantai Walsin Stainless Steel Co., Ltd.               | Production and sale of new-type alloy materials   | 100.00                      | 100.00             | 100.00            |
|                               | Jiangyin Walsin Specialty Alloy Materials Co., Ltd.   | Manufacture and sale of cold-rolled stainless steel and flat-rolled products  | 81.63                       | 81.63              | 81.63             |
|                               | XiAn Walsin Metal Product Co., Ltd.                   | Production and sale of medium and heavy specialty steel plates  | 100.00                      | 100.00             | 100.00            |
|                               | Joint Success Enterprises Limited                     | Investments   | 50.95                       | 50.95              | 50.95             |
|                               | Walsin (Nanjing) Development Co., Ltd.                | Construction, rental and sale of buildings and industrial factories   | 100.00                      | 100.00             | 100.00            |
|                               | Nanjing Walsin Property Management Co., Ltd.          | Property management, business management and housing leasing  | 100.00                      | 100.00             | 100.00            |
|                               | Walsin Nanjing Culture and Arts Co., Ltd.             | Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency                              | -<br>(Note 2)               | -<br>(Note 2)      | 100.00            |
|                               |   |   |                             |                    |                   |

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 Walsin Nanjing Culture and Arts Co., Ltd. was completed on December 22, 2021.

- b. The following entity was excluded from consolidation as of June 30, 2022, December 31, 2021 and June 30, 2021:

| Investor | Investee                           | Main Business | % of Ownership |                   |               | Note |
|----------|------------------------------------|---------------|----------------|-------------------|---------------|------|
|          |                                    |               | June 30, 2022  | December 31, 2021 | June 30, 2021 |      |
| WLHL     | Walcom Chemical Industrial Limited | Commerce      | 65.00          | 65.00             | 65.00         | Note |

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of June 30, 2022, December 31, 2021 and June 30, 2021, the investee had no sales and its total assets were less than 1% of consolidated assets.

The financial statements of certain subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries (P.T. Walsin), Walsin Precision Technology Sdn. Bhd. and Borrego Solar Systems, Inc. were not reviewed by the auditor of WLC but by other auditors. As of June 30, 2022 and 2021, the combined total assets of those subsidiaries were NT\$12,698,476 thousand and NT\$10,039,059 thousand, respectively; for the three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021, the combined net operating revenues of these subsidiaries were NT\$4,821,000 thousand, NT\$4,116,638 thousand, NT\$7,492,955 thousand and NT\$7,453,923 thousand, respectively.

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

| Name of Associate                                    | June 30, 2022        |                      | December 31, 2021    |                      | June 30, 2021        |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Carrying Value       | Ownership Percentage | Carrying Value       | Ownership Percentage | Carrying Value       | Ownership Percentage |
| <u>Material associates</u>                           |                      |                      |                      |                      |                      |                      |
| Winbond Electronics Corp.                            | \$ 19,268,289        | 22.21                | \$ 18,357,864        | 22.21                | \$ 16,968,604        | 22.21                |
| Walton Advanced Engineering, Inc.                    | 2,100,920            | 21.01                | 2,322,664            | 21.01                | 2,519,180            | 21.01                |
| Walsin Technology Corp.                              | 7,963,893            | 18.30                | 8,166,415            | 18.30                | 7,514,197            | 18.30                |
| <u>Associates that are not individually material</u> |                      |                      |                      |                      |                      |                      |
| Others   | 9,110,898            |                      | 10,604,174           |                      | 11,146,358           |                      |
|  | <u>\$ 38,444,000</u> |                      | <u>\$ 39,451,117</u> |                      | <u>\$ 38,148,339</u> |                      |

Refer to Table 7 “Information on Investees” and Table 8 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

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

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

| <b>Name of Associate</b>          | <b>June 30, 2022</b> | <b>December 31,<br/>2021</b> | <b>June 30, 2021</b> |
|-----------------------------------|----------------------|------------------------------|----------------------|
| Winbond Electronics Corp.         | <u>\$ 19,179,511</u> | <u>\$ 30,050,846</u>         | <u>\$ 30,802,118</u> |
| Walton Advanced Engineering, Inc. | <u>\$ 1,337,466</u>  | <u>\$ 2,066,495</u>          | <u>\$ 2,050,051</u>  |
| Walsin Technology Corp.           | <u>\$ 7,974,539</u>  | <u>\$ 14,846,688</u>         | <u>\$ 20,225,279</u> |

All the associates were accounted for using the equity method.

The Group’s share of profit and other comprehensive income of associates for the six months ended June 30, 2022 and 2021 was based on the associates’ financial statements reviewed by independent auditors for the same period.

The dividends receivable from the above-mentioned associates amounting to NT\$1,397,104 thousand and NT\$717,680 thousand were recognized as other receivables as of June 30, 2022 and 2021.

## 17. PROPERTY, PLANT AND EQUIPMENT

|   |                     |                               | June 30, 2022              | December 31,<br>2021 | June 30, 2021               |                      |
|---|---------------------|-------------------------------|----------------------------|----------------------|-----------------------------|----------------------|
| Assets used by the Group                            |                     |                               | <u>\$ 43,318,070</u>       | <u>\$ 41,474,488</u> | <u>\$ 36,635,022</u>        |                      |
|   | Land                | Buildings and<br>Improvements | Machinery and<br>Equipment | Other<br>Equipment   | Construction in<br>Progress | Total                |
| <u>Cost</u>   |                     |                               |                            |                      |                             |                      |
| Balance at January 1, 2022                          | \$ 3,611,025        | \$ 18,671,274                 | \$ 34,969,055              | \$ 7,783,638         | \$ 6,305,375                | \$ 71,340,367        |
| Additions   | 27,694              | 13,948                        | 52,343                     | 197,057              | 2,482,544                   | 2,773,586            |
| Disposals   | -                   | (6,583)                       | (75,269)                   | (102,756)            | (3)                         | (184,611)            |
| Reclassified  | 88,445              | 94,571                        | 2,323,846                  | 125,655              | (2,632,517)                 | -                    |
| Reclassified from investment<br>properties          | -                   | 88,047                        | -                          | (92,878)             | -                           | (4,831)              |
| Effects of foreign currency<br>exchange differences | <u>-</u>            | <u>300,854</u>                | <u>683,327</u>             | <u>95,841</u>        | <u>70,626</u>               | <u>1,150,648</u>     |
| Balance at June 30, 2022                            | <u>\$ 3,727,164</u> | <u>\$ 19,162,111</u>          | <u>\$ 37,953,302</u>       | <u>\$ 8,006,557</u>  | <u>\$ 6,226,025</u>         | <u>\$ 75,075,159</u> |

(Continued)

(Continued)

|  | Land                | Buildings and Improvements | Machinery and Equipment | Other Equipment     | Construction in Progress | Total                |
|--|---------------------|----------------------------|-------------------------|---------------------|--------------------------|----------------------|
| <u>Accumulated depreciation and impairment</u>   |                     |                            |                         |                     |                          |                      |
| Balance at January 1, 2022                       | \$ 8,067            | \$ 7,102,766               | \$ 17,527,744           | \$ 5,227,302        | \$ -                     | \$ 29,865,879        |
| Disposals  | -                   | (5,958)                    | (70,979)                | (100,059)           | -                        | (176,996)            |
| Depreciation expenses                            | -                   | 418,517                    | 1,163,286               | 265,031             | -                        | 1,846,834            |
| Reclassified from investment properties          | -                   | 5,228                      | -                       | (12,455)            | -                        | (7,227)              |
| Impairment losses reversed                       | -                   | -                          | (111)                   | (78)                | -                        | (189)                |
| Effects of foreign currency exchange differences | -                   | 60,626                     | 116,691                 | 51,471              | -                        | 228,788              |
| Balance at June 30, 2022                         | <u>\$ 8,067</u>     | <u>\$ 7,581,179</u>        | <u>\$ 18,736,631</u>    | <u>\$ 5,431,212</u> | <u>\$ -</u>              | <u>\$ 31,757,089</u> |
| Carrying amounts at June 30, 2022                | <u>\$ 3,719,097</u> | <u>\$ 11,580,932</u>       | <u>\$ 19,216,671</u>    | <u>\$ 2,575,345</u> | <u>\$ 6,226,025</u>      | <u>\$ 43,318,070</u> |
| <u>Cost</u>                                      |                     |                            |                         |                     |                          |                      |
| Balance at January 1, 2021                       | \$ 3,483,995        | \$ 16,545,654              | \$ 25,806,284           | \$ 7,133,130        | \$ 8,576,988             | \$ 61,546,051        |
| Additions  | 42,838              | 38,530                     | 103,387                 | 253,729             | 2,634,097                | 3,072,581            |
| Disposals  | (1,164)             | (10,461)                   | (67,802)                | (59,385)            | (18)                     | (138,830)            |
| Reclassified                                     | 49,583              | 841,174                    | 3,003,585               | 190,605             | (4,084,947)              | -                    |
| Reclassified from inventories                    | -                   | 683,375                    | -                       | -                   | -                        | 683,375              |
| Effects of foreign currency exchange differences | -                   | (128,584)                  | (110,535)               | (43,442)            | (140,377)                | (422,938)            |
| Balance at June 30, 2021                         | <u>\$ 3,575,252</u> | <u>\$ 17,969,688</u>       | <u>\$ 28,734,919</u>    | <u>\$ 7,474,637</u> | <u>\$ 6,985,743</u>      | <u>\$ 64,740,239</u> |
| <u>Accumulated depreciation and impairment</u>   |                     |                            |                         |                     |                          |                      |
| Balance at January 1, 2021                       | \$ 8,067            | \$ 6,265,972               | \$ 15,948,131           | \$ 5,029,660        | \$ -                     | \$ 27,251,830        |
| Disposals  | -                   | (7,198)                    | (63,988)                | (56,875)            | -                        | (128,061)            |
| Impairment losses recognized (reversed)          | -                   | -                          | 1,423                   | (145)               | -                        | 1,278                |
| Depreciation expenses                            | -                   | 363,834                    | 523,422                 | 215,581             | -                        | 1,102,837            |
| Reclassified                                     | -                   | -                          | (4,968)                 | 4,968               | -                        | -                    |
| Effects of foreign currency exchange differences | -                   | (28,234)                   | (64,860)                | (29,573)            | -                        | (122,667)            |
| Balance at June 30, 2021                         | <u>\$ 8,067</u>     | <u>\$ 6,594,374</u>        | <u>\$ 16,339,160</u>    | <u>\$ 5,163,616</u> | <u>\$ -</u>              | <u>\$ 28,105,217</u> |
| Carrying amounts at June 30, 2021                | <u>\$ 3,567,185</u> | <u>\$ 11,375,314</u>       | <u>\$ 12,395,759</u>    | <u>\$ 2,311,021</u> | <u>\$ 6,985,743</u>      | <u>\$ 36,635,022</u> |
| (Concluded)                                      |                     |                            |                         |                     |                          |                      |

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 June 30, 2022, December 31, 2021 and June 30, 2021, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand.

## 18. LEASE ARRANGEMENTS

### a. Right-of-use assets

|   | June 30, 2022                             | December 31, 2021   | June 30, 2021                           |
|---|---|---------------------|---|
| <u>Carrying amounts</u>                     |   |                     |   |
| Land  | \$ 3,304,000                              | \$ 1,643,343        | \$ 1,663,086                            |
| Buildings                                   | 110,449                                   | 124,948             | 142,156                                 |
| Transportation equipment                    | <u>31,797</u>                             | <u>35,219</u>       | <u>26,792</u>                           |
|   | <u>\$ 3,446,246</u>                       | <u>\$ 1,803,510</u> | <u>\$ 1,832,034</u>                     |
|   | <u>For the Three Months Ended June 30</u> |                     | <u>For the Six Months Ended June 30</u> |
|   | <u>2022</u>                               | <u>2021</u>         | <u>2022</u>                             |
|   |   |                     | <u>2021</u>                             |
| Additions to right-of-use assets            | \$ <u>709</u>                             | \$ <u>17,852</u>    | \$ <u>1,733,919</u>                     |
| Disposals                                   | \$ <u>(1,187)</u>                         | \$ <u>-</u>         | \$ <u>(47,159)</u>                      |
| Depreciation charge for right-of-use assets |   |                     |   |
| Land  | \$ 30,970                                 | \$ 14,968           | \$ 51,480                               |
| Buildings                                   | 12,802                                    | 14,368              | 28,158                                  |
| Transportation equipment                    | <u>4,801</u>                              | <u>4,140</u>        | <u>9,696</u>                            |
|   | <u>\$ 48,573</u>                          | <u>\$ 33,476</u>    | <u>\$ 89,334</u>                        |
|   |   |                     | <u>\$ 65,421</u>                        |

### b. Lease liabilities

|                         | June 30, 2022       | December 31, 2021 | June 30, 2021     |
|-------------------------|---------------------|-------------------|-------------------|
| <u>Carrying amounts</u> |                     |                   |                   |
| Current                 | \$ <u>85,567</u>    | \$ <u>71,470</u>  | \$ <u>73,150</u>  |
| Non-current             | \$ <u>1,610,339</u> | \$ <u>243,676</u> | \$ <u>257,657</u> |

Range of discount rate for lease liabilities was as follows:

|                          | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--------------------------|---------------|-------------------|---------------|
| Land                     | 0.83%-6.123%  | 0.83%-6.123%      | 1.75%-6.123%  |
| Buildings                | 1.198%-8%     | 1.409%-8%         | 1.409%-8%     |
| Transportation equipment | 1.964%-5.75%  | 3.038%-5.75%      | 3.038%-5.75%  |

c. Other lease information

|   | For the Three Months Ended<br>June 30 |                    | For the Six Months Ended<br>June 30 |                    |
|---|---------------------------------------|--------------------|-------------------------------------|--------------------|
|   | 2022                                  | 2021               | 2022                                | 2021               |
| Expenses relating to short-term leases  | <u>\$ 13,014</u>                      | <u>\$ 7,029</u>    | <u>\$ 21,156</u>                    | <u>\$ 23,060</u>   |
| Expenses relating to low-value asset leases   | <u>\$ 199</u>                         | <u>\$ 155</u>      | <u>\$ 369</u>                       | <u>\$ 312</u>      |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 2,863</u>                       | <u>\$ 2,870</u>    | <u>\$ 4,514</u>                     | <u>\$ 5,229</u>    |
| Total cash outflow for leases   | <u>\$ (39,037)</u>                    | <u>\$ (22,001)</u> | <u>\$ (72,510)</u>                  | <u>\$ (71,369)</u> |

**19. INVESTMENT PROPERTIES**

|  | June 30, 2022        | December 31,<br>2021 | June 30, 2021                                |
|--|----------------------|----------------------|--|
| Completed investment properties                  | <u>\$ 10,365,166</u> | <u>\$ 10,431,063</u> | <u>\$ 10,506,326</u>                         |
|  |                      |                      | <b>Completed<br/>Investment<br/>Property</b> |
| <u>Cost</u>                                      |                      |                      |  |
| Balance at January 1, 2022                       |                      |                      | \$ 12,991,354                                |
| Reclassified from property, plant and equipment  |                      |                      | 4,831  |
| Others   |                      |                      | (4,907)                                      |
| Effects of foreign currency exchange differences |                      |                      | <u>45,932</u>                                |
| Balance at June 30, 2022                         |                      |                      | <u>\$ 13,037,210</u>                         |
| <u>Cost</u>                                      |                      |                      |  |
| Balance at January 1, 2021                       |                      |                      | \$ 12,271,365                                |
| Reclassified from inventories                    |                      |                      | 721,164                                      |
| Effects of foreign currency exchange differences |                      |                      | <u>(18,768)</u>                              |
| Balance at June 30, 2021                         |                      |                      | <u>\$ 12,973,761</u>                         |
| <u>Accumulated depreciation and impairment</u>   |                      |                      |  |
| Balance at January 1, 2022                       |                      |                      | \$ 2,560,291                                 |
| Depreciation expenses                            |                      |                      | 89,037                                       |
| Reclassified from property, plant and equipment  |                      |                      | 7,227  |
| Others   |                      |                      | (291)  |
| Effects of foreign currency exchange differences |                      |                      | <u>15,780</u>                                |
| Balance at June 30, 2022                         |                      |                      | <u>\$ 2,672,044</u>                          |

(Continued)

|  | <b>Completed<br/>Investment<br/>Property</b> |
|--|--|
| Balance at January 1, 2021                       | \$ 2,396,439                                 |
| Depreciation expenses                            | 79,478                                       |
| Effects of foreign currency exchange differences | <u>(8,482)</u>                               |
| Balance at June 30, 2021                         | <u>\$ 2,467,435</u><br>(Concluded)           |

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

The main investment property of the Group is the Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Construction Limited. The building valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2021 and 2020, the completed investment properties' real estate values were NT\$35,173,881 thousand and NT\$33,971,481 thousand, respectively. Management of the Group had assessed and determined that there were no significant changes in the fair value as of June 30, 2022 and 2021, as compared to that as of December 31, 2021 and 2020.

## 20. OTHER ASSETS

|                            | <b>June 30, 2022</b> | <b>December 31,<br/>2021</b> | <b>June 30, 2021</b> |
|----------------------------|----------------------|------------------------------|----------------------|
| Prepayment for purchases   | \$ 16,828,082        | \$ 2,502,327                 | \$ 2,616,709         |
| Prepaid expense            | 1,340,615            | 1,241,439                    | 1,816,428            |
| Prepaid sales tax          | 2,569,757            | 1,789,340                    | 1,395,832            |
| Prepayment for investments | 1,747,500            | -                            | -                    |
| Others                     | <u>476,393</u>       | <u>403,469</u>               | <u>446,353</u>       |
|                            | <u>\$ 22,962,347</u> | <u>\$ 5,936,575</u>          | <u>\$ 6,275,322</u>  |
| Current                    | \$ 20,750,251        | \$ 5,535,226                 | \$ 5,839,459         |
| Non-current                | <u>2,212,096</u>     | <u>401,349</u>               | <u>435,863</u>       |
|                            | <u>\$ 22,962,347</u> | <u>\$ 5,936,575</u>          | <u>\$ 6,275,322</u>  |

On April 11, 2022, the board of directors of the Company resolved to acquire 50.1% of the shares of PT. Sunny Metal Industry in Indonesia at a price US\$200,000 thousand. As of June 30, 2022, the Group had paid NT\$1,747,500 thousand (US\$60,000 thousand) of the first prepayment for investments.

## 21. BORROWINGS

|   | <b>June 30, 2022</b> | <b>December 31,<br/>2021</b> | <b>June 30, 2021</b> |
|---|----------------------|------------------------------|----------------------|
| Short-term borrowings                   | <u>\$ 22,309,671</u> | <u>\$ 7,108,766</u>          | <u>\$ 10,120,231</u> |
| Short-term bills payable                | <u>\$ 5,595,480</u>  | <u>\$ -</u>                  | <u>\$ -</u>          |
| Current portion of long-term borrowings | <u>\$ 1,641,602</u>  | <u>\$ 10,719,081</u>         | <u>\$ 11,729,177</u> |
| Long-term borrowings                    | <u>\$ 32,331,332</u> | <u>\$ 24,785,952</u>         | <u>\$ 26,307,953</u> |



- a. Short-term borrowings as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

|                             | June 30, 2022   |                      | December 31, 2021 |                     | June 30, 2021   |                      |
|-----------------------------|-----------------|----------------------|-------------------|---------------------|-----------------|----------------------|
|                             | Interest Rate % | Amount               | Interest Rate %   | Amount              | Interest Rate % | Amount               |
| Procurement loans           | 0.67%-2.30%     | \$ 2,374,463         | 0.64%-0.70%       | \$ 2,111,447        | 0.60%-0.70%     | \$ 6,044,928         |
| Bank lines of credit        | 0.96%-3.85%     | 18,902,989           | 0.69%-3.50%       | 4,997,319           | 0.80%-4.25%     | 4,075,303            |
| Discounted notes receivable | 1.30%-3.50%     | 1,032,219            | -                 | -                   | -               | -                    |
|                             |                 | <u>\$ 22,309,671</u> |                   | <u>\$ 7,108,766</u> |                 | <u>\$ 10,120,231</u> |

Notes receivable financing is based on notes receivable of the Group which are used to apply for a discounted loan. Refer to Note 32 for the amount of discounted notes receivable and relevant terms with recourse rights.

Refer to Notes 6 and 34 for collaterals pledged for short-term borrowings as of June 30, 2022, December 31, 2021 and June 30, 2021.

- b. Short-term bills payable as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

June 30, 2022

| Acceptance Agency  | Nature    | Interest Rate % | Amount              |
|--|-----------|-----------------|---------------------|
| China Bills Finance Corporation, International Bills Finance Corporation, Mega Bills Finance Corporation | Unsecured | 0.958-1.128     | \$ 5,600,000        |
| Less: Unamortized discounts on bills payable   |           |                 | <u>(4,520)</u>      |
|  |           |                 | <u>\$ 5,595,480</u> |

- c. Long-term borrowings as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

|                              | Significant Covenant   | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|------------------------------|--|---------------|-------------------|---------------|
|                              |  | Amount        | 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 December 28, 2018 to December 28, 2021  | -             | -                 | 1,500,000     |
| Bank of Taiwan               | Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022          | -             | 3,000,000         | 3,000,000     |
| Cathay United Bank           | Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022          | -             | 1,500,000         | 1,500,000     |
| Taiwan Cooperative Bank      | Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022          | -             | 1,000,000         | 1,000,000     |
| Taipei Fubon Commercial Bank | Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022            | -             | 1,000,000         | 1,000,000     |
| Chang Hwa Commercial Bank    | Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022            | -             | 1,000,000         | 1,000,000     |
| KGI Bank                     | Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022            | -             | 1,500,000         | 1,500,000     |
| Chinatrust Commercial Bank   | Long-term credit loan; principal repayment at maturity, from September 3, 2019 to September 3, 2022  | 1,500,000     | 1,500,000         | 1,500,000     |
| Standard Chartered Bank      | Long-term credit loan; principal repayment at maturity, from September 27, 2021 to December 31, 2023 | 5,352,144     | 5,352,144         | 5,352,144     |
| DBS Bank                     | Long-term credit loan; principal repayment at maturity, from March 30, 2020 to March 30, 2025        | 3,028,500     | 3,028,500         | 3,028,500     |
| DBS Bank                     | Long-term credit loan; principal repayment at maturity, from March 31, 2020 to March 31, 2025        | 3,018,600     | 3,018,600         | 3,018,600     |
| DBS Bank                     | Long-term credit loan; principal repayment at maturity, from April 15, 2020 to April 15, 2025        | 3,010,000     | 3,010,000         | 3,010,000     |

(Continued)

|   |   | June 30, 2022        | December 31, 2021    | June 30, 2021        |
|---|---|----------------------|----------------------|----------------------|
|   |   | Significant Covenant | Amount               | Amount               |
| Standard Chartered Bank                         | Long-term credit loan; principal repayment at maturity, from September 27, 2021 to December 31, 2023  | \$ 2,093,000         | \$ 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            | 3,000,000            |
| The Export-Import Bank of the Republic of China | Long-term credit loan from December 4, 2020 to December 4, 2027; principal to be repaid evenly in seven phases; 1st repayment due 48 months after the drawdown date, after which repayments are due once every six months                         | 1,137,770            | 1,137,770            | 1,137,770            |
| Bank of Taiwan                                  | Long-term credit loan; principal repayments at maturity, from March 8, 2022 to March 8, 2027; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively.           | 3,000,000            | -                    | -                    |
| Hua Nan Commercial Bank                         | 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 year, repayments are due once every six months   | 2,000,000            | 2,000,000            | 2,000,000            |
| Taiwan Cooperative Bank                         | 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            | 2,000,000            | 2,000,000            |
| Hua Nan Commercial Bank                         | Long-term credit loan; principal repayment at maturity, from March 8, 2022 to March 8, 2027   | 2,500,000            | -                    | -                    |
| Chang Hwa Commercial Bank                       | Long-term credit loan; principal repayment at maturity, from March 8, 2022 to March 8, 2027   | 2,000,000            | -                    | -                    |
| Cathay United Bank                              | Long-term secured loan; from December 15, 2011 to December 15, 2026; the grace period for principal is 6 months, after which repayments are due monthly   | 88,383               | 98,203               | 108,024              |
| 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   | 95,580               | 104,669              | 113,756              |
| Cathay United Bank                              | Long-term secured loan; from February 21, 2012 to February 21, 2027; the grace period for principal is 6 months, after which repayments are due monthly   | 76,598               | 84,805               | 93,011               |
| Taipei Fubon Bank                               | Long-term secured loan; from December 25, 2013 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly  | 25,667               | 27,500               | 29,333               |
| Taipei Fubon Bank                               | Long-term secured loan; from February 14, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly  | 22,667               | 24,267               | 25,867               |
| Taipei Fubon Bank                               | Long-term secured loan; from October 6, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly  | 24,025               | 25,575               | 27,125               |
|   |   | 33,972,934           | 35,505,033           | 38,037,130           |
| Less current portion of long-term borrowings    |   | (1,641,602)          | (10,719,081)         | (11,729,177)         |
|   |   | <u>\$ 32,331,332</u> | <u>\$ 24,785,952</u> | <u>\$ 26,307,953</u> |
|   |   |                      |                      | (Concluded)          |

1) Under the loan agreements with DBS Bank, WLC should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:

- Ratio of current assets to current liabilities not less than 100%;
- Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
- Ratio of 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 June 30, 2022, December 31, 2021 and June 30, 2021, the effective interest rate ranges of the credit borrowings were 0.93%-2.08%, 0.85%-1.20% and 0.10%-1.50% per annum, respectively. As of June 30, 2022, December 31, 2021 and June 30, 2021, the effective interest rate ranges of the secured borrowings were 1.94%-2.19%, 1.66%-2.07% and 1.66%-2.07% per annum.
- 3) As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's current portion of long-term borrowings was NT\$1,641,602 thousand, NT\$10,719,081 thousand and NT\$11,729,177 thousand, under the loan agreements, respectively. The Group's consolidated financial reports 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 34 for collaterals pledged on bank borrowings as of June 30, 2022, December 31, 2021 and June 30, 2021.

## 22. BONDS PAYABLE

|                                 | June 30, 2022       | December 31,<br>2021 | June 30, 2021 |
|---------------------------------|---------------------|----------------------|---------------|
| The 1st unsecured bonds in 2021 | <u>\$ 7,500,000</u> | <u>\$ 7,500,000</u>  | <u>\$ -</u>   |

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

## 23. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2022 and 2021, and the six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were NT\$3,240 thousand, NT\$2,770 thousand, NT\$6,328 thousand and NT\$6,814 thousand, respectively, which were calculated based on the pension cost rates determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

## 24. EQUITY

|                           | June 30, 2022         | December 31,<br>2021  | June 30, 2021         |
|---------------------------|-----------------------|-----------------------|-----------------------|
| Share capital             |                       |                       |                       |
| Ordinary shares           | \$ 34,313,329         | \$ 34,313,329         | \$ 34,313,329         |
| Capital surplus           | 18,620,177            | 18,440,875            | 18,450,182            |
| Retained earnings         | 51,661,096            | 47,787,207            | 41,828,120            |
| Others                    | 660,296               | 5,342,113             | 7,810,303             |
| Non-controlling interests | <u>2,289,867</u>      | <u>2,062,744</u>      | <u>2,815,899</u>      |
|                           | <u>\$ 107,544,765</u> | <u>\$ 107,946,268</u> | <u>\$ 105,217,833</u> |

a. Share capital

Ordinary shares

|   | June 30, 2022        | December 31,<br>2021 | June 30, 2021        |
|---|----------------------|----------------------|----------------------|
| Number of authorized shares (in thousands)            | <u>6,500,000</u>     | <u>6,500,000</u>     | <u>6,500,000</u>     |
| Amount of authorized shares                           | <u>\$ 65,000,000</u> | <u>\$ 65,000,000</u> | <u>\$ 65,000,000</u> |
| Number of issued and fully paid shares (in thousands) | <u>3,431,333</u>     | <u>3,431,333</u>     | <u>3,431,333</u>     |
| Amount of issued shares                               | <u>\$ 34,313,329</u> | <u>\$ 34,313,329</u> | <u>\$ 34,313,329</u> |

As of January 1, 2021, the balances of WLC's capital account were all NT\$33,260,002 thousand, consisted of 3,326,000 thousand shares at par value of NT\$10.

The Group issued 205,333 thousand shares in exchange shares of TECO Electric & Machinery Co., Ltd. in January 2021. Hence, as of June 30, 2022, the paid-in capital was NT\$34,313,329 thousand, divided into 3,431,333 thousand ordinary shares at par value of NT\$10.

On June 6, 2022, WLC's board of directors resolved to issue 300,000 thousand ordinary shares at a price of NT\$33 per share with August 10, 2022 as the base date for capital increase. As of the date the consolidated financial statements were submitted to WLC's board of directors, the issue of the shares had been reported to the competent authority and had taken effect. Refer to Note 35 for explanation on price adjustment of the equity offering after the period.

As of June 30, 2022, two thousand GDRs of WLC were traded on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).

b. Capital surplus

|   | June 30, 2022        | December 31,<br>2021 | June 30, 2021        |
|---|----------------------|----------------------|----------------------|
| May be used to offset a deficit, distributed as cash dividends or transferred to share capital (Note)   |                      |                      |                      |
| Issuance of ordinary shares   | \$ 12,639,452        | \$ 12,639,452        | \$ 12,639,452        |
| The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition | 18,169               | 3,124                | -                    |
| Share of changes in capital surplus of associates   | 446,827              | 440,288              | 455,048              |
| Treasury share transactions   | 2,254,074            | 2,254,074            | 2,254,074            |
| Gain on disposal of property plant and equipment  | 2,074,231            | 2,074,231            | 2,074,231            |
| Others  | 1,029,624            | 1,029,706            | 1,027,377            |
| <u>May not be used for any purpose</u>  |                      |                      |                      |
| Employee share options  | <u>157,800</u>       | <u>-</u>             | <u>-</u>             |
|   | <u>\$ 18,620,177</u> | <u>\$ 18,440,875</u> | <u>\$ 18,450,182</u> |

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

c. Retained earnings and dividend policy

The shareholders of WLC held their regular meeting on May 13, 2022, 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. If appropriated earnings are distributed in cash, the cash distribution shall be resolved by WLC's board of directors and reported in the shareholders' meeting. Other than the aforementioned regulations, distribution shall be after deducting share of profit of associates accounted for using the equity method and adding cash dividends of associates accounted for using the equity method. WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

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

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

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

Refer to Note 26 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2021 and 2020, which were approved in the shareholders' meeting on May 13, 2022 and July 15, 2021, were as follows:

|                 | <b>Appropriation of Earnings</b> |                     | <b>Dividends Per Share (NT\$)</b> |             |
|-----------------|----------------------------------|---------------------|-----------------------------------|-------------|
|                 | <b>2021</b>                      | <b>2020</b>         | <b>2021</b>                       | <b>2020</b> |
| Legal reserve   | \$ 1,454,522                     | \$ 681,368          | \$ -                              | \$ -        |
| Special reserve | -                                | (398,160)           | -                                 | -           |
| Cash dividends  | <u>5,490,133</u>                 | <u>3,088,200</u>    | 1.6                               | 0.9         |
|                 | <u>\$ 6,944,655</u>              | <u>\$ 3,371,408</u> |                                   |             |

d. Special reserves

|                 | <b>June 30, 2022</b> | <b>December 31, 2021</b> | <b>June 30, 2021</b> |
|-----------------|----------------------|--------------------------|----------------------|
| Special reserve | <u>\$ 2,712,250</u>  | <u>\$ 2,712,250</u>      | <u>\$ 3,110,410</u>  |

Information regarding the above special reserve did not change for the six months ended June 30, 2022 and 2021.

e. Other equity items

1) Foreign currency translation reserve

|  | <b>For the Six Months Ended<br/>June 30</b> |                       |
|--|---|-----------------------|
|  | <b>2022</b>                                 | <b>2021</b>           |
| Balance at January 1   | \$ (6,100,687)                              | \$ (5,905,135)        |
| Share from exchange difference of associates accounted for using the equity method | <u>1,734,999</u>                            | <u>(868,605)</u>      |
| Balance at June 30   | <u>\$ (4,365,688)</u>                       | <u>\$ (6,773,740)</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 FVTOCI

|   | <b>For the Six Months Ended<br/>June 30</b> |                      |
|---|---|----------------------|
|   | <b>2022</b>                                 | <b>2021</b>          |
| Balance at January 1  | \$ 11,534,267                               | \$ 6,092,775         |
| Unrealized (loss) gain - equity instruments   | (3,726,985)                                 | 4,224,953            |
| Share from associates accounted for using the equity method                                       | (2,693,420)                                 | 4,312,085            |
| Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal | <u>3,589</u>                                | <u>-</u>             |
| Balance at June 30  | <u>\$ 5,117,451</u>                         | <u>\$ 14,629,813</u> |

3) Other equity - others

|   | <b>For the Six Months Ended<br/>June 30</b> |                           |
|---|---|---------------------------|
|   | <b>2022</b>                                 | <b>2021</b>               |
| Balance at January 1  | \$ (91,467)                                 | \$ -                      |
| Other equity from associates accounted for using the equity | <u>-</u>                                    | <u>(45,770)</u>           |
| Balance at June 30  | <u><u>\$ (91,467)</u></u>                   | <u><u>\$ (45,770)</u></u> |

**25. OPERATING REVENUE**

|                     | <b>For the Three Months Ended<br/>June 30</b> |                             | <b>For the Six Months Ended<br/>June 30</b> |                             |
|---------------------|---|-----------------------------|---|-----------------------------|
|                     | <b>2022</b>                                   | <b>2021</b>                 | <b>2022</b>                                 | <b>2021</b>                 |
| Sales revenue       | \$ 49,309,536                                 | \$ 38,200,318               | \$ 90,962,322                               | \$ 66,490,336               |
| Sale of real estate | -   | 6,209                       | -   | 7,450                       |
| Other revenue       | <u>1,173,834</u>                              | <u>936,476</u>              | <u>2,078,463</u>                            | <u>1,483,131</u>            |
|                     | <u><u>\$ 50,483,370</u></u>                   | <u><u>\$ 39,143,003</u></u> | <u><u>\$ 93,040,785</u></u>                 | <u><u>\$ 67,980,917</u></u> |

**26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS**

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

|  | <b>For the Three Months Ended<br/>June 30</b> |                          | <b>For the Six Months Ended<br/>June 30</b> |                          |
|--|---|--------------------------|---|--------------------------|
|  | <b>2022</b>                                   | <b>2021</b>              | <b>2022</b>                                 | <b>2021</b>              |
| Gain (loss) on disposal of investments - commodity futures           | \$ 312,989                                    | \$ 122,429               | \$ (326,438)                                | \$ 277,647               |
| Gain on disposal of investments - foreign exchange forward contracts | 57,981  | 11,764                   | 152,069                                     | 74,235                   |
| Loss on disposal of investment - exchange rate swap contracts        | (58,975)                                      | -                        | (148,296)                                   | -                        |
| Loss on disposal of investment - commodity options                   | <u>-</u>                                      | <u>(3,233)</u>           | <u>-</u>                                    | <u>(14,548)</u>          |
|  | <u><u>\$ 311,995</u></u>                      | <u><u>\$ 130,960</u></u> | <u><u>\$ (322,665)</u></u>                  | <u><u>\$ 337,334</u></u> |

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

|  | <b>For the Three Months Ended<br/>June 30</b> |                      | <b>For the Six Months Ended<br/>June 30</b> |                          |
|--|---|----------------------|---|--------------------------|
|  | <b>2022</b>                                   | <b>2021</b>          | <b>2022</b>                                 | <b>2021</b>              |
| Impairment loss reversed (recognized) on property, plant and equipment | \$ 3  | \$ (1,421)           | \$ 189                                      | \$ (1,278)               |
| Others   | <u>(58)</u>                                   | <u>1,952</u>         | <u>(185)</u>                                | <u>(21)</u>              |
|  | <u><u>\$ (55)</u></u>                         | <u><u>\$ 531</u></u> | <u><u>\$ 4</u></u>                          | <u><u>\$ (1,299)</u></u> |

## Employee Benefits Expense, Depreciation and Amortization

| For the Three Months Ended June 30, 2022 |                 |                    |                                   |              |
|--|-----------------|--------------------|-----------------------------------|--------------|
|  | Operating Costs | Operating Expenses | Non-operating Expenses and Losses | Total        |
| Short-term employment benefits           | \$ 1,263,054    | \$ 846,724         | \$ -                              | \$ 2,109,778 |
| Post-employment benefits                 | \$ 50,393       | \$ 24,246          | \$ -                              | \$ 74,639    |
| Other employee benefits                  | \$ 128,516      | \$ 64,037          | \$ -                              | \$ 192,553   |
| Depreciation                             |                 |                    |                                   |              |
| Property, plant and equipment            | \$ 843,704      | \$ 90,948          | \$ 715                            | \$ 935,367   |
| Right-of-use assets                      | 7,516           | 41,057             | -                                 | 48,573       |
| Investment properties                    | 44,079          | 545                | -                                 | 44,624       |
|  | \$ 895,299      | \$ 132,550         | \$ 715                            | \$ 1,028,564 |
| Amortization                             | \$ 890          | \$ 6,335           | \$ -                              | \$ 7,225     |
| For the Six Months Ended June 30, 2022   |                 |                    |                                   |              |
|  | Operating Costs | Operating Expenses | Non-operating Expenses and Losses | Total        |
| Short-term employment benefits           | \$ 2,215,966    | \$ 1,530,655       | \$ -                              | \$ 3,746,621 |
| Post-employment benefits                 | \$ 99,400       | \$ 51,707          | \$ -                              | \$ 151,107   |
| Other employee benefits                  | \$ 261,804      | \$ 151,647         | \$ -                              | \$ 413,451   |
| Depreciation                             |                 |                    |                                   |              |
| Property, plant and equipment            | \$ 1,672,282    | \$ 173,120         | \$ 1,432                          | \$ 1,846,834 |
| Right-of-use assets                      | 15,889          | 73,445             | -                                 | 89,334       |
| Investment properties                    | 87,947          | 1,090              | -                                 | 89,037       |
|  | \$ 1,776,118    | \$ 247,655         | \$ 1,432                          | \$ 2,025,205 |
| Amortization                             | \$ 2,004        | \$ 12,637          | \$ -                              | \$ 14,641    |
| For the Three Months Ended June 30, 2021 |                 |                    |                                   |              |
|  | Operating Costs | Operating Expenses | Non-operating Expenses and Losses | Total        |
| Short-term employment benefits           | \$ 832,762      | \$ 599,040         | \$ -                              | \$ 1,431,802 |
| Post-employment benefits                 | \$ 39,670       | \$ 27,121          | \$ -                              | \$ 66,791    |
| Other employee benefits                  | \$ 101,401      | \$ 71,383          | \$ -                              | \$ 172,784   |
| Depreciation                             |                 |                    |                                   |              |
| Property, plant and equipment            | \$ 471,336      | \$ 97,124          | \$ 708                            | \$ 569,168   |
| Right-of-use assets                      | 8,130           | 25,346             | -                                 | 33,476       |
| Investment properties                    | 43,801          | 264                | -                                 | 44,065       |
|  | \$ 523,267      | \$ 122,734         | \$ 708                            | \$ 646,709   |
| Amortization                             | \$ 1,052        | \$ 7,170           | \$ -                              | \$ 8,222     |



| <b>For the Six Months Ended June 30, 2021</b> |                        |                           |  |                     |
|---|------------------------|---------------------------|--|---------------------|
|   | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Non-operating Expenses and Losses</b> | <b>Total</b>        |
| Short-term employment benefits                | \$ 1,666,497           | \$ 1,193,978              | \$ -                                     | \$ 2,860,475        |
| Post-employment benefits                      | \$ 83,777              | \$ 55,219                 | \$ -                                     | \$ 138,996          |
| Other employee benefits                       | \$ 220,617             | \$ 135,183                | \$ -                                     | \$ 355,800          |
| Depreciation                                  |                        |                           |  |                     |
| Property, plant and equipment                 | \$ 932,420             | \$ 169,002                | \$ 1,415                                 | \$ 1,102,837        |
| Right-of-use assets                           | 15,967                 | 49,454                    | -  | 65,421              |
| Investment properties                         | 78,949                 | 529                       | -  | 79,478              |
|   | <u>\$ 1,027,336</u>    | <u>\$ 218,985</u>         | <u>\$ 1,415</u>                          | <u>\$ 1,247,736</u> |
| Amortization                                  | \$ 2,130               | \$ 15,047                 | \$ -                                     | \$ 17,177           |

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021, the employees' compensation amounted to NT\$71,303 thousand, NT\$41,302 thousand, NT\$119,103 thousand and NT\$63,119 thousand, respectively, and the remuneration of directors amounted to NT\$33,490 thousand, NT\$27,750 thousand, NT\$49,000 thousand and NT\$38,850 thousand, 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 amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors and supervisors for 2021 and 2020 resolved by WLC's board of directors on February 22, 2022 and February 26, 2021, respectively, and the respective amounts recognized in the consolidated financial statements were equal.

| <b>For the Year Ended December 31</b>                 |                                |                                  |                                  |
|---|--------------------------------|----------------------------------|----------------------------------|
|   | <b>2021</b>                    | <b>2020</b>                      |                                  |
|   | <b>Employees' Compensation</b> | <b>Remuneration of Directors</b> | <b>Employees' Compensation</b>   |
|   |                                |                                  | <b>Remuneration of Directors</b> |
| Amounts approved in shareholders' meetings            | \$ 187,000                     | \$ 75,000                        | \$ 68,500                        |
| Amounts recognized in respective financial statements | <u>187,000</u>                 | <u>75,000</u>                    | <u>68,500</u>                    |
|   | <u>\$ -</u>                    | <u>\$ -</u>                      | <u>\$ -</u>                      |

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

## 27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Income tax expense are as follows:

|   | For the Three Months Ended<br>June 30 |                   | For the Six Months Ended<br>June 30 |                   |
|---|---------------------------------------|-------------------|-------------------------------------|-------------------|
|   | 2022                                  | 2021              | 2022                                | 2021              |
| Current tax   |                                       |                   |                                     |                   |
| In respect of the current year  | \$ 705,182                            | \$ 382,175        | \$ 1,108,030                        | \$ 396,076        |
| Income tax on unappropriated earnings                                     | 380,028                               | -                 | 380,028                             | -                 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | (6,096)                               | -                 | (6,096)                             | -                 |
| Adjustments to changes in tax rates                                       | -                                     | 864               | -                                   | 871               |
| Land value increment tax  | -                                     | 5,919             | -                                   | 6,001             |
| Others  | -                                     | (15,479)          | -                                   | (15,479)          |
|   | <u>1,079,114</u>                      | <u>373,479</u>    | <u>1,481,962</u>                    | <u>387,469</u>    |
| Deferred tax  |                                       |                   |                                     |                   |
| In respect of the current period  | (65,003)                              | 183,082           | 198,257                             | 347,965           |
| Adjustments to deferred tax attributable to changes in tax rates and laws | <u>36,914</u>                         | <u>(1,117)</u>    | <u>37,337</u>                       | <u>(4,615)</u>    |
|   | <u>(28,089)</u>                       | <u>181,965</u>    | <u>235,594</u>                      | <u>343,350</u>    |
| Income tax expense recognized in profit or loss                           | <u>\$ 1,051,025</u>                   | <u>\$ 555,444</u> | <u>\$ 1,717,556</u>                 | <u>\$ 730,819</u> |

### b. WLC's income tax returns through 2018 had been examined and cleared by the tax authorities.

## 28. EARNINGS PER SHARE

|  | For the Three Months Ended June 30   |   |   |  |   |   |
|--|--|---|---|--|---|---|
|  | 2022   |   |   | 2021   |   |   |
|  | Amounts<br>(Numerator)<br>After Income<br>Tax<br>(Attributable<br>to Parent's<br>Shareholders) | Shares<br>(Denominator)<br>(In Thousands) | Earnings Per<br>Share (In<br>Dollars)<br>After Income<br>Tax<br>(Attributable<br>to Parent's<br>Shareholders) | Amounts<br>(Numerator)<br>After Income<br>Tax<br>(Attributable<br>to Parent's<br>Shareholders) | Shares<br>(Denominator)<br>(In Thousands) | Earnings Per<br>Share (In<br>Dollars)<br>After Income<br>Tax<br>(Attributable<br>to Parent's<br>Shareholders) |
| Basic earnings per share                       |  |   |   |  |   |   |
| Net income                                     | \$ 5,455,171   | 3,431,333                                 | <u>\$ 1.59</u>  | \$ 3,588,582   | 3,431,333                                 | <u>\$ 1.05</u>  |
| Effect of potentially dilutive ordinary shares |  |   |   |  |   |   |
| Employee bonus                                 | -  | 1,978                                     |   | -  | 1,410                                     |   |
|  | <u>\$ 5,455,171</u>  | <u>3,433,311</u>                          | <u>\$ 1.59</u>  | <u>\$ 3,588,582</u>  | <u>3,432,743</u>                          | <u>\$ 1.05</u>  |

|   | For the Six Months Ended June 30              |   |   |   |   |   |
|---|---|---|---|---|---|---|
|   | 2022  |   |   | 2021  |   |   |
|   | Amounts<br>(Numerator)                        |   | Earnings Per<br>Share (In<br>Dollars)         | Amounts<br>(Numerator)                        |   | Earnings Per<br>Share (In<br>Dollars)         |
|   | After Income<br>Tax                           |   | After Income<br>Tax                           | After Income<br>Tax                           |   | After Income<br>Tax                           |
|   | (Attributable<br>to Parent's<br>Shareholders) | Shares<br>(Denominator)<br>(In Thousands) | (Attributable<br>to Parent's<br>Shareholders) | (Attributable<br>to Parent's<br>Shareholders) | Shares<br>(Denominator)<br>(In Thousands) | (Attributable<br>to Parent's<br>Shareholders) |
| Basic earnings per share                          |   |   |   |   |   |   |
| Net income  | \$ 9,289,788                                  | 3,431,333                                 | <u>\$ 2.71</u>                                | \$ 5,471,200                                  | 3,425,661                                 | <u>\$ 1.60</u>                                |
| Effect of potentially dilutive<br>ordinary shares |   |   |   |   |   |   |
| Employee bonus                                    | -   | 4,023                                     |   | -   | 3,314                                     |   |
|   | <u>\$ 9,289,788</u>                           | <u>3,435,356</u>                          | <u>\$ 2.70</u>                                | <u>\$ 5,471,200</u>                           | <u>3,428,975</u>                          | <u>\$ 1.60</u>                                |

## 29. SHARE-BASED PAYMENT TRANSACTION AGREEMENTS

### Employee Stock Options Plan for Cash Capital Increase

WLC was approved by the Securities and Futures Bureau (FSC) on March 11, 2022 to issue 300,000 thousand shares for its cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription. The number of shares retained for employees' subscription and the subscription price were confirmed on June 27, 2022. WLC recognized the capital surplus of NT\$157,800 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model.

- a. The share-based payment arrangement of WLC as of June 30, 2022 is as follows:

| Type of Agreement                          | Grant Date | Quantity<br>Granted       | Vesting<br>Conditions  |
|--|------------|---------------------------|------------------------|
| Shares retained for employees to subscribe | 2022.6.27  | 30,000 thousand<br>shares | Vesting<br>immediately |

- b. WLC used the Black-Scholes option evaluation model to calculate fair value of employee stock options with respect to seasoned equity offering on the grant date, that is to say, June 27, 2022. Relevant information is as follows:

| Share Price<br>on the Grant<br>Date (In<br>Dollars) | Exercise<br>Price (In<br>Dollars) | Expected<br>Ratio of<br>Stock Price<br>Fluctuation | Expected<br>Duration | Expected<br>Dividend<br>Rate | Risk-Free<br>Interest<br>Rate | Fair Value<br>Per Share<br>(In Dollars) |
|---|-----------------------------------|--|----------------------|------------------------------|-------------------------------|---|
| \$37.45   | \$33                              | 52.95%   | 38 day               | 0.00%                        | 0.52%                         | \$5.26                                  |

## 30. OPERATING LEASE ARRANGEMENTS

Operating leases are related to the investment properties owned by the Group with lease terms between 5 and 10 years, with an option to extend for an additional 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have bargain purchase option to acquire the property at the expiry of the lease period.

As of June 30, 2022, December 31, 2021 and June 30, 2021, deposits received under operating leases amounted to NT\$356,466 thousand, NT\$329,321 thousand and, NT\$331,662 thousand, respectively (recorded under other liabilities - non-current).

As of June 30, 2021, the Group's future minimum lease receivables on non-cancelable operating lease commitments were as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| 2022 (from July 1 to December 31) | \$ 828,993          |
| 2023-2027                         | 2,988,124           |
| After 2027                        | <u>267,303</u>      |
|                                   | <u>\$ 4,084,420</u> |

### 31. 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.

### 32. 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 consolidated financial statements as approximates of the fair values.

June 30, 2022

|   | Carrying<br>Amount | Fair Value |              |           |              |
|---|--------------------|------------|--------------|-----------|--------------|
|   |                    | Level 1    | Level 2      | Level 3   | Total        |
| <u>Financial assets</u>                 |                    |            |              |           |              |
| Financial assets at amortized cost      |                    |            |              |           |              |
| Government bonds                        | \$ 94,313          | \$ -       | \$ -         | \$ 94,313 | \$ 94,313    |
| <u>Financial liabilities</u>            |                    |            |              |           |              |
| Financial liabilities at amortized cost |                    |            |              |           |              |
| Bonds payable                           | \$ 7,500,000       | \$ -       | \$ 7,500,000 | \$ -      | \$ 7,500,000 |

December 31, 2021

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

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs included bond duration, bond interest rates and credit rating. The significant unobservable input used in Level 3 is the discount rate that reflects the credit risk of counterparties.

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

1) Fair value hierarchy

June 30, 2022

|  | Level 1       | Level 2    | Level 3    | Total         |
|--|---------------|------------|------------|---------------|
| <u>Financial assets at FVTPL</u>                     |               |            |            |               |
| Derivatives not designated<br>as hedging instruments | \$ 452,356    | \$ 35,596  | \$ -       | \$ 487,952    |
| <u>Financial assets at FVTOCI</u>                    |               |            |            |               |
| Investments in equity<br>instruments                 |               |            |            |               |
| Listed securities in ROC                             | \$ 11,970,184 | \$ -       | \$ -       | \$ 11,970,184 |
| Unlisted securities                                  | -             | -          | 734,995    | 734,995       |
|  | \$ 11,970,184 | \$ -       | \$ 734,995 | \$ 12,705,179 |
| <u>Financial liabilities at<br/>FVTPL</u>            |               |            |            |               |
| Derivatives financial<br>liabilities for hedging     | \$ -          | \$ 171,906 | \$ -       | \$ 171,906    |

December 31, 2021

|  | Level 1  | Level 2    | Level 3 | Total      |
|--|----------|------------|---------|------------|
| <u>Financial assets at FVTPL</u>                     |          |            |         |            |
| Derivatives not designated<br>as hedging instruments | \$ 1,940 | \$ 14,207  | \$ -    | \$ 16,147  |
| Derivatives financial assets<br>for hedging          | -        | 89,232     | -       | 89,232     |
|  | \$ 1,940 | \$ 103,439 | \$ -    | \$ 105,379 |

(Continued)

|  | Level 1              | Level 2          | Level 3           | Total                           |
|--|----------------------|------------------|-------------------|---------------------------------|
| <u>Financial assets at fair value<br/>FVOCI</u>      |                      |                  |                   |                                 |
| Investments in equity<br>instruments                 |                      |                  |                   |                                 |
| Listed securities in the<br>ROC                      | \$ 15,627,085        | \$ -             | \$ -              | \$ 15,627,085                   |
| Unlisted securities                                  | <u>-</u>             | <u>-</u>         | <u>663,502</u>    | <u>663,502</u>                  |
|  | <u>\$ 15,627,085</u> | <u>\$ -</u>      | <u>\$ 663,502</u> | <u>\$ 16,290,587</u>            |
| <u>Financial liabilities at<br/>FVTPL</u>            |                      |                  |                   |                                 |
| Derivatives not designated<br>as hedging instruments | <u>\$ -</u>          | <u>\$ 37,439</u> | <u>\$ -</u>       | <u>\$ 37,439</u><br>(Concluded) |

June 30, 2021

|  | Level 1              | Level 2          | Level 3             | Total                |
|--|----------------------|------------------|---------------------|----------------------|
| <u>Financial assets at FVTPL</u>                     |                      |                  |                     |                      |
| Derivatives not designated<br>as hedging instruments | \$ -                 | \$ 10,133        | \$ -                | \$ 10,133            |
| Corporate bonds                                      | <u>-</u>             | <u>-</u>         | <u>5,302,472</u>    | <u>5,302,472</u>     |
|  | <u>\$ -</u>          | <u>\$ 10,133</u> | <u>\$ 5,302,472</u> | <u>\$ 5,312,605</u>  |
| <u>Financial assets at FVTOCI</u>                    |                      |                  |                     |                      |
| Investments in equity<br>instruments                 |                      |                  |                     |                      |
| Listed securities in ROC                             | \$ 17,307,125        | \$ -             | \$ -                | \$ 17,307,125        |
| Unlisted securities                                  | <u>-</u>             | <u>-</u>         | <u>422,227</u>      | <u>422,227</u>       |
|  | <u>\$ 17,307,125</u> | <u>\$ -</u>      | <u>\$ 422,227</u>   | <u>\$ 17,729,352</u> |
| <u>Financial liabilities at<br/>FVTPL</u>            |                      |                  |                     |                      |
| Derivatives not designated<br>as hedging instruments | <u>\$ 32,307</u>     | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ 32,307</u>     |
| Derivatives financial<br>liabilities for hedging     | <u>\$ -</u>          | <u>\$ 13,320</u> | <u>\$ -</u>         | <u>\$ 13,320</u>     |

- 2) There were no transfers between Levels 1, 2 and 3 for the six months ended June 30, 2022 and 2021.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2022

| <b>Financial Assets</b>                  | <b>Financial Assets<br/>at FVTOCI<br/>Equity<br/>Instruments</b> |
|--|--|
| Balance at January 1, 2022               | \$ 663,502   |
| Additions                                | 120,000  |
| Disposals                                | (335)  |
| Recognized in other comprehensive income | (49,666)   |
| Effects of exchange rate changes         | <u>1,494</u>   |
| Balance at June 30, 2022                 | <u>\$ 734,995</u>  |

For the year ended December 31, 2021

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

For the six months ended June 30, 2021

| <b>Financial Assets</b>                  | <b>Financial Assets<br/>at FVTOCI<br/>Equity<br/>Instruments</b> |
|--|--|
| Balance at January 1, 2021               | \$ 435,056   |
| Capital reduction and refund             | (3,615)  |
| Recognized in other comprehensive income | (8,079)  |
| Effects of exchange rate changes         | <u>(1,135)</u>   |
| Balance at June 30, 2021                 | <u>\$ 422,227</u>  |

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

| <b>Financial Instruments</b>                     | <b>Valuation Techniques and Inputs</b>  |
|--|---|
| Derivatives - foreign exchange forward contracts | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Derivatives - exchange rate swap contracts       | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

5) Valuation techniques and inputs applied for Level 3 fair value measurement

| <b>Financial Instruments</b>         | <b>Valuation Techniques and Inputs</b>   |
|--------------------------------------|--|
| Unlisted equity securities           | Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price-earnings ratio and price-to-book ratio of the investees.<br><br>Net asset method. Fair values are determined based on the book value of companies.<br><br>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, discounted at a rate that reflects the credit risk of various counterparties.   |

c. Categories of financial instruments

|  | <b>June 30, 2022</b> | <b>December 31, 2021</b> | <b>June 30, 2021</b> |
|--|----------------------|--------------------------|----------------------|
| <u>Financial assets</u>  |                      |                          |                      |
| Financial assets at amortized cost                                 |                      |                          |                      |
| Cash and cash equivalents  | \$ 7,836,939         | \$ 10,387,581            | \$ 9,749,037         |
| Contract assets - current  | 5,489,566            | 5,750,344                | 4,298,083            |
| Notes receivable and trade receivables (including related parties) | 17,492,478           | 13,673,100               | 13,150,591           |
| Finance lease receivables (current and non-current)                | 691,808              | 720,585                  | 748,884              |
| Other receivables  | 5,691,147            | 1,620,595                | 2,234,015            |
| Other financial assets   | 935,215              | 530,650                  | 659,934              |
| Refundable deposits  | 208,490              | 207,622                  | 216,095              |
|  |                      |                          | (Continued)          |



|  | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|--|---------------|----------------------|---------------|
| Financial assets at amortized cost (current and non-current)                   | \$ 94,313     | \$ -                 | \$ 647,745    |
| Derivative financial assets for hedging (current and non-current)              | -             | 89,232               | -             |
| Financial assets at FVTPL (current and non-current)                            | 487,952       | 16,147               | 5,312,605     |
| Financial assets at FVTOCI (current and non-current)                           | 12,705,179    | 16,290,587           | 17,729,352    |
| <u>Financial liabilities</u>   |               |                      |               |
| Financial liabilities at FVTPL (current and non-current)                       | -             | 37,439               | 32,307        |
| Derivative financial liabilities for hedging (current and non-current)         | 171,906       | -                    | 13,320        |
| Financial liabilities at amortized cost  |               |                      |               |
| Short-term borrowings  | 22,309,671    | 7,108,766            | 10,120,231    |
| Short-term bills payable   | 5,595,480     | -                    | -             |
| Contract liabilities   | 4,478         | 3,426                | 13,556        |
| Notes payable and trade payables   | 10,602,941    | 8,840,868            | 9,052,835     |
| Other payables   | 10,113,518    | 4,861,341            | 4,144,850     |
| Bonds payable  | 7,500,000     | 7,500,000            | -             |
| Long-term borrowings (including current portion)                               | 33,972,934    | 35,505,033           | 38,037,130    |
| Deposits received (accounted for as other current and non-current liabilities) | 1,546,644     | 920,410              | 1,054,143     |
|  |               |                      | (Concluded)   |

d. Financial risk management objectives and policies

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

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

1) Market risk

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

There 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 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) and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 37.

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

|                    | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|--------------------|---------------|----------------------|---------------|
| <u>Assets</u>      |               |                      |               |
| U.S. dollar        | \$ 2,474,512  | \$ 9,660,314         | \$ 14,535,803 |
| Euro               | 155,250       | 795,675              | -             |
| <u>Liabilities</u> |               |                      |               |
| U.S. dollar        | 7,302,162     | 10,204,046           | 9,938,467     |
| Euro               | 551,275       | 600,096              | 529,651       |

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 (i.e. functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

|                | U.S. Dollar Impact         |            |                          |           |
|----------------|----------------------------|------------|--------------------------|-----------|
|                | For the Three Months Ended |            | For the Six Months Ended |           |
|                | June 30                    |            | June 30                  |           |
|                | 2022                       | 2021       | 2022                     | 2021      |
| Profit or loss | \$ (188,338)               | \$ 112,483 | \$ (6,218)               | \$ 64,410 |

b) Interest rate risk

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

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

|                               | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|-------------------------------|---------------|----------------------|---------------|
| Fair value interest rate risk |               |                      |               |
| Financial assets              | \$ 94,313     | \$ -                 | \$ -          |
| Financial liabilities         | 13,095,480    | 7,500,000            | -             |
| Cash flow interest rate risk  |               |                      |               |
| Financial assets              | -             | -                    | 647,745       |
| Financial liabilities         | 56,282,605    | 42,613,799           | 48,157,361    |

### 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 three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021 would decrease by NT\$154,187 thousand, NT\$129,711 thousand, NT\$281,413 thousand and NT\$237,548 thousand, respectively.

### Hedge accounting

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.

### For the six months ended June 30, 2022

| Hedging Instrument           | Currency   | Notional Amount      | Maturity   | Forward Price | Line Item in Balance Sheet        | Carrying Amount |              | Change in Value<br>Used for<br>Calculating<br>Hedge<br>Effectiveness |
|------------------------------|------------|----------------------|------------|---------------|-----------------------------------|-----------------|--------------|--|
|                              |            |                      |            |               |                                   | Asset           | Liability    |  |
| Fair value hedges            |            |                      |            |               |                                   |                 |              |  |
| Exchange rate swap contracts | USD to RMB | USD75,000/RMB483,165 | 2022.07.13 | RMB 463,908   | Financial liabilities for hedging | \$ -            | RMB (19,257) | \$ -   |
| Exchange rate swap contracts | USD to RMB | USD70,000/RMB450,975 | 2022.07.13 | RMB 433,022   | Financial liabilities for hedging | -               | RMB (17,953) | -  |
| Exchange rate swap contracts | USD to RMB | USD20,000/RMB133,112 | 2022.09.08 | RMB 132,183   | Financial liabilities for hedging | -               | RMB (929)    | -  |
| Exchange rate swap contracts | USD to RMB | USD15,000/RMB99,851  | 2022.09.08 | RMB 99,170    | Financial liabilities for hedging | -               | RMB (681)    | -  |

### For the six months ended June 30, 2021

| Hedging Instrument           | Currency   | Notional Amount        | Maturity   | Forward Price | Line Item in Balance Sheet        | Carrying Amount |             | Change in Value<br>Used for<br>Calculating<br>Hedge<br>Effectiveness |
|------------------------------|------------|------------------------|------------|---------------|-----------------------------------|-----------------|-------------|--|
|                              |            |                        |            |               |                                   | Asset           | Liability   |  |
| Fair value hedges            |            |                        |            |               |                                   |                 |             |  |
| Exchange rate swap contracts | USD to NTD | USD90,000/NTD2,551,050 | 2021.07.14 | \$ 2,508,288  | Financial liabilities for hedging | \$ -            | \$ (42,762) | \$ -   |
| Exchange rate swap contracts | USD to NTD | USD95,000/NTD2,692,775 | 2021.07.14 | 2,647,245     | Financial liabilities for hedging | -               | (45,530)    | -  |
| Exchange rate swap contracts | USD to NTD | USD15,000/NTD425,175   | 2021.07.14 | 417,986       | Financial liabilities for hedging | -               | (7,189)     | -  |
| Exchange rate swap contracts | USD to NTD | USD20,000/NTD554,670   | 2021.09.08 | 557,341       | Financial assets for hedging      | 2,671           | -           | -  |
| Exchange rate swap contracts | USD to RMB | USD95,000/RMB624,815   | 2021.07.16 | RMB 635,191   | Financial assets for hedging      | RMB 10,376      | -           | -  |
| Exchange rate swap contracts | USD to RMB | USD90,000/RMB591,939   | 2021.07.16 | RMB 601,397   | Financial assets for hedging      | RMB 9,458       | -           | -  |
| Exchange rate swap contracts | USD to RMB | USD20,000/RMB128,434   | 2021.09.10 | RMB 127,027   | Financial liabilities for hedging | -               | RMB (1,407) | -  |
| Exchange rate swap contracts | USD to RMB | USD15,000/RMB97,536    | 2021.09.16 | RMB 97,540    | Financial assets for hedging      | RMB 4           | -           | -  |

## 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. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the 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.

### June 30, 2022

|   | 1 Year               | 1-2 Years           | 2-5 Years            | 5+ Years            | Total                |
|---|----------------------|---------------------|----------------------|---------------------|----------------------|
| <u>Non-derivative<br/>financial liabilities</u> |                      |                     |                      |                     |                      |
| Variable interest rate liabilities              | \$ 23,951,273        | \$ 7,543,590        | \$ 23,649,972        | \$ 1,137,770        | \$ 56,282,605        |
| Lease liabilities                               | 92,584               | 68,847              | 152,341              | 1,486,464           | 1,800,236            |
| Fixed interest rate liabilities                 | 5,595,480            | -                   | 7,500,000            | -                   | 13,095,480           |
| Non-interest bearing                            | <u>22,018,192</u>    | <u>58,708</u>       | <u>174,317</u>       | <u>11,886</u>       | <u>22,263,103</u>    |
|   | <u>\$ 51,657,529</u> | <u>\$ 7,671,145</u> | <u>\$ 31,476,630</u> | <u>\$ 2,636,120</u> | <u>\$ 93,441,424</u> |

December 31, 2021

|   | 1 Year               | 1-2 Years            | 2-5 Years            | 5+ Years            | Total                |
|---|----------------------|----------------------|----------------------|---------------------|----------------------|
| <u>Non-derivative financial liabilities</u> |                      |                      |                      |                     |                      |
| Variable interest rate liabilities          | \$ 17,827,847        | \$ 16,648,182        | \$ 7,000,000         | \$ 1,137,770        | \$ 42,613,799        |
| Lease liabilities                           | 83,709               | 68,394               | 100,609              | 141,279             | 393,991              |
| Fixed interest rate liabilities             | -                    | -                    | 7,500,000            | -                   | 7,500,000            |
| Non-interest bearing                        | <u>14,491,770</u>    | <u>29,024</u>        | <u>101,825</u>       | <u>-</u>            | <u>14,622,619</u>    |
|   | <u>\$ 32,403,326</u> | <u>\$ 16,745,600</u> | <u>\$ 14,702,434</u> | <u>\$ 1,279,049</u> | <u>\$ 65,130,409</u> |

June 30, 2021

|   | 1 Year               | 1-2 Years            | 2-5 Years            | 5+ Years            | Total                |
|---|----------------------|----------------------|----------------------|---------------------|----------------------|
| <u>Non-derivative financial liabilities</u> |                      |                      |                      |                     |                      |
| Variable interest rate liabilities          | \$ 21,849,407        | \$ 15,097,792        | \$ 10,072,392        | \$ 1,137,770        | \$ 48,157,361        |
| Lease liabilities                           | 98,052               | 72,949               | 107,382              | 145,845             | 424,228              |
| Non-interest bearing                        | <u>14,101,550</u>    | <u>31,437</u>        | <u>118,841</u>       | <u>-</u>            | <u>14,251,828</u>    |
|   | <u>\$ 36,049,009</u> | <u>\$ 15,202,178</u> | <u>\$ 10,298,615</u> | <u>\$ 1,283,615</u> | <u>\$ 62,833,417</u> |

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

June 30, 2022

|                                    | On Demand or Less Than 1 Month | 1-3 Months        | 3 Months to 1 Year | 1-5 Years   | Total             |
|------------------------------------|--------------------------------|-------------------|--------------------|-------------|-------------------|
| <u>Net settled</u>                 |                                |                   |                    |             |                   |
| Commodity futures contracts        | \$ 305,621                     | \$ 165,835        | \$ (19,100)        | \$ -        | \$ 452,356        |
| Foreign exchange forward contracts | 18,233                         | 16,654            | 709                | -           | 35,596            |
| Exchange rate swap contracts       | <u>(164,777)</u>               | <u>(7,129)</u>    | <u>-</u>           | <u>-</u>    | <u>(171,906)</u>  |
|                                    | <u>\$ 159,077</u>              | <u>\$ 175,360</u> | <u>\$ (18,391)</u> | <u>\$ -</u> | <u>\$ 316,046</u> |

December 31, 2021

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

June 30, 2021

|                                    | <b>On Demand<br/>or Less Than<br/>1 Month</b> | <b>1-3 Months</b>  | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b> | <b>Total</b>       |
|------------------------------------|---|--------------------|-------------------------------|------------------|--------------------|
| <u>Net settled</u>                 |   |                    |                               |                  |                    |
| Commodity futures contracts        | \$ (12,125)                                   | \$ (23,132)        | \$ 2,950                      | \$ -             | \$ (32,307)        |
| Foreign exchange forward contracts | 2,234   | 7,612              | 287                           | -                | 10,133             |
| Exchange rate swap contracts       | <u>(9,942)</u>                                | <u>(3,378)</u>     | <u>-</u>                      | <u>-</u>         | <u>(13,320)</u>    |
|                                    | <u>\$ (19,833)</u>                            | <u>\$ (18,898)</u> | <u>\$ 3,237</u>               | <u>\$ -</u>      | <u>\$ (35,494)</u> |

e. Transfers of financial assets

From January 1 to June 30, 2022, the Group transferred part of banker's acceptances on notes receivable to a bank in mainland China. According to the contract, if the notes receivable cannot be recovered when they are due, the bank has the right to require the Group to pay outstanding balance. Therefore, the Group has not transferred the significant risks and remuneration of the notes receivable. The Group continues to recognize all the notes receivable and uses the transferred notes receivable as collateral for the loan. Refer to Note 21 for the relevant loan information.

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

| <b>Counterparty</b>                              | <b>Receivables<br/>Factoring<br/>Proceeds</b> | <b>Amount<br/>Reclassified<br/>to Other<br/>Receivables</b> | <b>Advances<br/>Received -<br/>Unused</b> | <b>Advances<br/>Received -<br/>Used</b> | <b>Annual<br/>Interest<br/>Rates on<br/>Advances<br/>Received<br/>(Used) (%)</b> |
|--|---|---|---|---|--|
| For the six months<br><u>ended June 30, 2022</u> |   |   |   |   |  |
| CTBC bank  | <u>\$ 50,213</u>                              | <u>\$ 23,373</u>  | <u>US\$ 2,700</u>                         | <u>\$ -</u>                             | -  |
| For the six months<br><u>ended June 30, 2021</u> |   |   |   |   |  |
| CTBC bank  | <u>\$ 97,551</u>                              | <u>\$ 22,593</u>  | <u>US\$ 2,916</u>                         | <u>\$ -</u>                             | -  |

### 33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

| Related Party Name                                  | Related Party Category    |
|---|---------------------------|
| Winbond Electronics Corp.                           | Associate                 |
| Walsin Technology Corp.                             | Associate                 |
| Walton Advanced Engineering, Inc.                   | Associate                 |
| Chin-Xin Investment Co., Ltd.                       | Associate                 |
| Changzhou China Steel Precision Materials Co., Ltd. | Associate                 |
| Hangzhou Walsin Power Cable & Wire Co., Ltd.        | Associate                 |
| Walsin Color Co., Ltd.                              | Associate                 |
| Prosperity Dielectrics Co., Ltd.                    | Associate                 |
| Nuvton Technology Corporation                       | Associate                 |
| HannStar Display Corp.                              | Substantive related party |
| Kuong Tai Metal Industrial Co., Ltd.                | Substantive related party |
| HannStar Board Corp.                                | Substantive related party |
| Hannstar Board Tech. (Jiangyin) Corp.               | Substantive related party |
| Global Brands Manufacture Ltd.                      | Substantive related party |
| Info-Tek Corp.                                      | Substantive related party |

b. Sales

|                       | For the Three Months Ended<br>June 30 |                   | For the Six Months Ended<br>June 30 |                   |
|-----------------------|---------------------------------------|-------------------|-------------------------------------|-------------------|
|                       | 2022                                  | 2021              | 2022                                | 2021              |
| Associates            | \$ 7,877                              | \$ 1,204          | \$ 13,845                           | \$ 3,322          |
| Other related parties | <u>465,845</u>                        | <u>418,491</u>    | <u>897,097</u>                      | <u>778,259</u>    |
|                       | <u>\$ 473,722</u>                     | <u>\$ 419,695</u> | <u>\$ 910,942</u>                   | <u>\$ 781,581</u> |

c. Rental income

|                       | For the Three Months Ended<br>June 30 |                  | For the Six Months Ended<br>June 30 |                  |
|-----------------------|---------------------------------------|------------------|-------------------------------------|------------------|
|                       | 2022                                  | 2021             | 2022                                | 2021             |
| Associates            | \$ 12,042                             | \$ 11,497        | \$ 24,030                           | \$ 22,965        |
| Other related parties | <u>284</u>                            | <u>257</u>       | <u>568</u>                          | <u>514</u>       |
|                       | <u>\$ 12,326</u>                      | <u>\$ 11,754</u> | <u>\$ 24,598</u>                    | <u>\$ 23,479</u> |

d. Purchases of goods

|                       | For the Three Months Ended<br>June 30 |                  | For the Six Months Ended<br>June 30 |                  |
|-----------------------|---------------------------------------|------------------|-------------------------------------|------------------|
|                       | 2022                                  | 2021             | 2022                                | 2021             |
| Associates            | \$ 19,048                             | \$ 16,185        | \$ 43,293                           | \$ 21,929        |
| Other related parties | <u>817</u>                            | <u>1,590</u>     | <u>2,134</u>                        | <u>2,137</u>     |
|                       | <u>\$ 19,865</u>                      | <u>\$ 17,775</u> | <u>\$ 45,427</u>                    | <u>\$ 24,066</u> |

e. Administrative expenses

|                       | For the Three Months Ended<br>June 30 |                 | For the Six Months Ended<br>June 30 |                  |
|-----------------------|---------------------------------------|-----------------|-------------------------------------|------------------|
|                       | 2022                                  | 2021            | 2022                                | 2021             |
| Associates            | \$ 3,954                              | \$ 3,785        | \$ 6,250                            | \$ 5,863         |
| Other related parties | <u>3,658</u>                          | <u>3,149</u>    | <u>5,686</u>                        | <u>4,924</u>     |
|                       | <u>\$ 7,612</u>                       | <u>\$ 6,934</u> | <u>\$ 11,936</u>                    | <u>\$ 10,787</u> |

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

f. Dividend income

|                        | For the Three Months Ended<br>June 30 |                   | For the Six Months Ended<br>June 30 |                   |
|------------------------|---------------------------------------|-------------------|-------------------------------------|-------------------|
|                        | 2022                                  | 2021              | 2022                                | 2021              |
| HannStar Board Corp.   | \$ 140,259                            | \$ 140,259        | \$ 140,259                          | \$ 140,259        |
| HannStar Display Corp. | 298,293                               | -                 | 298,293                             | -                 |
| Other related parties  | <u>7,705</u>                          | <u>-</u>          | <u>7,705</u>                        | <u>-</u>          |
|                        | <u>\$ 446,257</u>                     | <u>\$ 140,259</u> | <u>\$ 446,257</u>                   | <u>\$ 140,259</u> |

g. Notes receivable

|            | June 30, 2022   | December 31,<br>2021 | June 30, 2021   |
|------------|-----------------|----------------------|-----------------|
| Associates | <u>\$ 9,846</u> | <u>\$ 2,186</u>      | <u>\$ 3,463</u> |

h. Trade receivables

|                       | June 30, 2022    | December 31,<br>2021 | June 30, 2021    |
|-----------------------|------------------|----------------------|------------------|
| Associates            | \$ 886           | \$ -                 | \$ -             |
| Other related parties | <u>40,973</u>    | <u>17,229</u>        | <u>47,077</u>    |
|                       | <u>\$ 41,859</u> | <u>\$ 17,229</u>     | <u>\$ 47,077</u> |



i. Notes payable

|            | June 30, 2022    | December 31,<br>2021 | June 30, 2021   |
|------------|------------------|----------------------|-----------------|
| Associates | \$ <u>29,371</u> | \$ <u>10,257</u>     | \$ <u>6,000</u> |

j. Trade payables

|                       | June 30, 2022    | December 31,<br>2021 | June 30, 2021    |
|-----------------------|------------------|----------------------|------------------|
| Associates            | \$ 11,954        | \$ -                 | \$ 12,078        |
| Other related parties | <u>153</u>       | <u>601</u>           | <u>622</u>       |
|                       | \$ <u>12,107</u> | \$ <u>601</u>        | \$ <u>12,700</u> |

k. Other receivables (excluding financing provided)

|                       | June 30, 2022    | December 31,<br>2021 | June 30, 2021    |
|-----------------------|------------------|----------------------|------------------|
| Associates            | \$ 13,686        | \$ 19,279            | \$ 13,045        |
| Other related parties | <u>2,912</u>     | <u>2,648</u>         | <u>2,426</u>     |
|                       | \$ <u>16,598</u> | \$ <u>21,927</u>     | \$ <u>15,471</u> |

l. Financing provided

| For the Six Months Ended June 30, 2022          |                                      |                   |                    |               |
|---|--------------------------------------|-------------------|--------------------|---------------|
| Related Party                                   | Highest<br>Balance for<br>the Period | Ending<br>Balance | Interest<br>Income | Interest Rate |
| Hangzhou Walsin Power Cable<br>& Wire Co., Ltd. | \$ <u>360,721</u>                    | \$ <u>354,262</u> | \$ <u>7,725</u>    | 4.35%         |
| For the Year Ended December 31, 2021            |                                      |                   |                    |               |
| Related Party                                   | Highest<br>Balance for<br>the Period | Ending<br>Balance | Interest<br>Income | Interest Rate |
| Hangzhou Walsin Power Cable<br>& Wire Co., Ltd. | \$ <u>350,991</u>                    | \$ <u>347,329</u> | \$ <u>15,310</u>   | 4.35%         |
| For the Six Months Ended June 30, 2021          |                                      |                   |                    |               |
| Related Party                                   | Highest<br>Balance for<br>the Period | Ending<br>Balance | Interest<br>Income | Interest Rate |
| Hangzhou Walsin Power Cable<br>& Wire Co., Ltd. | \$ <u>350,991</u>                    | \$ <u>345,018</u> | \$ <u>7,603</u>    | 4.35%         |

m. Guarantee deposits

|                       | June 30, 2022   | December 31,<br>2021 | June 30, 2021   |
|-----------------------|-----------------|----------------------|-----------------|
| Associates            | \$ 7,362        | \$ 7,453             | \$ 7,225        |
| Other related parties | <u>282</u>      | <u>282</u>           | <u>282</u>      |
|                       | <u>\$ 7,644</u> | <u>\$ 7,735</u>      | <u>\$ 7,507</u> |

n. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

|                          | For the Three Months Ended<br>June 30 |                  | For the Six Months Ended<br>June 30 |                  |
|--------------------------|---------------------------------------|------------------|-------------------------------------|------------------|
|                          | 2022                                  | 2021             | 2022                                | 2021             |
| Short-term benefits      | \$ 61,921                             | \$ 35,946        | \$ 103,966                          | \$ 70,126        |
| Post-employment benefits | <u>324</u>                            | <u>347</u>       | <u>648</u>                          | <u>693</u>       |
|                          | <u>\$ 62,245</u>                      | <u>\$ 36,293</u> | <u>\$ 104,614</u>                   | <u>\$ 70,819</u> |

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

### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

|   | June 30, 2022       | December 31,<br>2021 | June 30, 2021       |
|---|---------------------|----------------------|---------------------|
| Refundable deposits (recorded under other financial assets - current)   | \$ 384,719          | \$ 61,964            | \$ 81,065           |
| Restricted deposits (recorded under other financial assets - current)   | 511,138             | 388,193              | 497,193             |
| Pledged time deposits (recorded under other non-current assets - other) | 1,309               | -                    | 8,625               |
| Restricted deposits (recorded under other non-current assets - other)   | 11,071              | 10,854               | 10,782              |
| Finance lease receivables   | 59,023              | 58,042               | 57,077              |
| Long-term finance lease receivables                                     | 632,785             | 662,543              | 691,807             |
| Refundable deposits   | 51,993              | 52,534               | 52,267              |
| Discounted notes receivable   | <u>1,032,219</u>    | <u>-</u>             | <u>-</u>            |
|   | <u>\$ 2,684,257</u> | <u>\$ 1,234,130</u>  | <u>\$ 1,398,816</u> |

### 35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On May 24, 2022, the board of directors of the Company resolved that its subsidiary Borrego Solar Systems, Inc. will split its business into its 100% subsidiaries New Leaf Energy, Inc. (announcement name: 2022 Solar Development, Inc.) and Borrego Energy, LLC, and sold its subsidiary New Leaf Energy, Inc.; the transaction was completed on July 28, 2022 (United States local time July 27, 2022).

In view of the recent dramatic changes in the capital market environment, in order to maintain the shareholders' rights and ensure the completion of fundraising, the chairman of the Company, authorized by the board of directors, adjusted the new share issuing price from NT\$33 to NT\$30 on July 21, 2022. In addition, due to the price adjustment, the remuneration cost of the relevant share-based payment agreement increased by NT\$67,200 thousand.

### 36. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

- a. Outstanding letters of credit not reflected in the consolidated financial statements as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows (in thousands):

|                   | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|-------------------|---------------|----------------------|---------------|
| U.S. dollar       | US\$ 7,139    | US\$ 9,572           | US\$ 7,238    |
| Japanese yen      | JPY 74,757    | JPY 160,710          | JPY 103,553   |
| Euro              | EUR 22,706    | EUR 26,852           | EUR 20,416    |
| Renminbi          | RMB 5,983     | RMB 13,134           | RMB 13,134    |
| New Taiwan dollar | NT\$ 28,159   | NT\$ 47,575          | NT\$ 70,897   |

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

|                   | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|-------------------|---------------|----------------------|---------------|
| New Taiwan dollar | NT\$ 649,189  | NT\$ 665,286         | NT\$ 376,860  |
| U.S. dollar       | US\$ 30       | US\$ 30              | US\$ 30       |
| Renminbi          | RMB 110,337   | RMB 111,504          | RMB 22,794    |

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

|                   | June 30, 2022       | December 31,<br>2021 | June 30, 2021       |
|-------------------|---------------------|----------------------|---------------------|
| New Taiwan dollar | <u>NT\$ 260,000</u> | <u>NT\$ 462,000</u>  | <u>NT\$ 202,000</u> |

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

|             | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|-------------|---------------|----------------------|---------------|
| U.S. dollar | US\$ 43,292   | US\$ 42,595          | US\$ 40,214   |
| Renminbi    | RMB 208,376   | RMB 259,005          | RMB 111,312   |

- 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:

|                   | June 30, 2022 | December 31,<br>2021 | June 30, 2021 |
|-------------------|---------------|----------------------|---------------|
| U.S. dollar       | US\$ 1,022    | US\$ 4,362           | US\$ 33,266   |
| Japanese yen      | JPY 35,040    | JPY -                | JPY -         |
| Euro              | EUR 69,942    | EUR -                | EUR -         |
| Renminbi          | RMB 744,678   | RMB 395,368          | RMB 220,123   |
| New Taiwan dollar | NT\$2,523,932 | NT\$2,702,350        | NT\$3,249,750 |

### 37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

#### June 30, 2022

|                              | Foreign<br>Currency | Exchange Rate | Carrying<br>Amount |
|------------------------------|---------------------|---------------|--------------------|
| <u>Financial assets</u>      |                     |               |                    |
| Monetary items               |                     |               |                    |
| U.S. dollar                  | \$ 543,426          | 29.7200       | \$ 16,150,609      |
| Japanese yen                 | 651,295             | 0.2182        | 142,113            |
| Euro                         | 43,694              | 31.0500       | 1,356,702          |
| Singapore dollar             | 3,590               | 21.3700       | 76,727             |
| Hong Kong dollar             | 4,964               | 3.7880        | 18,805             |
| Australian dollar            | 232                 | 20.4500       | 4,753              |
| Indonesian rupiah            | 1,703,144,045       | 0.00198       | 3,372,225          |
| Non-monetary items           |                     |               |                    |
| U.S. dollar                  | 16,416              | 29.7200       | 487,887            |
| <u>Financial liabilities</u> |                     |               |                    |
| Monetary items               |                     |               |                    |
| U.S. dollar                  | 401,911             | 29.7200       | 11,944,807         |
| Japanese yen                 | 38,850              | 0.2182        | 8,477              |
| Euro                         | 388                 | 31.0500       | 12,046             |
| Swiss franc                  | 17                  | 31.1150       | 529                |
| Indonesian rupiah            | 133,371,937         | 0.00198       | 264,472            |

December 31, 2021

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| U.S. dollar             | \$ 811,837                  | 27.6800              | \$ 22,471,643              |
| Japanese yen            | 511,128                     | 0.2405               | 122,926                    |
| Euro                    | 30,442                      | 31.3200              | 953,435                    |
| Hong Kong dollar        | 4,481                       | 3.5490               | 15,903                     |
| Australian dollar       | 1,579                       | 20.0800              | 31,714                     |
| Singapore dollars       | 3,291                       | 20.4600              | 67,335                     |
| Indonesian rupiah       | 1,650,074,291               | 0.00198              | 3,267,147                  |
| Non-monetary items      |                             |                      |                            |
| U.S. dollar             | 320                         | 27.6800              | 8,864                      |

Financial liabilities

|                    |            |         |           |
|--------------------|------------|---------|-----------|
| Monetary items     |            |         |           |
| U.S. dollar        | 230,939    | 27.68   | 6,392,384 |
| Euro               | 27         | 31.3200 | 830       |
| Renminbi           | 171        | 4.3416  | 743       |
| Swiss franc        | 17         | 31.1750 | 513       |
| Indonesian rupiah  | 52,340,604 | 0.00198 | 103,634   |
| Non-monetary items |            |         |           |
| U.S. dollar        | 1,353      | 27.68   | 37,439    |

June 30, 2021

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| U.S. dollar             | \$ 773,615                  | 27.8600              | \$ 21,552,902              |
| Japanese yen            | 363,246                     | 0.2521               | 91,574                     |
| Euro                    | 20,083                      | 33.1500              | 665,766                    |
| Singapore dollar        | 900                         | 20.7300              | 18,649                     |
| Hong Kong dollar        | 3,514                       | 3.5870               | 12,605                     |
| Australian dollar       | 379                         | 20.9400              | 7,928                      |
| Indonesian rupiah       | 477,351,198                 | 0.0019               | 921,288                    |
| Non-monetary items      |                             |                      |                            |
| U.S. dollar             | 191,117                     | 27.8600              | 5,324,522                  |

Financial liabilities

|                    |             |         |            |
|--------------------|-------------|---------|------------|
| Monetary items     |             |         |            |
| U.S. dollar        | 707,440     | 27.8600 | 19,709,281 |
| Japanese yen       | 1,033       | 0.2521  | 260        |
| Euro               | 51          | 33.1500 | 1,679      |
| Swiss franc        | 17          | 30.1950 | 513        |
| Indonesian rupiah  | 131,605,442 | 0.0019  | 253,999    |
| Non-monetary items |             |         |            |
| U.S. dollar        | 273         | 27.8600 | 7,613      |
| Euro               | 2,800       | 33.1500 | 92,810     |

For the three months ended June 30, 2022 and 2021 and the six months ended June 30, 2022 and 2021, realized and unrealized net foreign exchange gains were \$223,541 thousand, NT\$106,370 thousand, NT\$405,271 thousand and NT\$178,780 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### **38. 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 (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Notes 7 and 9)
- 10) Information on investees (Table 7)
- 11) Intercompany relationships and significant intercompany transactions (Table 9)

#### **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 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

- c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

### 39. SEGMENT INFORMATION

#### a. Basic information

##### 1) Classification

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

##### a) Wires and cables

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

##### b) Stainless steel

The segment's main products include smelting, rolled stainless steel, carbon steel and precision alloy wires that are sold to industries involving construction components, crankshaft, machine tools, plumbing, heat exchanger, drainage, petrochemical and construction.

##### c) Resource

Resource is responsible for the production of nickel pig iron, sales of stainless steel products as an agents in Taiwan, important metal procurement, and hedging.

##### d) Real estate

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

##### e) Administration and investing

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

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

Accounting policies of operating segments are the same 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 operating decision-makers.

## 3) Identification of operating segment

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 revenues and results

|   | (NT\$ in Thousand) |                 |               |             |                              |                      |
|---|--------------------|-----------------|---------------|-------------|------------------------------|----------------------|
|   | Wires and Cables   | Stainless Steel | Resource      | Real Estate | Administration and Investing | Total                |
| For the six months ended<br>June 30, 2022                                     |                    |                 |               |             |                              |                      |
| External net sales and operating revenues                                     | \$ 31,100,477      | \$ 42,108,352   | \$ 11,776,502 | \$ 957,964  | \$ 7,097,490                 | \$ 93,040,785        |
| Operating profit  | 1,430,827          | 3,343,463       | 4,310,210     | 110,890     | (2,353,756)                  | 6,841,634            |
| Net non-operating income (expenses)   |                    |                 |               |             |                              |                      |
| Net interest income (expenses)  |                    |                 |               |             |                              | (239,870)            |
| Share of profit of associates accounted for using the equity method           |                    |                 |               |             |                              | 2,815,689            |
| Dividend income   |                    |                 |               |             |                              | 762,156              |
| Gain on disposal of property, plant and equipment                             |                    |                 |               |             |                              | 6,687                |
| Loss on disposal of investments   |                    |                 |               |             |                              | (322,665)            |
| Foreign exchange gain, net  |                    |                 |               |             |                              | 405,271              |
| Gain on financial assets and liabilities at fair value through profit or loss |                    |                 |               |             |                              | 485,130              |
| Impairment loss   |                    |                 |               |             |                              | 4                    |
| Net other income  |                    |                 |               |             |                              | <u>312,444</u>       |
| Consolidated income before income tax   |                    |                 |               |             |                              | <u>\$ 11,066,480</u> |
| For the six months ended<br>June 30, 2021                                     |                    |                 |               |             |                              |                      |
| External net sales and operating revenues                                     | 28,319,778         | 29,996,398      | 1,263,296     | 939,184     | 7,462,261                    | \$ 67,980,917        |
| Operating profit  | 940,595            | 1,928,561       | 100,784       | 116,812     | 48,887                       | 3,135,639            |
| Net non-operating income (expenses)   |                    |                 |               |             |                              |                      |
| Net interest income (expenses)  |                    |                 |               |             |                              | (146,277)            |
| Share of profit of associates under the equity method                         |                    |                 |               |             |                              | 1,950,542            |
| Dividend income   |                    |                 |               |             |                              | 403,085              |
| Gain on disposal of property, plant and equipment                             |                    |                 |               |             |                              | 20,707               |
| Gain on disposal of investments   |                    |                 |               |             |                              | 337,334              |
| Foreign exchange gain, net  |                    |                 |               |             |                              | 178,780              |

(Continued)



|   | Wires and<br>Cables | Stainless Steel | Resource | Real Estate | Administration<br>and Investing | Total               |
|---|---------------------|-----------------|----------|-------------|---------------------------------|---------------------|
| Gain on financial assets and<br>liabilities at fair value through<br>profit or loss |                     |                 |          |             |                                 | \$ 276,040          |
| Impairment loss   |                     |                 |          |             |                                 | (1,299)             |
| Net other income  |                     |                 |          |             |                                 | <u>97,435</u>       |
| Consolidated income before income<br>tax  |                     |                 |          |             |                                 | <u>\$ 6,251,986</u> |
|   |                     |                 |          |             |                                 | (Concluded)         |

Note: Due to the adjustment of departmental organization in the second quarter, segment revenue and results were reclassified for the six months ended June 30, 2021 for reference and comparison.

## 2) Segment assets and liabilities

|                            | Wires and Cables     | Stainless Steel      | Resource             | Real Estate          | Administration<br>and Investing | Total                 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|---------------------------------|-----------------------|
| <u>Segment assets</u>      |                      |                      |                      |                      |                                 |                       |
| June 30, 2022              | <u>\$ 13,570,124</u> | <u>\$ 47,420,559</u> | <u>\$ 36,214,706</u> | <u>\$ 29,426,314</u> | <u>\$ 85,074,566</u>            | <u>\$ 211,706,269</u> |
| December 31, 2021          | <u>\$ 12,961,862</u> | <u>\$ 40,460,833</u> | <u>\$ 17,042,352</u> | <u>\$ 28,324,476</u> | <u>\$ 84,245,375</u>            | <u>\$ 183,034,898</u> |
| June 30, 2021              | <u>\$ 11,537,735</u> | <u>\$ 35,896,944</u> | <u>\$ 19,289,842</u> | <u>\$ 27,306,895</u> | <u>\$ 80,161,943</u>            | <u>\$ 174,193,359</u> |
| <u>Segment liabilities</u> |                      |                      |                      |                      |                                 |                       |
| June 30, 2022              | <u>\$ 10,289,804</u> | <u>\$ 29,196,645</u> | <u>\$ 26,680,571</u> | <u>\$ 14,109,228</u> | <u>\$ 23,885,256</u>            | <u>\$ 104,161,504</u> |
| December 31, 2021          | <u>\$ 8,815,068</u>  | <u>\$ 18,842,990</u> | <u>\$ 7,578,444</u>  | <u>\$ 12,893,795</u> | <u>\$ 26,958,333</u>            | <u>\$ 75,088,630</u>  |
| June 30, 2021              | <u>\$ 8,547,692</u>  | <u>\$ 17,574,862</u> | <u>\$ 5,696,126</u>  | <u>\$ 11,984,616</u> | <u>\$ 25,172,230</u>            | <u>\$ 68,975,526</u>  |

Note: Due to the adjustment of departmental organization in the second quarter, segment assets and liabilities were reclassified on December 31, 2021 and June 30, 2021 for reference and comparison.

TABLE 1

WALSIN LIHWA CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

| No. | Lender                   | Borrower                               | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance                | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing         | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|-----|--------------------------|--|-----------------------------|---------------|--------------------------------|-------------------------------|------------------------|-------------------|---------------------|-----------------------------|--|-------------------------------|------------|-------|--|------------------------------------|
|     |                          |  |                             |               |                                |                               |                        |                   |                     |                             |  |                               | Item       | Value |  |                                    |
| 0   | Walsin Lihwa Corporation | PT. Walsin Nickel Industrial Indonesia | Other receivables           | Yes           | \$ 2,080,400<br>(US\$ 70,000)  | \$ 2,080,400<br>(US\$ 70,000) | \$ -<br>(US\$ -)       | 0.00              | Operating capital   | \$ -                        | Operating capital and equipment purchase | \$ -                          | -          | \$ -  | \$ 42,101,959<br>(US\$ 1,416,620)          | \$ 42,101,959<br>(US\$ 1,416,620)  |

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 = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)

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

The limit on the amount of financing provided = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)
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 June 30, 2022 were as follows: US\$ to NT\$ = 1:29.72.

TABLE 1-1

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

## FINANCING PROVIDED TO OTHERS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

| No. | Lender                                   | Borrower  | Financial Statement Account | Related Party | Highest Balance for the Period                  | Ending Balance                                  | Actual Amount Borrowed                          | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|-----|--|---|-----------------------------|---------------|---|---|---|-------------------|---------------------|-----------------------------|----------------------------------|-------------------------------|------------|-------|--|------------------------------------|
|     |  |   |                             |               |   |   |   |                   |                     |                             |                                  |                               | Item       | Value |  |                                    |
| 1   | Walsin (China) Investment Co., Ltd.      | Hangzhou Walsin Power Cable & Wire Co., Ltd.        | Other receivables           | Yes           | \$ 360,721<br>(RMB 80,000)                      | \$ 354,262<br>(RMB 80,000)                      | \$ 354,262<br>(RMB 80,000)                      | 4.35              | Operating capital   | \$ -                        | Operating capital                | \$ -                          | -          | \$ -  | \$ 1,752,289<br>(US\$ 58,960)              | \$ 1,752,289<br>(US\$ 58,960)      |
|     |  | Walsin (Nanjing) Development Co., Ltd.              | Other receivables           | Yes           | 5,636,263<br>(RMB 1,250,000)                    | 5,535,350<br>(RMB 1,250,000)                    | 3,430,708<br>(RMB 774,727)                      | 4.05              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Yantai Walsin Stainless Steel Co., Ltd.             | Other receivables           | Yes           | 9,811,761<br>(US\$ 202,000)<br>(RMB 860,000)    | 9,811,761<br>(US\$ 202,000)<br>(RMB 860,000)    | 6,645,942<br>(US\$ 118,792)<br>(RMB 703,531)    | 1.15-3.00         | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Other receivables           | Yes           | 1,868,794<br>(US\$ 45,000)<br>(RMB 120,000)     | 1,780,228<br>(US\$ 45,000)<br>(RMB 100,000)     | 1,333,003<br>(US\$ 44,852)<br>RMB -             | 1.15              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Changshu Walsin Specialty Steel Co., Ltd.           | Other receivables           | Yes           | 2,922,368<br>(US\$ 73,000)<br>(RMB 170,000)     | 2,479,540<br>(US\$ 73,000)<br>(RMB 70,000)      | 1,780,924<br>(US\$ 59,923)<br>RMB -             | 1.15              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Dongguan Walsin Wire & Cable Co., Ltd.              | Other receivables           | Yes           | 2,377,600<br>(US\$ 80,000)                      | 2,080,400<br>(US\$ 70,000)                      | 2,046,960<br>(US\$ 68,875)                      | 1.15              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Jiangyin Walsin Steel Cable Co., Ltd.               | Other receivables           | Yes           | 2,089,854<br>(US\$ 10,000)<br>(RMB 400,000)     | 1,404,270<br>(US\$ 10,000)<br>(RMB 250,000)     | 1,011,005<br>(US\$ 8,759)<br>(RMB 169,522)      | 1.15-3.00         | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.  | Other receivables           | Yes           | 267,480<br>(US\$ 9,000)                         | -<br>(US\$ -)                                   | -<br>(US\$ -)                                   | 1.15              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 438,072<br>(US\$ 14,740)                   | 1,752,289<br>(US\$ 58,960)         |
| 2   | Dongguan Walsin Wire & Cable Co., Ltd.   | Walsin (China) Investment Co., Ltd.                 | Other receivables           | Yes           | 3,156,307<br>(RMB 700,000)                      | 3,099,796<br>(RMB 700,000)                      | 2,213,843<br>(RMB 499,933)                      | 2.70              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
| 3   | Walsin International Investments Limited | Walsin (China) Investment Co., Ltd.                 | Other receivables           | Yes           | 18,530,420<br>(US\$ 400,000)<br>(RMB 1,500,000) | 18,530,420<br>(US\$ 400,000)<br>(RMB 1,500,000) | 13,906,672<br>(US\$ 300,000)<br>(RMB 1,127,000) | 0.98-2.60         | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | Walsin Lihwa Corporation                            | Other receivables           | Yes           | 10,253,400<br>(US\$ 345,000)                    | 7,430,000<br>(US\$ 250,000)                     | -<br>(US\$ -)                                   | 0.00              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |
|     |  | PT. Walsin Nickel Industrial Indonesia              | Other receivables           | Yes           | 7,430,000<br>(US\$ 250,000)                     | 7,430,000<br>(US\$ 250,000)                     | 6,360,080<br>(US\$ 214,000)                     | 3.50              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 7,734,394<br>(US\$ 260,242)                | 7,734,394<br>(US\$ 260,242)        |

(Continued)

Notes:

1. According to the financing regulations provided by Walsin (China) Investment Co., Ltd., Dongguan Walsin Wire & Cable Co., Ltd., and Walsin International Investments Ltd. the total limit on the amount of the financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds less than 100% of a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in its the consolidated financial statements of a subsidiary. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the financing company’s net worth as stated in the financing company’s most current consolidated financial statements. If it is a revolving funding, the amount for an individual loan shall not exceed 10% of the financing company’s net worth in the financing company’s most current consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Jiangyin Walsin Steel Cable Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = US\$147,400 × 10% = US\$14,740 (\$438,072)  
Walsin (China) Investment Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Walsin Lihwa Corporation = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Walsin (Nanjing) Development Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Yantai Walsin Stainless Steel Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Changshu Walsin Specialty Steel Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Dongguan Walsin Wire & Cable Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Hangzhou Walsin Power Cable & Wire Co., Ltd. = US\$147,400 × 40% = US\$58,960 (\$1,752,289)  
PT. Walsin Nickel Industrial Indonesia = US\$650,606 × 40% = US\$260,242 (\$7,734,394)

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

Walsin Lihwa Corporation and Dongguan Walsin Wire & Cable Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)  
Walsin (China) Investment Co., Ltd. = US\$147,400 × 40% = US\$58,960 (\$1,752,289)  
Walsin International Investments Limited = US\$650,606 × 40% = US\$260,242 (\$7,734,394)
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 June 30, 2022 were as follows: US\$ to NT\$ = 1:29.72; RMB to NT\$= 1:4.42828; US\$ to RMB = 1:6.7114.

(Concluded)

TABLE 1-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

| No. | Lender  | Borrower                            | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance             | Actual Amount Borrowed     | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|-----|---|-------------------------------------|-----------------------------|---------------|--------------------------------|----------------------------|----------------------------|-------------------|---------------------|-----------------------------|----------------------------------|-------------------------------|------------|-------|--|------------------------------------|
|     |   |                                     |                             |               |                                |                            |                            |                   |                     |                             |                                  |                               | Item       | Value |  |                                    |
| 4   | Changshu Walsin Specialty Steel Co., Ltd.           | Walsin (China) Investment Co., Ltd. | Other receivables           | Yes           | \$ 315,631<br>(RMB 70,000)     | \$ 309,980<br>(RMB 70,000) | \$ 220,471<br>(RMB 49,787) | 2.70              | Operating capital   | \$ -                        | Operating capital                | \$ -                          | -          | \$ -  | \$ 42,101,959<br>(US\$ 1,416,620)          | \$ 42,101,959<br>(US\$ 1,416,620)  |
| 5   | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Walsin (China) Investment Co., Ltd. | Other receivables           | Yes           | 901,802<br>(RMB 200,000)       | 885,656<br>(RMB 200,000)   | 443,076<br>(RMB 100,056)   | 2.70              | Operating capital   | -                           | Operating capital                | -                             | -          | -     | 42,101,959<br>(US\$ 1,416,620)             | 42,101,959<br>(US\$ 1,416,620)     |

- Notes:
- According to the financing regulation provided by Changsu Walsin Specialty Steel Co., Ltd., and Jiangyin Specialty Alloy Materials Co., Ltd. the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company’s equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
    - The limit on the amount of financing provided to a single enterprise was as follows:  
  
Walsin (China) Investment Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)
    - The limit on the amount of financing provided was as follows:  
  
The limit on the amount of financing provided = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)
  - Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
  - The currency exchange rates as of June 30, 2022 were as follows: US\$ to NT\$ = 1:29.72; RMB to NT\$ = 1:4.42828; US\$ to RMB = 1:6.7114.

TABLE 1-3

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

| No. | Lender                            | Borrower                               | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance           | Actual Amount Borrowed   | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|-----|-----------------------------------|--|-----------------------------|---------------|--------------------------------|--------------------------|--------------------------|-------------------|---------------------|-----------------------------|----------------------------------|-------------------------------|------------|-------|--|------------------------------------|
|     |                                   |  |                             |               |                                |                          |                          |                   |                     |                             |                                  |                               | Item       | Value |  |                                    |
| 6   | Joint Success Enterprises Limited | Walsin (Nanjing) Development Co., Ltd. | Other receivables           | Yes           | \$ 786,986 (US\$ 26,480)       | \$ 786,986 (US\$ 26,480) | \$ 786,986 (US\$ 26,480) | 2.48              | Operating capital   | \$ -                        | Operating capital                | \$ -                          | -          | \$ -  | \$ 42,101,959 (US\$ 1,416,620)             | \$ 42,101,959 (US\$ 1,416,620)     |

Notes:

1. According to the financing regulation provided by Joint Success Enterprises Limited the total limit on the amount of the financing provided to a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in the parent company’s 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) Development Co., Ltd. = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)

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

The limit on the amount of financing provided = \$105,254,898 × 40% = \$42,101,959 (US\$1,416,620)
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 June 30, 2022 were as follows: US\$ to NT\$ = 1:29.72.

TABLE 1-4

WALSIN INFO-ELECTRIC CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

| No. | Lender                                 | Borrower                 | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|-----|--|--------------------------|-----------------------------|---------------|--------------------------------|----------------|------------------------|-------------------|---------------------|-----------------------------|----------------------------------|-------------------------------|------------|-------|--|------------------------------------|
|     |  |                          |                             |               |                                |                |                        |                   |                     |                             |                                  |                               | Item       | Value |  |                                    |
| 7   | Walsin Info-electric Corp. Corporation | Walsin Lihwa Corporation | Other receivables           | Yes           | \$ 130,000                     | \$ 130,000     | \$ 130,000             | 0.70              | Operating capital   | \$ -                        | Operating capital                | \$ -                          | -          | \$ -  | \$ 132,903                                 | \$ 132,903                         |

Notes:

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

Walsin Lihwa Corporation = \$332,257 × 40% = \$132,903
- b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$332,257 × 40% = \$132,903

TABLE 2

WALSIN LIHWA CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

| No.<br>(Note 1) | Endorsement/<br>Guarantee Provider | Guaranteed Party                       |                                       | Limits on Each<br>Guaranteed Party's<br>Endorsement/<br>Guarantee<br>Amounts<br>(Note 3) | Highest<br>Balance for the<br>Period | Ending Balance<br>(Note 4)    | Actual Amount<br>Borrowed | Amount of<br>Endorsement/<br>Guarantee<br>Collateralized by<br>Properties | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity Per Latest<br>Financial<br>Statement (%) | Maximum<br>Collateral/<br>Guarantee<br>Amounts Allowable<br>(Note 3) | Guaranteed<br>Provided by Parent<br>Company | Guarantee<br>Provided by A<br>Subsidiary | Guarantee<br>Provided to<br>Subsidiaries in<br>Mainland China |
|-----------------|------------------------------------|--|---------------------------------------|--|--------------------------------------|-------------------------------|---------------------------|---|--|--|---|--|---|
|                 |                                    | Name                                   | Nature of<br>Relationship<br>(Note 2) |  |                                      |                               |                           |   |  |  |   |  |   |
| 0               | Walsin Lihwa Corporation           | PT. Walsin Nickel Industrial Indonesia | c                                     | \$ 22,008,997<br>(US\$ 740,545)  | \$ 2,674,800<br>(US\$ 90,000)        | \$ 2,674,800<br>(US\$ 90,000) | \$ -<br>(US\$ -)          | \$ -  | 2.33   | \$ 105,254,898   | 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 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:  
  
NT\$105,254,898 × 100% = NT\$105,254,898  
  
b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:  
  
PT. Walsin Nickel Industrial Indonesia: US\$321,976 × 250% × 92% = US\$740,545
4. The currency exchange rates as of June 30, 2022 were as follows: US\$ to NT\$ = 1:29.72



**TABLE 3**

**WALSIN LIHWA CORPORATION**

**MARKETABLE SECURITIES HELD**  
**JUNE 30, 2022**  
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name     | Type and Name of Issuer of Marketable Securities | Relationship with the Holding Company  | Financial Statement Account   | June 30, 2022          |                 |                             |              | Note |
|--------------------------|--|--|---|------------------------|-----------------|-----------------------------|--------------|------|
|                          |  |  |   | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value   |      |
| Walsin Lihwa Corporation | <u>Share</u><br>HannStar Display Corp.           | The holding company is a director of the issuer company  | Financial assets at fair value through other comprehensive income - non-current | 299,632,180            | \$ 3,041,267    | 9.90                        | \$ 3,041,267 |      |
|                          | HannStar Board Corp.                             | The chairman of the holding company and the chairman of the company are second-class relatives | Financial assets at fair value through other comprehensive income - non-current | 63,753,952             | 2,017,813       | 12.06                       | 2,017,813    |      |
|                          | TECO Electric & Machinery Co., Ltd.              | -  | Financial assets at fair value through other comprehensive income - non-current | 230,438,730            | 6,878,596       | 10.77                       | 6,878,596    |      |
|                          | 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              | 247,368         | 9.39                        | 247,368      |      |
|                          | 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              | 53,184          | 2.97                        | 53,184       |      |
|                          | Universal Venture Capital Investment             | -  | Financial assets at fair value through other comprehensive income - non-current | 1,400,000              | 12,273          | 1.16                        | 12,273       |      |
|                          | Hwa Bao Botanic Conservation Corp.               | The holding company is a supervisor of the issuer company                                      | Financial assets at fair value through other comprehensive income - non-current | 12,000,000             | 118,205         | 15.00                       | 118,205      |      |
|                          | Tong Mung Development Co., Ltd.                  | -  | Financial assets at fair value through other comprehensive income - non-current | 14,285,000             | 156,341         | 4.01                        | 156,341      |      |

TABLE 3-1

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
JUNE 30, 2022  
(In Thousands of Renminbi)

| Holding Company Name                                | Marketable Securities Type and Name of Issuer   | Relationship of Issuer to the Holding Company | Financial Statement Account   | June 30, 2022 |                 |                             |            | Note |
|---|---|---|---|---------------|-----------------|-----------------------------|------------|------|
|   |   |   |   | Shares/Units  | Carrying Amount | Percentage of Ownership (%) | Fair Value |      |
| XiAn LV Jing Technology Co., Ltd.                   | <u>Certification of capital verification</u><br>Shaanxi Tianhong Silicon Industrial Corporation               | -   | Financial assets at fair value through other comprehensive income - non-current | N/A           | \$ -            | 19.00                       | \$ -       |      |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | <u>Certification of capital verification</u><br>Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. | -   | Financial assets at fair value through other comprehensive income - non-current | N/A           | 13,017          | 6.02                        | 13,017     |      |

JIN-CHERNG CONSTRUCTION CORPORATION

MARKETABLE SECURITIES HELD  
JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

| Holding Company Name        | Marketable Securities Type and Name of Issuer | Relationship of Issuer to the Holding Company | Financial Statement Account   | June 30, 2022 |                 |                             |            | Note |
|-----------------------------|---|---|---|---------------|-----------------|-----------------------------|------------|------|
|                             |   |   |   | Shares/Units  | Carrying Amount | Percentage of Ownership (%) | Fair Value |      |
| Jin-Cherng Construction Co. | <u>Share</u><br>Gsharp Corporation            | -   | Financial assets at fair value through other comprehensive income - non-current | 270,000       | \$ -            | 2.73                        | \$ -       |      |

TABLE 3-3

WALSIN INFO-ELECTRIC CORPORATION

MARKETABLE SECURITIES HELD  
JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

| Holding Company Name       | Marketable Securities Type and Name of Issuer | Relationship of Issuer to the Holding Company | Financial Statement Account   | June 30, 2022 |                 |                             |            | Note |
|----------------------------|---|---|---|---------------|-----------------|-----------------------------|------------|------|
|                            |   |   |   | Shares/Units  | Carrying Amount | Percentage of Ownership (%) | Fair Value |      |
| Walsin Info-Electric Corp. | <u>Share</u><br>W T International Inc.        | -   | Financial assets at fair value through other comprehensive income - non-current | 228,000       | \$ 2,354        | 5.43                        | \$ 2,354   |      |
|                            | Ufi Space Co., Ltd.                           | -   | Financial assets at fair value through other comprehensive income - non-current | 297,069       | 29,822          | 1.06                        | 29,822     |      |
|                            | InSynerger Technology Co., Ltd.               | -   | Financial assets at fair value through other comprehensive income - non-current | 750,000       | 30,000          | 6.60                        | 30,000     |      |
|                            | Global PMX Co., Ltd.                          | -   | Financial assets at fair value through other comprehensive income - non-current | 143,000       | 21,879          | 0.12                        | 21,879     |      |
|                            | K.S. Terminals Inc.                           | -   | Financial assets at fair value through other comprehensive income - non-current | 145,000       | 10,629          | 0.09                        | 10,629     |      |
|                            | Landing AI                                    | -   | Financial assets at fair value through other comprehensive income - non-current | 265,583       | 27,805          | 0.54                        | 27,805     |      |

PT. WALSIN LIPPO INDUSTRIES

MARKETABLE SECURITIES HELD  
JUNE 30, 2022  
(In Thousands of U.S. Dollars)

| Holding Company Name        | Type and Name of Issuer of Marketable Securities      | Relationship of Issuer to the Holding Company | Financial Statement Account                      | June 30, 2022          |                 |                        |            | Note |
|-----------------------------|---|---|--|------------------------|-----------------|------------------------|------------|------|
|                             |   |   |  | Number of Shares/Units | Carrying Amount | Number of Shares/Units | Fair Value |      |
| PT. Walsin Lippo Industries | <u>Government bonds</u><br>Indonesia Government Bonds | -   | Financial assets at amortized cost - non-current | -                      | \$ 3,173        | N/A                    | \$ 3,173   |      |

**TABLE 4**

**WALSIN LIHWA CORPORATION**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)**

| Company Name             | Types of Property | Transaction Date      | Transaction Amount<br>(Foreign Currencies in Thousands) | Payment Term                       | Counterparty                    | Nature of Relationships | Prior Transaction of Related Counterparty |               |               |        | Price Reference            | Purpose of Acquisition              | Other Terms |
|--------------------------|-------------------|-----------------------|---|------------------------------------|---------------------------------|-------------------------|---|---------------|---------------|--------|----------------------------|-------------------------------------|-------------|
|                          |                   |                       |   |                                    |                                 |                         | Owner                                     | Relationships | Transfer Date | Amount |                            |                                     |             |
| Walsin Lihwa Corporation | Plant             | 2022/03/02-2022/06/06 | \$ 437,084  | 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**

**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 SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)**

| Company Name             | Related Party                             | Nature of Relationship           | Transaction Details |              |               |   | Abnormal Transaction |                  | Notes/Accounts Payable or Receivable |               | Note |
|--------------------------|---|----------------------------------|---------------------|--------------|---------------|---|----------------------|------------------|--------------------------------------|---------------|------|
|                          |   |                                  | Purchase/<br>Sale   | Amount       | % of<br>Total | Payment Terms   | Unit Price           | Payment<br>Terms | Ending<br>Balance                    | % of<br>Total |      |
| Walsin Lihwa Corporation | Dongguan Walsin Wire & Cable Co., Ltd.    | 100% indirectly owned subsidiary | Sales               | \$ (228,842) | -             | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | \$ 176,487                           | 4             |      |
|                          | Koung Tai Metal Industrial Co., Ltd.      | Director of the related party    | Sales               | (897,097)    | (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           | 40,973                               | 1             |      |
|                          | Changshu Walsin Specialty Steel Co., Ltd. | 100% indirectly owned subsidiary | Sales               | (128,215)    | -             | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | 93,435                               | 2             |      |

**TABLE 5-1**

**WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars and Renminbi)**

| Company Name                                 | Related Party                                | Nature of Relationship                        | Transaction Details |              |               |   | Abnormal Transaction |                  | Notes/Accounts Payable or Receivable |               | Note |
|--|--|---|---------------------|--------------|---------------|---|----------------------|------------------|--------------------------------------|---------------|------|
|  |  |   | Purchase/<br>Sale   | Amount       | % of<br>Total | Payment Terms   | Unit Price           | Payment<br>Terms | Ending<br>Balance                    | % of<br>Total |      |
| Dongguan Walsin Wire & Cable Co., Ltd.       | Walsin Lihwa Corporation                     | Parent company                                | Purchases           | \$ 228,842   | 3             | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | \$ (176,487)                         | (92)          |      |
|  | Shanghai Walsin Power Wire & Cable Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Sales               | RMB (45,362) | (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 14,172                           | 11            |      |
| Shanghai Walsin Power Wire & Cable Co., Ltd. | Dongguan Walsin Wire & Cable Co., Ltd.       | Both subsidiaries of Walsin Lihwa Corporation | Purchases           | RMB 45,362   | 14            | 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 (14,172)                         | (19)          |      |



**TABLE 5-2**

**CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars and Renminbi)**

| Company Name  | Related Party                                       | Relationship                                    | Transaction Details |               |               |   | Abnormal Transaction |                  | Notes/Accounts Receivable (Payable) |               | Note |
|---|---|---|---------------------|---------------|---------------|---|----------------------|------------------|-------------------------------------|---------------|------|
|   |   |   | Purchase/<br>Sale   | Amount        | % of<br>Total | Payment Terms   | Unit Price           | Payment<br>Terms | Ending<br>Balance                   | % of<br>Total |      |
| Yantai Walsin Stainless Steel Co., Ltd.             | Changshu Walsin Specialty Steel Co., Ltd.           | Both subsidiaries of Concord Industries Limited | Sales               | RMB(102,904)  | (6)           | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | RMB 31,616                          | 4             |      |
|   | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Both subsidiaries of Concord Industries Limited | Sales               | RMB (150,370) | (8)           | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | RMB 51,670                          | 6             |      |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Yantai Walsin Stainless Steel Co., Ltd.             | Both subsidiaries of Concord Industries Limited | Purchases           | RMB 150,370   | 64            | 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 (51,670)                        | (83)          |      |
| Changshu Walsin Specialty Steel Co., Ltd.           | Yantai Walsin Stainless Steel Co., Ltd.             | Both subsidiaries of Concord Industries Limited | Purchases           | RMB 102,904   | 42            | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | RMB (31,616)                        | (19)          |      |
|   | Walsin Lihwa Corporation                            | Parent company                                  | Purchases           | 128,215       | 12            | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal               | Normal           | (93,435)                            | (13)          |      |

**TABLE 6**

**WALSIN LIHWA CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**JUNE 30, 2022**  
**(In Thousands of New Taiwan Dollars)**

| Company Name             | Related Party                          | Nature of Relationship           | Financial Statement Account<br>and Ending Balance | Turnover<br>Rate | Overdue        |              | Amounts<br>Received in<br>Subsequent<br>Period | Allowance for<br>Bad Debts |
|--------------------------|--|----------------------------------|---|------------------|----------------|--------------|--|----------------------------|
|                          |  |                                  |   |                  | Amount         | Action Taken |  |                            |
| Walsin Lihwa Corporation | Dongguan Walsin Wire & Cable Co., Ltd. | 100% indirectly owned subsidiary | Trade receivables   \$   176,487                  | 3.55             | \$           - | -            | \$   176,487                                   | \$           -             |

**TABLE 6-1**

**WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES**

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

**JUNE 30, 2022**

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

| Company Name                                       | Related Party                                       | Nature of Relationship                        | Financial Statement Account and Ending Balance | Turnover Rate | Overdue |              | Amounts Received in Subsequent Period | Allowance for Bad Debts |
|--|---|---|--|---------------|---------|--------------|---------------------------------------|-------------------------|
|  |   |   |  |               | Amount  | Action Taken |                                       |                         |
| Walsin Lihwa Holdings Limited                      | Walsin (China) Investment Co., Ltd.                 | 100% owned subsidiary                         | Other receivables RMB 263,510                  | -             | \$ -    | -            | \$ -                                  | \$ -                    |
| Walsin (China) Investment Co., Ltd.                | Walsin Lihwa Holdings Limited                       | Parent company                                | Other receivables US\$ 4,900                   | -             | -       | -            | -                                     | -                       |
|  | Yantai Walsin Stainless Steel Co., Ltd.             | Both subsidiaries of Walsin Lihwa Corporation | Other receivables US\$ 118,902<br>RMB 701,691  | -             | -       | -            | -                                     | -                       |
|  | Changshu Walsin Specialty Steel Co., Ltd.           | Both subsidiaries of Walsin Lihwa Corporation | Other receivables US\$ 59,981                  | -             | -       | -            | -                                     | -                       |
|  | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | 18.37% owned subsidiary                       | Other receivables US\$ 44,895                  | -             | -       | -            | -                                     | -                       |
|  | Jiangyin Walsin Steel Cable Co., Ltd.               | 100% directly owned subsidiary                | Other receivables US\$ 8,767<br>RMB 171,142    | -             | -       | -            | -                                     | -                       |
|  | Hangzhou Walsin Power Cable & Wire Co., Ltd.        | Associate                                     | Other receivables RMB 82,977                   | -             | -       | -            | -                                     | -                       |
|  | XiAn Walsin Metal Product Co., Ltd.                 | Both subsidiaries of Walsin Lihwa Corporation | Other receivables RMB 178,322                  | -             | -       | -            | -                                     | -                       |
|  | Nanjing Taiwan Trade Mart Management Co., Ltd.      | Both subsidiaries of Walsin Lihwa Corporation | Other receivables RMB 57,997                   | -             | -       | -            | -                                     | -                       |
|  | Dongguan Walsin Wire & Cable Co., Ltd.              | 100% owned subsidiary                         | Other receivables US\$ 68,941                  | -             | -       | -            | -                                     | -                       |
|  | Walsin (Nanjing) Development Co., Ltd.              | Both subsidiaries of Walsin Lihwa Corporation | Other receivables RMB 777,304                  | -             | -       | -            | -                                     | -                       |
| Walsin International Investments Limited           | PT. Walsin Nickel Industrial Indonesia              | Both subsidiaries of Walsin Lihwa Corporation | Other receivables RMB 1,464,166                | -             | -       | -            | -                                     | -                       |
|  | Walsin (China) Investment Co., Ltd.                 | Both subsidiaries of Walsin Lihwa Corporation | Other receivables RMB 3,165,104                | -             | -       | -            | -                                     | -                       |
| Dongguan Walsin Wire & Cable Co., Ltd.             | Walsin (China) Investment Co., Ltd.                 | Parent company                                | Other receivables RMB 510,304                  | -             | -       | -            | -                                     | -                       |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Walsin (China) Investment Co., Ltd.                 | Parent company                                | Other receivables RMB 101,122                  | -             | -       | -            | -                                     | -                       |

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

**TABLE 6-2**

**CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**JUNE 30, 2022**  
**(In Thousands of Renminbi)**

| Company Name  | Related Party                                       | Nature of Relationship                          | Financial Statement Account<br>and Ending Balance | Turnover<br>Rate | Overdue    |              | Amounts<br>Received in<br>Subsequent<br>Period | Allowance for<br>Bad Debts |
|---|---|---|---|------------------|------------|--------------|--|----------------------------|
|   |   |   |   |                  | Amount     | Action Taken |  |                            |
| Yantai Walsin Stainless Steel Co., Ltd.             | Changshu Walsin Specialty Steel Co., Ltd.           | Both subsidiaries of Concord Industries Limited | Trade receivables   \$   31,616                   | 6.98             | \$       - | -            | \$   29,537                                    | \$       -                 |
|   | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Both subsidiaries of Concord Industries Limited | Trade receivables       51,670                    | 20.72            | -          | -            | 45,058   | -                          |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Walsin (China) Investment Co., Ltd.                 | Both subsidiaries of Walsin Lihwa Corporation   | Other receivables       49,889                    | -                | -          | -            | -  | -                          |
| Changshu Walsin Specialty Steel Co., Ltd.           | Walsin (China) Investment Co., Ltd.                 | Both subsidiaries of Walsin Lihwa Corporation   | Other receivables       91,044                    | -                | -          | -            | -  | -                          |

**TABLE 6-3**

**JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**JUNE 30, 2022**  
**(In Thousands of Renminbi)**

| Company Name                      | Related Party                          | Nature of Relationship | Financial Statement Account<br>and Ending Balance | Turnover<br>Rate | Overdue |              | Amounts<br>Received in<br>Subsequent<br>Period | Allowance for<br>Bad Debts |
|-----------------------------------|--|------------------------|---|------------------|---------|--------------|--|----------------------------|
|                                   |  |                        |   |                  | Amount  | Action Taken |  |                            |
| Joint Success Enterprises Limited | Walsin (Nanjing) Development Co., Ltd. | Subsidiary             | Other receivables      \$ 188,969                 | -                | \$ -    | -            | \$ -   | \$ -                       |

TABLE 7

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE FOR THE SIX MONTHS ENDED JUNE 30, 2022

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence was as follows (in thousands of New Taiwan dollars, U.S. dollars and Hong Kong dollars):

| Investor Company              | Investee Company                         | Location               | Main Businesses and Products  | Original Investment Amount |                          | Balance as of June 30, 2022 |                                      |                 | Net Income (Loss)<br>of the Investee | Investment<br>Gain (Loss) | Note |
|-------------------------------|--|------------------------|---|----------------------------|--------------------------|-----------------------------|--------------------------------------|-----------------|--------------------------------------|---------------------------|------|
|                               |  |                        |   | June 30, 2022              | December 31, 2021        | Number of Shares            | Percentage<br>of<br>Ownership<br>(%) | Carrying Amount |                                      |                           |      |
| Walsin Lihwa Corporation      | Walsin Lihwa Holdings Limited            | British Virgin Islands | Investments   | \$ 14,495,777              | \$ 14,495,777            | 473,730,393                 | 100.00                               | \$ 27,333,550   | \$ (171,083)                         | \$ (171,082)              |      |
|                               | Concord Industries Limited               | British Virgin Islands | Investments   | 13,611,135                 | 13,611,135               | 317,505,180                 | 100.00                               | 5,802,981       | 357,193                              | 357,193                   |      |
|                               | Ace Result Global Limited                | British Virgin Islands | Investments   | 1,587,416                  | 1,587,416                | 44,739,988                  | 100.00                               | 370,454         | (20,775)                             | (20,775)                  |      |
|                               | Min Maw Precision Industry Corp.         | Taiwan                 | Solar power systems management, design, and installation                            | 180,368                    | 180,368                  | 29,995,859                  | 100.00                               | 379,447         | 13,744                               | 13,744                    |      |
|                               | Waltuo Green Resources Corporation       | Taiwan                 | Waste disposal, resource recovery and cement products                               | 10,000                     | 10,000                   | 1,000,000                   | 100.00                               | 18,373          | (830)                                | (830)                     |      |
|                               | Walsin Precision Technology Corp.        | Malaysia               | Production and sale of stainless steel plates                                       | 434,994                    | 434,994                  | 32,178,385                  | 100.00                               | 528,646         | 72,110                               | 72,110                    |      |
|                               | New Hono Investment Pte. Ltd             | Singapore              | Investments   | 5,003,810                  | 5,003,810                | 42,000,000                  | 100.00                               | 7,395,178       | 1,573,073                            | 1,348,152                 |      |
|                               | Jin-Cherng Construction Co.              | Taiwan                 | Construction  | 611,688                    | 611,688                  | 577,583,403                 | 99.22                                | 6,375,051       | (51,484)                             | (51,099)                  |      |
|                               | Walsin Info-Electric Corp.               | Taiwan                 | Mechanical and electrical, communications, and power systems                        | 270,034                    | 270,034                  | 29,854,246                  | 99.51                                | 330,629         | (624)                                | (621)                     |      |
|                               | PT. Walsin Lippo Industries              | Indonesia              | Steel wires   | 481,663                    | 481,663                  | 10,500                      | 70.00                                | 896,365         | 7,136                                | 4,995                     |      |
|                               | PT. Walsin Lippo Kabel                   | Indonesia              | Production and sale of cables and wires   | 11,656                     | 11,656                   | 1,050,000                   | 70.00                                | 11,716          | (1,398)                              | (979)                     |      |
|                               | PT. Walsin Nickel Industrial Indonesia   | Indonesia              | Production and sale of nickel pig iron  | 1,509,171                  | 1,509,171                | 500,000                     | 50.00                                | 4,533,462       | 3,745,486                            | 1,892,051                 |      |
|                               | Joint Success Enterprises Limited        | British Virgin Islands | Investments   | 1,164,273                  | 1,164,273                | 36,058,184                  | 49.05                                | 5,267,903       | (126,618)                            | (11,077)                  |      |
|                               | Chin-Xin Investment Co., Ltd.            | Taiwan                 | Investments   | 2,237,969                  | 2,237,969                | 179,468,270                 | 37.00                                | 6,784,326       | 965,778                              | 357,338                   |      |
|                               | Walsin Color Co., Ltd.                   | Taiwan                 | Management of investments and conglomerates   | 457,610                    | 457,610                  | 49,831,505                  | 33.97                                | 793,431         | (28,337)                             | (9,626)                   |      |
|                               | Concord II Venture Capital Co., Ltd.     | Taiwan                 | Venture capital and consulting affairs  | 257,860                    | 257,860                  | 26,670,699                  | 26.67                                | 170,278         | (7,661)                              | (2,043)                   |      |
|                               | Winbond Electronics Corp.                | Taiwan                 | Research, development, production and sale of semiconductors and related components | 7,429,920                  | 7,429,920                | 883,848,423                 | 22.21                                | 19,268,289      | 9,711,797                            | 2,156,990                 |      |
|                               | Walton Advanced Engineering, Inc.        | Taiwan                 | Production, sale, and testing of semiconductors                                     | 1,185,854                  | 1,185,854                | 109,628,376                 | 21.01                                | 2,100,920       | 45,090                               | 9,473                     |      |
|                               | Walsin Technology Corp.                  | Taiwan                 | Production and sale of ceramic capacitors   | 1,649,039                  | 1,649,039                | 88,902,325                  | 18.30                                | 7,963,893       | 1,629,759                            | 298,246                   |      |
|                               | Powertec Electrochemical Corp.'s         | Taiwan                 | Basic industrial chemical manufacturing and energy technical services               | 2,945,925                  | 2,945,925                | 318,522,792                 | 22.46                                | -               | -                                    | -                         |      |
| Walsin Lihwa Holding Limited  | Walsin International Investments Limited | Hong Kong              | Investments   | HK\$ 4,653,372             | HK\$ 4,653,372           | 4,653,371,702               | 100.00                               | 19,335,987      | 662,082                              | 662,082                   |      |
|                               | Walcom Chemicals Industrial Limited      | Hong Kong              | Commerce  | US\$ 0.030                 | US\$ 0.030               | 325,000                     | 65.00                                | 0.846           | -                                    | -                         |      |
|                               | Borrego Solar Systems, Inc.              | USA                    | Grid-connected solar electric systems   | US\$ 15,000                | US\$ 15,000              | 1,460,458                   | 73.32                                | 2,980,126       | (920,859)                            | (676,396)                 |      |
| Concord Industries Limited    | Walsin Specialty Steel Corp.             | British Virgin Islands | Commerce and investments  | US\$ 101,400<br>(Note 1)   | US\$ 101,400<br>(Note 1) | 101,400,000                 | 100.00                               | 1,314,832       | 277,485                              | 277,485                   |      |
| Jin-Cherng Construction Co.   | Joint Success Enterprises Limited        | British Virgin Islands | Investments   | 1,202,993                  | 1,202,993                | 37,461,816                  | 50.95                                | 5,314,503       | (126,618)                            | (64,512)                  |      |
|                               | Dingshin Development Co., Ltd.           | Taiwan                 | Investment of real estate and related business                                      | 8,540                      | 8,540                    | 2,119,200                   | 35.32                                | 38,145          | 2,371                                | 837                       |      |
|                               | Concord II Venture Capital Co., Ltd.     | Taiwan                 | Venture capital and consulting affairs  | 1,603                      | 1,603                    | 172,342                     | 0.17                                 | 1,100           | (7,661)                              | (26)                      |      |
|                               | Chin-Xin Investment Co., Ltd.            | Taiwan                 | Investments   | 54,154                     | 54,154                   | 3,264,092                   | 0.67                                 | 124,577         | 965,778                              | 6,471                     |      |
| New Hono Investment Pte. Ltd. | PT. Walsin Nickel Industrial Indonesia   | Indonesia              | Production and sale of nickel pig iron  | US\$ 42,000                | US\$ 42,000              | 42,000                      | 42.00                                | 4,019,029       | 3,745,486                            | 1,573,104                 |      |

Note 1: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 2: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Hong Kong dollars.

TABLE 8

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

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

| Investee Company                                      | Main Businesses and Products   | Total Amount of Paid-in Capital          | Investment Type (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows |           | Accumulated Outflow of Investment from Taiwan as of June 30, 2022 | Net Income (Loss) of the Investee | Percentage of Ownership in Investment (%) | Investment Gain (Loss) (Note 16) | Carrying Amount as of June 30, 2022 | Accumulated Inward Remittance of Earnings as of June 30, 2022 |
|---|--|--|--------------------------|---|------------------|-----------|---|-----------------------------------|---|----------------------------------|-------------------------------------|---|
|   |  |  |                          |   | Outflow          | Inflow    |   |                                   |   |                                  |                                     |   |
| Jiangyin Walsin Steel Cable Co., Ltd.                 | Manufacture and sale of steel cables and wires                               | \$ 594,400<br>(US\$ 20,000)              | b                        | \$ 773,939<br>(US\$ 26,041)<br>(Note 2)                             | \$ -<br>-        | \$ -<br>- | \$ 773,939<br>(US\$ 26,041)<br>(Note 2)                           | \$ (22,006)                       | 100.00                                    | \$ (22,006)                      | \$ 867,208                          | \$ -  |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.    | Manufacture and sale of cables and wires                                     | 464,434<br>(US\$ 15,627)                 | b                        | 444,492<br>(US\$ 14,956)<br>(Note 3)                                | -<br>-           | -<br>-    | 444,492<br>(US\$ 14,956)<br>(Note 3)                              | 61,611                            | 95.71                                     | 58,967                           | 1,235,433                           | -   |
| Hangzhou Walsin Power Cable & Wire Co., Ltd.          | Manufacture and sale of cables and wires                                     | 5,292,538<br>(US\$ 178,080)              | b                        | 2,507,774<br>(US\$ 84,380)<br>(Note 4)                              | -<br>-           | -<br>-    | 2,507,774<br>(US\$ 84,380)<br>(Note 4)                            | (85,459)                          | 40.00                                     | (34,183)                         | 600,377                             | -   |
| Walsin (China) Investment Co., Ltd.                   | Investments  | 2,335,992<br>(US\$ 78,600)               | b                        | 2,335,992<br>(US\$ 78,600)<br>(Note 5)                              | -<br>-           | -<br>-    | 2,335,992<br>(US\$ 78,600)<br>(Note 5)                            | (155,658)                         | 100.00                                    | (155,658)                        | 4,380,720                           | -   |
| Changshu Walsin Specialty Steel Co., Ltd.             | Manufacture and sale of specialized steel tubes                              | 2,882,840<br>(US\$ 97,000)               | b                        | 2,882,840<br>(US\$ 97,000)<br>(Note 6)                              | -<br>-           | -<br>-    | 2,882,840<br>(US\$ 97,000)<br>(Note 6)                            | 276,236                           | 100.00                                    | 276,236                          | 991,532                             | -   |
| Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. | Manufacture and sale of stainless steel                                      | 505,240<br>(US\$ 17,000)<br>(Note 7)     | b                        | 1,159,080<br>(US\$ 39,000)<br>(Note 8)                              | -<br>-           | -<br>-    | 1,159,080<br>(US\$ 39,000)<br>(Note 8)                            | (1,073)                           | 100.00                                    | (1,073)                          | 236,678                             | -   |
| Dongguan Walsin Wire & Cable Co., Ltd.                | Manufacture and sale of bare copper cables and wires                         | 772,720<br>(US\$ 26,000)                 | b                        | 772,720<br>(US\$ 26,000)<br>(Note 9)                                | -<br>-           | -<br>-    | 772,720<br>(US\$ 26,000)<br>(Note 9)                              | (186,353)                         | 100.00                                    | (186,353)                        | 1,497,600                           | -   |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd.   | Manufacture and sale of cold-rolled stainless steel and flat rolled products | 1,456,280<br>(US\$ 49,000)               | b                        | 1,456,280<br>(US\$ 49,000)<br>(Note 10)                             | -<br>-           | -<br>-    | 1,456,280<br>(US\$ 49,000)<br>(Note 10)                           | 29,216                            | 100.00                                    | 29,216                           | 2,032,164                           | -   |
| XiAn Walsin Metal Product Co., Ltd.<br>(Note 13)      | Manufacture and sale of specialized stainless steel plates                   | 1,645,002<br>(US\$ 55,350)               | b                        | 896,058<br>(US\$ 30,150)  | -<br>-           | -<br>-    | 896,058<br>(US\$ 30,150)  | (7,095)                           | 100.00                                    | (7,095)                          | (789,261)                           | -   |
| Yantai Walsin Stainless Steel Co., Ltd.               | Production and sale of electronic components and new alloy materials         | 9,958,132<br>(US\$ 335,065)<br>(Note 11) | b                        | 6,328,190<br>(US\$ 212,927)   | -<br>-           | -<br>-    | 6,328,190<br>(US\$ 212,927)                                       | 37,221                            | 100.00                                    | 37,221                           | 4,836,319                           | -   |

(Continued)

| Investee Company  | Main Businesses and Products   | Total Amount of Paid-in Capital | Investment Type (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows |           | Accumulated Outflow of Investment from Taiwan as of June 30, 2022 | Net Income (Loss) of the Investee | Percentage of Ownership in Investment (%) | Investment Gain (Loss) (Note 16) | Carrying Amount as of June 30, 2022 | Accumulated Inward Remittance of Earnings as of June 30, 2022 |
|---|--|---------------------------------|--------------------------|---|------------------|-----------|---|-----------------------------------|---|----------------------------------|-------------------------------------|---|
|   |  |                                 |                          |   | Outflow          | Inflow    |   |                                   |   |                                  |                                     |   |
| Changzhou China Steel Precision Materials Co., Ltd.                     | Melting and forging of nonferrous metallic materials and composites as well as new types of alloys | \$ 1,295,792<br>(US\$ 43,600)   | b                        | \$ 388,738<br>(US\$ 13,080)   | \$ -<br>-        | \$ -<br>- | \$ 388,738<br>(US\$ 13,080)                                       | \$ 107,001                        | 30.00                                     | \$ 32,099                        | \$ 482,125                          | \$ 907,054<br>(US\$ 30,520)                                   |
| Nanjing Taiwan Trade Mart Management Co., Ltd.                          | Business and asset management, consulting and advertising services                                 | 29,720<br>(US\$ 1,000)          | b                        | 29,720<br>(US\$ 1,000)  | -<br>-           | -<br>-    | 29,720<br>(US\$ 1,000)  | (4,963)                           | 100.00                                    | (4,963)                          | (428,073)                           | -   |
| Shaanxi Tianhong Silicon Industrial Corporation                         | Polysilicon production   | 5,313,936<br>(RMB 1,200,000)    | b                        | -<br>(US\$ -)   | -<br>-           | -<br>-    | -<br>(US\$ -)   | -                                 | 19.00                                     | -                                | -<br>(Note 12)                      | -   |
| Jiangsu Taiwan Trade Mart Development Co., Ltd.                         | Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.                       | 44,283<br>(RMB 10,000)          | b                        | 9,035<br>(US\$ 304)   | -<br>-           | -<br>-    | 9,035<br>(US\$ 304)   | 212                               | 20.00                                     | 44                               | 9,552                               | -   |
| Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14) | Communications equipment and electronic components   | 689,027<br>(RMB 155,597)        | b                        | -<br>(RMB -)  | -<br>-           | -<br>-    | -<br>(RMB -)  | 5,762                             | 6.02                                      | -                                | 57,643                              | -   |
| Walsin (Nanjing) Development Co., Ltd.                                  | Construction, rental and sale of buildings and industrial factories                                | 1,486,000<br>(US\$ 50,000)      | b                        | 1,480,056<br>(US\$ 49,800)<br>(Note 15)                             | -<br>-           | -<br>-    | 1,480,056<br>(US\$ 49,800)<br>(Note 15)                           | (127,865)                         | 99.60                                     | (127,355)                        | 9,671,262                           | -   |
| Nanjing Walsin Property Management Co., Ltd.                            | Property management, business management and housing leasing                                       | 4,428<br>(RMB 1,000)            | b                        | -<br>(RMB -)  | -<br>-           | -<br>-    | -<br>(RMB -)  | (543)                             | 99.60                                     | (539)                            | (5,854)                             | -   |

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

| Accumulated Investment in Mainland China as of June 30, 2022<br>(NT\$ and US\$ in Thousands) | Investment Amounts Authorized by Investment Commission, MOEA<br>(NT\$ and US\$ in Thousands) | Upper Limit on Investment<br>(NT\$ in Thousands) |
|--|--|--|
| \$ 19,130,407<br>(US\$ 643,688)  | \$ 18,511,726<br>(US\$ 622,871)  | N/A (Note 19)                                    |

(Continued)



Notes:

1. Investments can be classified into three categories as follows:
  - a. Direct investment in mainland China.
  - b. Reinvestment in mainland China through third country companies.
  - c. Others.
2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. 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 June 30, 2022 were as follows: US\$ to NT\$ = 1:29.72, RMB to NT\$ = 1:4.42828. The average exchange rates of June 30, 2022 were as follows: US\$ to NT\$ = 1:28.725, RMB to NT\$ = 1:4.41532.
18. Amount was recognized based on reviewed 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”.

(Concluded)

TABLE 8-1

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of U.S. Dollars and Renminbi)

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

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

| Investee Company                             | Main Businesses and Products  | Total Amount of Paid-in Capital | Investment Type | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of June 30, 2022 | Net Income (Loss) of the Investee | Percentage of Ownership in Investment (%) | Investment Gain (Loss) (Note 2) | Carrying Amount as of June 30, 2022 | Accumulated Inward Remittance of Earnings as of June 30, 2022 |
|--|---|---------------------------------|-----------------|---|------------------|--------|---|-----------------------------------|---|---------------------------------|-------------------------------------|---|
|  |   |                                 |                 |   | Outflow          | Inflow |   |                                   |   |                                 |                                     |   |
| Walsin (Nanjing) Construction Limited        | Construction, rental and sale of buildings and industrial factories | US\$ 50,000                     | Note 1          | US\$ 25,475   | \$ -             | \$ -   | US\$ 25,475   | \$ (28,959)                       | 50.95                                     | \$ (14,755)                     | \$ 1,117,176                        | \$ -  |
| Nanjing Walsin Property Management Co., Ltd. | Property management, business management and housing leasing        | 1,000                           | Note 1          | -   | -                | -      | -   | (123)                             | 50.95                                     | (63)                            | (676)                               | -   |

2. The upper limit on investment in mainland China

| Accumulated Investment in Mainland China as of June 30, 2022 (US\$ in Thousands) | Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands) | Upper Limit on Investment (NT\$ in Thousands) |
|--|--|---|
| US\$25,475   | US\$25,475   | US\$3,855,100 (Note 3)                        |

Note 1: Investing in companies in China through the companies already established and existing in the areas other than Taiwan and China.

Note 2: Amount was recognized based on reviewed financial statements.

Note 3: The upper limit on investment in mainland China was as follows:

$$\text{NT\$6,425,167 thousand} \times 60\% = \text{NT\$3,855,100 thousand}$$

Note 4: Amounts are stated in thousand of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 9

## WALSIN LIHWA CORPORATION AND INVESTEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2022

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

| No. | Company Name                        | Related Party   | Nature of Relationship                               | Transaction Details         |                            |   |  |
|-----|-------------------------------------|---|--|-----------------------------|----------------------------|---|--|
|     |                                     |   |  | Financial Statement Account | Amount                     | Terms   | Percentage of Consolidated Total Gross Sales or Total Assets (%) |
| 0   | Walsin Lihwa Corporation            | <u>2022</u><br>Dongguan Walsin Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Trade receivables           | \$ 176,487                 | 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           | 93,435                     | The terms are set by quotations on the local market and are similar to those of general customers | -  |
|     |                                     | Jianyin Walsin Specialty Alloy Materials Co., Ltd.    | Transactions between parent company and subsidiaries | Trade receivables           | 15,303                     | 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                       | 228,842                    | The terms are set by quotations on the local market and are similar to those of general customers | -  |
|     |                                     | Changshu Walsin Specialty Steel Co., Ltd.             | Transactions between parent company and subsidiaries | Sales                       | 128,215                    | The terms are set by quotations on the local market and are similar to those of general customers | -  |
|     |                                     | Jianyin Walsin Specialty Alloy Materials Co., Ltd.    | Transactions between parent company and subsidiaries | Sales                       | 68,384                     | 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           | 35,270                     | 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 263,510                | Based on capital demand   | 1  |
|     |                                     | Walsin Lihwa Corporation                              | Transactions between parent company and subsidiaries | Trade receivables           | RMB 10,799                 | 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 188,969                | Based on capital demand   | -  |
| 3   | Walsin (China) Investment Co., Ltd. | Walsin Lihwa Holdings Limited                         | Transactions between subsidiaries and parent company | Other receivables           | US\$ 4,900                 | Based on capital demand   | -  |
|     |                                     | Yantai Walsin Specialty Steel Co., Ltd.               | Transactions between subsidiaries                    | Other receivables           | US\$ 118,902               | Based on capital demand   | 3  |
|     |                                     | Jiangyin Walsin Specialty Alloy Materials Co., Ltd.   | Transactions between subsidiaries                    | Other receivables           | RMB 701,691<br>US\$ 44,895 | Based on capital demand   | 1  |
|     |                                     | Jiangyin Walsin Steel Cable Co., Ltd.                 | Transactions between parent company and subsidiaries | Other receivables           | US\$ 8,767                 | Based on capital demand   | -  |
|     |                                     | Changshu Walsin Specialty Steel Co., Ltd.             | Transactions between subsidiaries                    | Other receivables           | RMB 171,142<br>US\$ 59,981 | Based on capital demand   | 1  |

(Continued)

| No. | Company Name  | Related Party                                       | Nature of Relationship                               | Transaction Details         |               |   |  |
|-----|---|---|--|-----------------------------|---------------|---|--|
|     |   |   |  | Financial Statement Account | Amount        | Terms   | Percentage of Consolidated Total Gross Sales or Total Assets (%) |
|     |   | Walsin (Nanjing) Development Co., Ltd.              | Transactions between subsidiaries                    | Other receivables           | RMB 777,304   | Based on capital demand   | 2  |
|     |   | XiAn Walsin Metal Product Co., Ltd.                 | Transactions between subsidiaries                    | Other receivables           | RMB 178,322   | Based on capital demand   | -  |
|     |   | Nanjing Taiwan Trade Mart Management Co., Ltd.      | Transactions between subsidiaries                    | Other receivables           | RMB 57,997    | Based on capital demand   | -  |
|     |   | Dongguan Walsin Wire & Cable Co., Ltd.              | Transactions between parent company and subsidiaries | Other receivables           | US\$ 68,941   | Based on capital demand   | 1  |
| 4   | Walsin International Investments Limited            | PT. Walsin Nickel Industrial Indonesia              | Transactions between subsidiaries                    | Other receivables           | RMB 1,464,166 | Based on capital demand   | 3  |
|     |   | Walsin (China) Investment Co., Ltd.                 | Transactions between subsidiaries                    | Other receivables           | RMB 3,165,104 | Based on capital demand   | 7  |
| 5   | Yantai Walsin Stainless Steel Co., Ltd.             | Changshu Walsin Specialty Steel Co., Ltd.           | Transactions between subsidiaries                    | Trade receivables           | RMB 31,616    | 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 51,670    | 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 102,904   | The terms are set by quotations on the local market and are similar to those of general customers | -  |
|     |   | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries                    | Sales                       | RMB 150,370   | The terms are set by quotations on the local market and are similar to those of general customers | 1  |
| 6   | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Yantai Walsin Stainless Steel Co., Ltd.             | Transactions between subsidiaries                    | Other receivables           | RMB 4,788     | Based on capital demand   | -  |
|     |   | Yantai Walsin Stainless Steel Co., Ltd.             | Transactions between subsidiaries                    | Sales                       | RMB 16,692    | 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 91,044    | Based on capital demand   | -  |
| 7   | Walsin Specialty Steel Corp.                        | Changshu Walsin Specialty Steel Co., Ltd.           | Transactions between parent company and subsidiaries | Other receivables           | RMB 8,453     | Based on capital demand   | -  |
| 8   | Changshu Walsin Specialty Steel Co., Ltd.           | Yantai Walsin Stainless Steel Co., Ltd.             | Transactions between subsidiaries                    | Trade receivables           | RMB 4,388     | 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 subsidiaries                    | Sales                       | RMB 21,545    | 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 49,889    | Based on capital demand   | -  |
| 10  | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.  | Yantai Walsin Stainless Steel Co., Ltd.             | Transactions between subsidiaries                    | Trade receivables           | RMB 4,520     | 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 subsidiaries                    | Sales                       | RMB 4,751     | 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 101,122   | Based on capital demand   | -  |

(Continued)

| No. | Company Name                                 | Related Party                                      | Nature of Relationship                               | Transaction Details         |             |   |  |
|-----|--|--|--|-----------------------------|-------------|---|--|
|     |  |  |  | Financial Statement Account | Amount      | Terms   | Percentage of Consolidated Total Gross Sales or Total Assets (%) |
| 11  | Dongguan Walsin Wire & Cable Co., Ltd.       | Walsin (China) Investment Co., Ltd.                | Transactions between parent company and subsidiaries | Other receivables           | RMB 510,304 | Based on capital demand   | 1  |
|     |  | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Transactions between subsidiaries                    | Sales                       | RMB 45,362  | 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 14,172  | The terms are set by quotations on the local market and are similar to those of general customers | -  |
| 12  | Nanjing Walsin Property Management Co., Ltd. | Walsin (China) Investment Co., Ltd.                | Transactions between subsidiaries                    | Other receivables           | RMB 5,048   | Based on capital demand   | -  |

(Concluded)

**WALSIN LIHWA CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2022**

| Name of Major Shareholder  | Shares           |                             |
|--|------------------|-----------------------------|
|  | Number of Shares | Percentage of Ownership (%) |
| LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered | 245,504,000      | 7.15                        |
| 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 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.