

Walsin Lihwa Corporation

Meeting Minutes of the 2024 Annual General Shareholders' Meeting

Time: 9:00 am, Friday, May 17, 2024

Place: 1st Floor-The Ballroom, No.15, Ln. 168, Xingshan Rd., Neihu Dist., Taipei City

Convening Method: Hybrid shareholders' meeting (i.e., a physical shareholders' meeting supported by video-conferencing)

Video Conferencing Platform: Taiwan Depository & Clearing Corporation Shareholder eMeeting Platform (<https://stockservices.tdcc.com.tw>)

In Attendance: The shareholders and those acting as proxy represented 3,288,001,335 shares in total (including the 1,236,765,093 shares represented by shareholders attending through electronic means and video conferencing), which constituted 81.56% of the 4,031,331,948 total issued and outstanding shares (exclusive of those 1,000 shares with no voting right pursuant to Article 179 of the Company Act).

Directors in Attendance: Yu-Lon Chiao; Andrew Hsia

Independent Directors in Attendance: Ming-Ling Hsueh; Fu-Hsiung Hu; Tyzz-Jiun Duh; Wei-Chuan Gau

Also in Attendance: Attorney Cheng-Hsien Lin from Lu-Yu Attorneys-at-Law;
Certified Public Accountant Wen-Yea Shyu from Deloitte & Touche.

Chairman: Yu-Lon Chiao

Secretary: Ying-Yao Li

1. Calling the meeting to order:

The total issued and outstanding shares of the Company are 4,031,331,948 (exclusive of those 1,000 shares with no voting right pursuant to Article 179 of the Company Act). The number of shares represented by the present shareholders by 9:00 am was 3,282,112,140 (including 1,060,419,990 shares represented by shareholders present in person, 984,927,061 shares represented by shareholders acting by proxy, 1,236,765,088 shares represented by shareholders attending via electronic means, and 1 share represented by shareholders attending via video conferencing), which constituted a quorum. Pursuant to relevant laws, the Chairman called the meeting to order.

2. Chairman's Address: (omitted)

3. Matters to Be Reported:

I. General Manager's Report

Please review and approve the Company's 2023 business report and final account report. For details, please see below.

II. Audit Committee's Audit Report and Communication Report with the Chief Audit Executive

1. For the Audit Committee's audit of the Company's 2023 final account report, please see below.
2. For the communications between the Audit Committee and the Chief Audit Executive, please see pp.33 – 34 of the Appendix to the Handbook.

III. The Distribution Report of Compensation of the Employees and Directors for the year 2023.

Please refer to p.35 of the Appendix to the Handbook for the status of the distribution of compensation to employees and directors for 2023.

IV. Report of the Distribution of Cash Dividends in 2023

1. It is conducted in accordance with Article 240 of the Company Act and the Company's Articles of Incorporation.
2. The 8th meeting of the Board of Directors of the Company of the 20th term resolved to distribute cash dividends of NT\$4,434,466,243 from the earnings reported in the Company's 2023 final accounting results.
3. The Chairman shall be authorized to determine the distribution record date and distribution date. In the event that the Company issues or repurchases shares, thereby affecting the number of outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend date.
4. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The fractional cash amounts will be credited to Other Revenue by the Company.

V. Report of the Company's Offering of Domestic Unsecured Straight Corporate Bonds

Report on the Company's offering of domestic unsecured straight corporate bonds. Please see p.36 of the Appendix to the Handbook for details.

VI. Other Matters to Be Reported

1. Report on the material transactions with related parties in 2023. Please see pp.37 – 39 of the Appendix to the Handbook for details.
2. Report on the Company's investments in mainland China as of March 31, 2024. Please see pp.40 – 44 of the Appendix to the Handbook for details.
3. Report on the amendments to the Company's Board of Directors Meeting Regulations:
The Company's Board of Directors Meeting Regulations have been amended by a resolution adopted in a board of directors meeting dated January 26, 2024. Please see pp.45 – 51 of the Appendix to the Handbook for the full content of the amended version.
4. Report on the amendments to the Company's rules and regulations relating to corporate governance:
The Company's Procedures for Governing Financial and Business Matters Between this Corporation and its Related Parties have been formulated and implemented by the Board of Directors on November 3, 2023 and amended by a resolution adopted by a board of directors meeting dated March 29, 2024. For details, please see below.
5. Report on the shareholdings of directors in the Company as follows:
 - (1) According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholding of the all of the Company's directors shall be 3% of its issued and outstanding shares; provided, however, this does not apply to the Company in respect of supervisors because the Company has an Audit Committee in lieu thereof.

The Company has four independent directors. The shareholding ratio of all of the directors (excluding the independent directors) is reduced to 80% of the above minimum shareholding ratio.

- (2) For the shareholdings of individuals and total directors recorded in the shareholder register prior to the book closure date for the 2024 Annual Shareholders' Meeting, please see p.58 of the Appendix to the Handbook.
 - (3) The shareholdings of all of the Company's directors have all met the requirement for the statutory shareholding ratio.
6. Report on the acceptance of shareholders' proposals and nominations by the 2024 Annual Shareholders' Meeting:

During the period for accepting the shareholders' proposals from March 4, 2024 to March 14, 2024, none of the shareholders submitted any written proposal to the Company according to Article 172-1 of the Company Act.

During the period for accepting the shareholders' nominations for director from March 12, 2024 to March 22, 2024, none of the shareholders submitted any written nomination to the Company according to Article 192-1 of the Company Act.

(Please visit the Market Observation Post System and click on the "E-Books" section for the Handbook; website: <https://mops.twse.com.tw>)

Shareholder Account Number: 121094.

Inquiry #1 (Part1): The Company has successfully acquired a European stainless steel plant. Was it because of carbon reduction and carbon tax issues that they were willing to divest?

Important Content of the Chairman's Reply: Our stainless steel production significantly reduces energy consumption compared to blast furnace (which requires a longer process), as it adopts electric arc furnace (which takes a shorter process). We source raw materials from the recycled scrap stainless steel, thereby substantially lowering our carbon footprint. To this end, we have acquired a scrap stainless steel processing plant. Additionally, Europe's energy sources are primarily clean energies such as wind, solar, and nuclear power. Therefore, when planning to acquire a European stainless steel maker, we have not only considered the development of high-value stainless steel products but also included strategies for a circular economy and environmental sustainability.

Inquiry #1 (Part 2): Could you provide additional information on the plan to invest in TECO Electric & Machinery?

Important Content of the Chairman's Reply: TECO Electric & Machinery has good operational performance and thus is a good investment for the Company. We will also constitute to support the TECO management team.

Shareholder Account Number: 121094.

Inquiry #2 (Part 1): Could you provide additional information on the current market situation of submarine cables?

Important Content of the Chairman's Reply: The Company places great emphasis on the development of our Wire & Cable Business, by establishing a high-efficiency plant in Yangmei to enhance industry services. Submarine cables are also a focus of our core business development, mainly in view of the high barriers to entry in submarine cable production technologies and a shortage in the supply of submarine cables in the global markets. The successful development of the Company's submarine cable business can be attributed to the acquisition of land use rights at the Kaohsiung port and the support from our partner, NKT.

4. Ratification, Discussion and Election

Proposal 1

Proposed by the Board of Directors

Subject: Ratification of the Company's 2023 business report and financial statements.

Explanations:

1. Please see below for the business report and the financial statements.
2. The financial statements have been approved at the Company's 8th board meeting of the 20th term, and audited as well as certified by the CPA. They were submitted along with the business report to the Audit Committee for audit, which then has audited the same.

Resolution: After all votes in attendance were cast (including votes cast via electronic means and video conferencing), there were 2,919,155,848 shares represented by shareholders voting in favor of the proposal, 2,314,668 shares represented by shareholders voting against the proposal, 0 share represented by shareholders casting invalid votes, and 365,715,819 shares represented by shareholders abstaining from voting and choosing not to vote; 88.80% of the total shares represented by the shareholders in attendance were in favor of the proposal, which exceeded the statutory percentage, and this proposal was passed without modification.

Proposal 2

Proposed by the Board of Directors

Subject: Ratification of the Company's 2023 Earnings Distribution Proposal.

Explanations:

1. Please see below for the 2023 Earnings Distribution Proposal.
2. This proposal was approved at the Company's 8th board meeting of the 20th term and submitted to the Audit Committee, which has audited the same.
3. Upon the approval of the board meeting, it is proposed that the Chairman be authorized to otherwise determine the distribution record date and distribution date. In the event that the Company issues or repurchases shares, thereby affecting the number of outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend date.
4. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the fractional cash amounts will be credited to Other Revenue by the Company.

Resolution: After all votes in attendance were cast (including votes cast via electronic means and video conferencing), there were 2,923,533,721 shares represented by shareholders voting in favor of the proposal, 773,843 shares represented by shareholders voting against the proposal, 0 share represented by shareholders casting invalid votes, and 362,878,771 shares represented by shareholders abstaining from voting and choosing not to vote; 88.93% of the total shares represented by the shareholders in attendance were in favor of the proposal, which exceeded the statutory percentage, and this proposal was passed without modification.

Walsin Lihwa Corporation

Earnings Distribution Proposal for 2023

Unit: NTD

Summary	Amount
Beginning of Period Retained Earnings	\$43,071,526,829
Add: Cumulative Gains or Losses Directly Transferred to Retained Earnings by Affiliates' Disposal of Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income	204,651,578
Less: Re-measurements of Defined Benefit Plans Recognized in Retained Earnings	(70,349,639)
Adjusted Retained Earnings	43,205,828,768
Add: Net Income	5,134,316,035
Minus: Legal Reserve	(526,861,797)
Distributable Earnings	47,813,283,006
Distribution	
Cash Dividend to Shareholders (NT\$1.1 per Share) (Note)	(4,434,466,243)
End of Period Retained Earnings	\$43,378,816,763

Note: The Company's issued and outstanding common stock totaled 4,031,332,948 shares as of February 23, 2024. According to the rules specified in the letter from the Ministry of Finance dated January 20, 2000 (Ref. No.: Tai-Cai-Shui-0890450243), this distribution of earnings shall be based on the year 2023 as noted above.

Responsible Person: Yu-Lon Chiao (Seal)

Manager: Fred Pan (Seal)

Accounting Chief: Kelly Liu (Seal)

Proposal 3**Proposed by the Board of Directors**

Subject: Review and approval of the amendments to the Articles of Incorporation.

Explanations:

1. To meet its business demand, the Company's business scope has been specified in its Articles of Incorporation.
2. The Comparison Table of the Amended Articles of the Articles of Incorporation, please see below.

Resolution: After all votes in attendance were cast (including votes cast via electronic means and video conferencing), there were 2,897,515,190 shares represented by shareholders voting in favor of the proposal, 433,879 shares represented by shareholders voting against the proposal, 0 share represented by shareholders casting invalid votes, and 389,237,266 shares represented by shareholders abstaining from voting and choosing not to vote; 88.14% of the total shares represented by the shareholders in attendance were in favor of the proposal, which exceeded the statutory percentage, and this proposal was passed without modification.

Proposal 4

Proposed by the Board of Directors

Subject: Release of the director of the Company from non-competition restrictions set forth in Article 209 of the Company Act.

Explanations:

1. It is conducted in accordance with Paragraph 1, Article 209 of the Company Act, which provides that “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval.”
2. For an additional director of the Company who concurrently serves as a director in companies operating the same/similar businesses as/to the Company, please see below.
3. It is proposed that the shareholders' meeting approve the release of such director from non-competition restrictions on engaging in any business within the Company's business scope under Paragraph 1, Article 209 of the Company Act, as well as approve the abstention from exercise of the disgorgement rights against the director mentioned above as of the date of serving as a director of other companies engaging in competing business.

Resolution: Regarding the proposal to release Independent Director Mr. Wei-Chuan Gau from non-competition restrictions, after all votes in attendance have been casted (including affirmative votes cast by shareholders attending via electronic means and video conferencing), there were 2,896,802,967 shares represented by shareholders voting in favor of the proposal, 925,945 shares represented by shareholders voting against the proposal, 0 shares represented by shareholders casting invalid votes, and 389,457,423 shares represented by shareholders abstaining from voting and choosing not to vote; 88.12% of the total shares represented by the shareholders in attendance were in favor of the proposal, which exceeded the statutory percentage, and this proposal was passed without modification.

Proposal 5**Proposed by the Board of Directors**

Subject: Election of one Director.

Explanations:

1. In accordance with Article 14 of the Company's Articles of Incorporation, the Company shall have nine to eleven Directors, including at least three Independent Directors. It has been resolved that the Board of Directors of this term have eleven Directors. The Company currently has ten Directors (including four Independent Directors) and therefore plans to elect one Director in accordance with Article 192-1 of the Company Act.
2. The newly elected director will assume office immediately upon election at the 2024 Annual General Meeting of Shareholders, with the term of office ending on May 18, 2026.
3. Please see below for relevant information on the director candidate.

Election Result: The Chairman announced the following newly elected Director:

Identification Card Number	Name	Shares Represented by Shareholders Voting In Favor
C22032****	Ms. Wen-Chien Hsieh	2,804,274,674

5. Ad-Hoc Motions: None

6. Adjournment: The Chairman announced that the meeting was adjourned at 9:53 am on May 17th, 2024.

(All of the shareholder suggestions have been fully recorded and videotaped for future reference. The video recording of this annual general shareholders' meeting shall prevail in the event of any discrepancy between these meeting minutes and the video recording in any detail.)

Walsin Lihwa Corporation

2023 Business Report

1. Preamble

In 2023, the Company's net income after taxes was NT\$5.1 billion, with earnings per share of NT\$1.3. The below is the overview of the operational performance of each business group. The Wire and Cable Business Group has been able to stably grasp the demand for factory construction in Taiwan and the business opportunities for resilient power grid construction and renewable energy, resulting in steady gross margins and profits. The Stainless Steel Business Group has experienced a decline in profitability due to weak global end-market demand and a less-than-expected economic recovery in mainland China. To enhance long-term competitiveness, it continues its global expansion strategy by acquiring a UK stainless steel plant, SMP, and securing key raw materials essential to the stainless steel manufacturing process. The Resources Business Group has been impacted in terms of profitability by the sluggish stainless steel market and fluctuations in nickel prices, along with significant market volatility. It is committed to cost control to mitigate impacts and to stabilize the production capacity of nickel pig iron and nickel matte. Overall, in terms of its management strategy, the Company has made ongoing effort to reduce low-margin, non-core businesses while increasing investment in upstream stainless steel and high-end application products, aiming to improve sustainable growth and competitive edge.

2. Explanation for Financial Result

Unit: NT\$ million

	2023	2022	Amount of Increase (Decrease)
Operating Revenue	189,840	180,401	9,439
Gross Profit	14,444	17,346	(2,902)
Operating Expenses	8,203	7,848	355
Income from Operations	6,241	9,499	(3,258)
Non-Operating Income and Expenses	1,198	13,903	(12,705)
Profit Before Tax	7,438	23,402	(15,964)
Net Income After Taxes	5,134	19,352	(14,218)

(1) Operating Revenue

Operating revenue increased by NT\$9.4 billion in 2023, mainly due to the Company's ongoing downsizing of its copper business, the global expansion of its stainless steel business, and the increase in upstream nickel pig iron production.

(2) Gross Profit

Gross profit decreased by \$2.9 billion in 2023 due to the global economic impact on the profits of upstream raw materials and end products of stainless steel.

(3) Operating Expenses

The increase in operating expenses in 2023 was due to the Company's expansion of its operational scale and increased revenue.

(4) Non-Operating Income and Expenses

The decrease in non-operating income and expenses in 2023 was due to the disposal of the solar development department of a U.S. subsidiary in the previous year.

3. Operating Overview and Prospects of the Business Units

Looking forward to 2024, despite a temporary pause in inflation and cessation of interest rate hikes, economic recovery has yet to appear. The Company continues to enhance its core competitiveness through operational process management and digital transformation, while moving on to a model for a circular economy and actively responding to changes in the business environment and markets.

(1) Wire and Cable Business

Rolling out a new business model and supply chain management for the Yangmei smart plant, enhancing customer values and market leadership in the construction market; seizing domestic resilient grid business potentials, strengthening investment in the high-voltage power transmission market; developing mobile cable core technologies in the industrial cable sector, and expanding into businesses in green energy and offshore wind power, including the construction of Taiwan's first submarine cable plant.

(2) Stainless Steel Business

The Stainless Steel Business in Taiwan continues to build sustainably competitive operating capabilities and cost competitiveness, and expand the proportion of high-value products; the Stainless Steel Business in Europe conducts global production and sales expansion, exploring high-end product markets and securing key raw materials; the Stainless Steel Business in mainland China focuses on stabilizing rolling steel production to establish core capabilities.

(3) Resources

We have completed the capacity of nickel matte as planned to extend the value chain of nickel industry. In addition, we have promoted green manufacturing process by low-carbon production to meet the trend towards environmental protection and reduce the production cost.

(4) Real Estate

The leasing business of the office buildings shows a stable growth in occupancy. With dynamic adjustments to the mall's property mix, we expect to create stable cash flows.

Responsible person: Yu-Lon Chiao (Seal)

Manager: Fred Pan (Seal)

Chief Accountant: Kelly Liu (Seal)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Restated)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 16,347,012	6	\$ 19,438,759	8
Financial assets at fair value through profit or loss - current	1,508,943	1	7,631	-
Financial assets at amortized cost - current	727	-	2,202	-
Financial assets for hedging - current	346,441	-	20,615	-
Contract assets - current	996,025	-	3,022,237	1
Notes receivable	920,752	-	4,537,322	2
Trade receivables	14,991,531	6	17,294,990	7
Finance lease receivables - current	62,067	-	60,020	-
Other receivables	3,707,450	2	3,857,091	1
Inventories	33,704,296	13	36,080,291	14
Other financial assets - current	788,894	-	505,340	-
Other current assets	<u>5,377,850</u>	<u>2</u>	<u>7,880,887</u>	<u>3</u>
Total current assets	<u>78,751,988</u>	<u>30</u>	<u>92,707,385</u>	<u>36</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	1,263,649	-	2,639,755	1
Financial assets at fair value through other comprehensive income - non-current	18,823,172	7	12,342,232	5
Financial assets at amortized cost - non-current	184,613	-	189,242	-
Financial assets for hedging - non-current	53,439	-	144,404	-
Investments accounted for using the equity method	49,640,171	19	46,189,399	18
Property, plant and equipment	78,154,936	29	65,656,466	26
Right-of-use assets	4,719,043	2	4,309,355	2
Investment properties	15,514,751	6	16,123,806	6
Goodwill	4,157,877	1	286,139	-
Other intangible assets	7,997,819	3	9,053,283	4
Deferred tax assets	4,234,852	2	3,448,277	1
Refundable deposits	158,940	-	288,948	-
Finance lease receivables - non-current	540,456	-	602,523	-
Other non-current assets	<u>2,174,325</u>	<u>1</u>	<u>2,916,527</u>	<u>1</u>
Total non-current assets	<u>187,618,043</u>	<u>70</u>	<u>164,190,356</u>	<u>64</u>
TOTAL	<u>\$ 266,370,031</u>	<u>100</u>	<u>\$ 256,897,741</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 11,508,074	4	\$ 17,120,571	7
Financial liabilities at fair value through profit or loss - current	22,746	-	64,772	-
Financial liabilities for hedging - current	5,878	-	222,272	-
Contract liabilities - current	13,828	-	6,014	-
Notes payable	317,865	-	591,536	-
Trade payables	16,390,669	6	17,497,315	7
Other payables	12,069,796	5	15,315,705	6
Current tax liabilities	5,861,143	2	6,103,462	2
Lease liabilities - current	257,859	-	245,223	-
Current portion of long-term borrowings and bonds payable	1,640,420	1	1,207,209	1
Other current liabilities	<u>2,671,050</u>	<u>1</u>	<u>2,495,289</u>	<u>1</u>
Total current liabilities	<u>50,759,328</u>	<u>19</u>	<u>60,869,368</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current	484,429	-	363,192	-
Financial liabilities for hedging - non-current	2,705	-	-	-
Bonds payable	12,951,405	5	7,742,955	3
Long-term borrowings	31,924,532	12	40,820,860	16
Long-term notes and bills payable	2,998,822	1	1,497,914	1
Deferred tax liabilities	6,587,732	3	5,782,915	2
Lease liabilities - non-current	2,765,167	1	2,309,732	1
Net defined benefit liabilities - non-current	349,381	-	348,779	-
Other non-current liabilities	<u>3,097,217</u>	<u>1</u>	<u>2,952,903</u>	<u>1</u>
Total non-current liabilities	<u>61,161,390</u>	<u>23</u>	<u>61,819,250</u>	<u>24</u>
Total liabilities	<u>111,920,718</u>	<u>42</u>	<u>122,688,618</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF WLC				
Share capital	<u>40,313,329</u>	<u>15</u>	<u>37,313,329</u>	<u>14</u>
Capital surplus	<u>33,624,917</u>	<u>13</u>	<u>24,672,454</u>	<u>10</u>
Retained earnings				
Legal reserve	9,538,222	4	7,564,090	3
Special reserve	2,712,250	1	2,712,250	1
Unappropriated earnings	<u>48,340,145</u>	<u>18</u>	<u>51,762,058</u>	<u>20</u>
Total retained earnings	<u>60,590,617</u>	<u>23</u>	<u>62,038,398</u>	<u>24</u>
Other equity				
Exchange differences on translation of the financial statement of foreign operations	(4,947,475)	(2)	(4,256,774)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	14,068,677	5	6,693,877	3
Loss on hedging instruments	(65,100)	-	(105,801)	-
Other equity - others	<u>(2,774,650)</u>	<u>(1)</u>	<u>(2,774,607)</u>	<u>(1)</u>
Total other equity	<u>6,281,452</u>	<u>2</u>	<u>(443,305)</u>	<u>-</u>
Total equity attributable to owners of WLC	<u>140,810,315</u>	<u>53</u>	<u>123,580,876</u>	<u>48</u>
NON-CONTROLLING INTERESTS	<u>13,638,998</u>	<u>5</u>	<u>10,628,247</u>	<u>4</u>
Total equity	<u>154,449,313</u>	<u>58</u>	<u>134,209,123</u>	<u>52</u>
TOTAL	<u>\$ 266,370,031</u>	<u>100</u>	<u>\$ 256,897,741</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated February 23, 2024)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 189,839,626	100	\$ 180,400,719	100
OPERATING COSTS	<u>(175,396,014)</u>	<u>(93)</u>	<u>(163,054,414)</u>	<u>(91)</u>
GROSS PROFIT	<u>14,443,612</u>	<u>7</u>	<u>17,346,305</u>	<u>9</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,166,373	1	2,880,008	1
General and administrative expenses	5,742,908	3	4,748,280	3
Research and development expenses	<u>293,565</u>	<u>-</u>	<u>219,303</u>	<u>-</u>
Total operating expenses	<u>8,202,846</u>	<u>4</u>	<u>7,847,591</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>6,240,766</u>	<u>3</u>	<u>9,498,714</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	541,506	-	240,793	-
Dividend income	513,679	-	766,857	-
Other income	1,763,119	1	1,130,256	1
(Loss) gain on disposal of property, plant and equipment	(11,472)	-	68,051	-
Gain on disposal of investments	965,914	1	7,210,043	4
Foreign exchange (loss) gains, net	(240,593)	-	1,748,708	1
Gain on valuation of financial assets and liabilities at fair value through profit or loss	169,525	-	265,134	-
Other expenses	(909,612)	-	(305,781)	-
Reversal (recognition) of impairment loss	12,427	-	(87)	-
Interest expense	(2,135,730)	(1)	(827,715)	-
Share of profit of associates accounted for using the equity method	<u>528,869</u>	<u>-</u>	<u>3,607,040</u>	<u>2</u>
Total non-operating income and expenses	<u>1,197,632</u>	<u>1</u>	<u>13,903,299</u>	<u>8</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	7,438,398	4	23,402,013	13
INCOME TAX EXPENSE	<u>(1,497,148)</u>	<u>(1)</u>	<u>(4,261,937)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>5,941,250</u>	<u>3</u>	<u>19,140,076</u>	<u>11</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (109,805)	-	\$ 260,538	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6,307,904	3	(4,067,542)	(2)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>1,288,908</u>	<u>1</u>	<u>(644,358)</u>	<u>(1)</u>
	<u>7,487,007</u>	<u>4</u>	<u>(4,451,362)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(833,485)	-	1,609,132	1
Gain (loss) on hedging instruments	60,360	-	(105,801)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(47,991)</u>	<u>-</u>	<u>180,029</u>	<u>-</u>
	<u>(821,116)</u>	<u>-</u>	<u>1,683,360</u>	<u>1</u>
Other comprehensive income (loss) for the year	<u>6,665,891</u>	<u>4</u>	<u>(2,768,002)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 12,607,141</u>	<u>7</u>	<u>\$ 16,372,074</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of WLC	\$ 5,134,316	3	\$ 19,352,097	11
Non-controlling interests	<u>806,934</u>	<u>-</u>	<u>(212,021)</u>	<u>-</u>
	<u>\$ 5,941,250</u>	<u>3</u>	<u>\$ 19,140,076</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 11,993,418	6	\$ 16,639,046	9
Non-controlling interests	<u>613,723</u>	<u>1</u>	<u>(266,972)</u>	<u>-</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.32</u>		<u>\$ 5.45</u>	
Diluted	<u>\$ 1.32</u>		<u>\$ 5.44</u>	

(With Deloitte & Touche auditors' report dated February 23, 2024)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC										Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statement of Foreign Operations	Other Equity				Non-controlling Interests
				Legal Reserve	Special Reserve			Unrealized Valuation (Loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others		
BALANCE AT JANUARY 1, 2022	\$ 34,313,329	\$ 18,440,875	\$ 6,109,568	\$ 2,712,250	\$ 38,965,389	\$ (6,100,687)	\$ 11,534,247	\$ -	\$ (91,467)	\$ 105,883,524	\$ 2,062,744	\$ 107,946,268
Appropriation of 2021 earnings (Note 27)	-	-	1,454,522	-	(1,454,522)	-	-	-	-	-	-	-
Legal reserve	-	-	(5,490,133)	-	(5,490,133)	-	-	-	-	(5,490,133)	-	(5,490,133)
Cash dividends distributed by WLC	-	-	-	-	-	-	-	-	(2,683,140)	(2,683,140)	-	(2,683,140)
Changes in percentage of ownership interests in subsidiaries	-	(994)	-	-	(3,589)	-	-	-	-	(994)	-	(994)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	3,589	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	887	-	-	79,546	-	(79,546)	-	-	887	-	887
Issuance of ordinary shares for cash	3,000,000	6,000,000	-	-	-	-	-	-	-	9,000,000	-	9,000,000
Net profit for the year ended December 31, 2022	-	-	-	-	19,352,097	-	-	-	-	19,352,097	(212,021)	19,140,076
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	313,270	1,843,913	(4,764,433)	(105,801)	-	(2,713,051)	(54,951)	(2,768,002)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	19,665,367	1,843,913	(4,764,433)	(105,801)	-	16,639,046	(266,972)	16,372,074
Share-based payment transaction (Note 32)	-	-	-	-	-	-	-	-	-	225,000	-	225,000
Others	-	-	-	-	-	-	-	-	-	6,686	-	6,686
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	8,832,475	-	8,832,475
BALANCE AT DECEMBER 31, 2022 (AS RESTATED)	37,313,329	24,672,454	7,564,090	2,712,250	51,762,058	(4,256,774)	6,693,877	(105,801)	(2,774,607)	123,580,876	10,628,247	134,209,123
Appropriation of 2022 earnings (Note 27)	-	-	1,974,132	-	(1,974,132)	-	-	-	-	-	-	-
Legal reserve	-	-	(6,716,399)	-	(6,716,399)	-	-	-	-	(6,716,399)	-	(6,716,399)
Cash dividends distributed by WLC	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	(6,932)	-	-	204,652	-	(204,652)	-	-	(6,932)	-	(6,932)
Changes in percentage of ownership interests in subsidiaries	-	26,730	-	-	-	-	-	-	-	26,730	(26,730)	-
Issuance of ordinary shares for cash	3,000,000	8,923,497	-	-	-	-	-	-	-	11,923,497	-	11,923,497
Net profit for the year ended December 31, 2023	-	-	-	-	5,134,316	-	-	-	-	5,134,316	806,934	5,941,250
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(70,350)	(690,701)	7,579,452	40,701	-	6,859,102	(193,211)	6,665,891
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,063,966	(690,701)	7,579,452	40,701	-	11,993,418	613,723	12,607,141
Others	-	-	-	-	-	-	-	-	(43)	9,125	-	9,125
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,423,758	2,423,758
BALANCE AT DECEMBER 31, 2023	\$ 40,313,329	\$ 33,624,917	\$ 9,538,222	\$ 2,712,250	\$ 48,340,145	\$ (4,947,475)	\$ 14,668,677	\$ (65,100)	\$ (2,774,650)	\$ 140,810,315	\$ 13,638,998	\$ 154,449,313

(With Deloitte & Touche auditors' report dated February 23, 2024)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,438,398	\$ 23,402,013
Adjustments for:		
Depreciation expenses	7,016,106	4,385,647
Amortization expenses	1,192,166	65,655
Expected credit loss recognized on trade receivables	412,281	105,680
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(169,525)	(265,134)
Interest expenses	2,135,730	827,715
Interest income	(541,506)	(240,793)
Dividend income	(513,679)	(766,857)
Compensation costs of employee share options	-	233,077
Share of profit of associates accounted for using the equity method	(528,869)	(3,607,040)
Loss (gain) on disposal of property, plant and equipment	11,472	(68,051)
Gain on disposal of other asset	(121,938)	-
Gain on disposal of investments	(965,914)	(7,210,043)
Impairment loss (reversed) recognized on non-financial assets	(12,427)	87
Unrealized (gain) loss on foreign currency exchange	(63,228)	183,114
Gain from bargain purchase	(1,168,686)	(339,526)
Loss on lease modification	1,045	6
Changes in operating assets and liabilities		
Decrease (increase) in contract assets	1,618,550	(581,544)
Decrease (increase) in notes receivable	3,616,570	(1,909,911)
Decrease in trade receivables	3,675,874	100,992
Increase in other receivables	(1,487,488)	(1,225,918)
Decrease (increase) in inventories	3,312,465	(2,101,272)
Decrease in other current assets	914,699	631,447
Increase in other financial assets	(242,768)	(55,183)
Decrease (increase) in other operating assets	68,712	(446,591)
Increase (decrease) in financial liabilities held for trading	973,916	(823,192)
Increase in contract liabilities	5,480	-
(Decrease) increase in notes payable	(273,671)	244,589
(Decrease) increase in trade payables	(701,919)	3,673,923
(Decrease) increase in other payables	(1,677,792)	1,094,617
Increase in other current liabilities	2,377	273,773
Increase (decrease) in net defined benefit liabilities	602	(211,583)
Increase (decrease) in other operating liabilities	54,659	(556,293)
Cash generated from operations	23,981,692	14,813,404
Interest received	493,679	357,042
Dividends received	1,888,623	2,166,803
Interest paid	(1,926,395)	(740,191)
Income tax paid	(1,689,669)	(2,731,958)
Net cash generated from operating activities	<u>22,747,930</u>	<u>13,865,100</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (173,986)	\$ (140,417)
Disposal of financial assets at fair value through other comprehensive income	-	24,004
Purchase of financial assets at amortized cost	-	(183,665)
Purchase of financial assets for hedging	(342,786)	-
Purchase of investments accounted for using the equity method	(1,077,128)	(4,980,030)
Prepayments for investments	(1,334,026)	(2,204,073)
Net cash outflow on acquisition of subsidiaries	(5,856,439)	(11,037,204)
Disposal of subsidiaries	-	9,242,576
Payments for property, plant and equipment	(16,512,380)	(15,499,282)
Proceeds from disposal of property, plant and equipment	32,361	154,162
Increase in advance receipts	1,779,516	-
Decrease (increase) in refundable deposits	126,456	(68,728)
Purchase of intangible assets	(37,277)	(141,056)
Purchase of investment properties	-	(182)
Acquisition of right-of-use assets	-	(283,745)
Other investing activities	<u>1,894,919</u>	<u>(1,228,906)</u>
Net cash used in investing activities	<u>(21,500,770)</u>	<u>(26,346,546)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(6,499,696)	7,713,149
Proceeds from issuance of bonds	5,300,000	-
Repayment of bonds	(100,066)	(46,684)
Proceeds from long-term borrowings	13,383,126	21,755,400
Repayment of long-term borrowings	(22,027,953)	(19,732,834)
Increase in long-term notes and bills payable	1,500,908	1,497,914
(Decrease) increase in other payables	(2,780,037)	5,375,736
Repayment of the principal portion of lease liabilities	(308,747)	(120,625)
Cash dividends paid	(6,716,022)	(5,489,781)
Proceeds from issuance of ordinary shares	11,923,497	9,000,000
Changes in non-controlling interests	2,355,894	359,522
Other financing activities	<u>9,168</u>	<u>6,685</u>
Net cash (used in) generated from financing activities	<u>(3,959,928)</u>	<u>20,318,482</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(378,979)</u>	<u>1,133,649</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (3,091,747)	\$ 8,970,685
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>19,438,759</u>	<u>10,468,074</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 16,347,012</u>	<u>\$ 19,438,759</u>

(With Deloitte & Touche auditors' report dated February 23, 2024)

(Concluded)

WALSIN LIHWA CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Restated)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,530,594	2	\$ 10,997,025	6
Financial assets at fair value through profit or loss - current	1,499,047	1	-	-
Contract assets - current	175,083	-	267,147	-
Notes receivable	15,863	-	25,058	-
Trade receivables	2,119,899	1	3,652,066	2
Trade receivables from related parties	438,177	-	296,053	-
Finance lease receivables	9,068	-	-	-
Other receivables	1,720,601	1	8,272,172	4
Inventories	11,120,657	5	11,819,088	6
Other current assets	314,635	-	2,019,441	1
Total current assets	20,943,624	10	37,348,050	19
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	1,184,108	1	2,567,786	1
Financial assets at fair value through other comprehensive income - non-current	18,635,179	9	12,206,200	6
Investments accounted for using equity method	130,841,304	65	117,556,202	59
Property, plant and equipment	20,828,266	10	18,760,190	9
Right-of-use assets	75,711	-	1,459,994	1
Investment properties	8,099,078	4	8,170,554	4
Deferred tax assets - non-current	680,501	-	700,710	-
Refundable deposits	25,700	-	31,197	-
Finance lease receivables - non-current	1,517,217	1	-	-
Other non-current assets	34,394	-	2,281,237	1
Total non-current assets	181,921,458	90	163,734,070	81
TOTAL	<u>\$ 202,865,082</u>	<u>100</u>	<u>\$ 201,082,120</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 504,234	-	\$ 6,600,565	3
Financial liabilities at fair value through profit or loss - current	44,519	-	51,505	-
Trade payables	3,648,025	2	3,226,544	2
Other payables	2,163,348	1	2,884,659	1
Other payables to related parties	3,308,150	2	9,273,554	5
Current tax liabilities	1,361,449	1	1,420,015	1
Lease liabilities - current	37,025	-	38,519	-
Other current liabilities	407,295	-	227,916	-
Total current liabilities	11,474,045	6	23,723,277	12
NON-CURRENT LIABILITIES				
Bonds Payable	12,800,000	6	7,500,000	4
Long-term borrowings	26,446,398	13	37,445,270	18
Long-term notes and bills payable	2,998,822	2	1,497,914	1
Deferred tax liabilities	5,974,347	3	5,495,675	3
Lease liabilities - non-current	1,675,034	1	1,498,347	1
Net defined benefit liabilities - non-current	137,005	-	147,420	-
Other non-current liabilities	549,116	-	193,341	-
Total non-current liabilities	50,580,722	25	53,777,967	27
Total liabilities	62,054,767	31	77,501,244	39
EQUITY				
Share capital	40,313,329	20	37,313,329	18
Capital surplus	33,624,917	16	24,672,454	12
Retained earnings				
Legal reserve	9,538,222	5	7,564,090	4
Special reserve	2,712,250	1	2,712,250	1
Unappropriated earnings	48,340,145	24	51,762,058	26
Total retained earnings	60,590,617	30	62,038,398	31
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(4,947,475)	(3)	(4,256,774)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	14,068,677	7	6,693,877	3
Loss on hedging instruments	(65,100)	-	(105,801)	-
Other equity - other	(2,774,650)	(1)	(2,774,607)	(1)
Total other equity	6,281,452	3	(443,305)	-
Total equity	140,810,315	69	123,580,876	61
TOTAL	<u>\$ 202,865,082</u>	<u>100</u>	<u>\$ 201,082,120</u>	<u>100</u>

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

WALSIN LIHWA CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 83,321,352	100	\$ 98,420,045	100
OPERATING COSTS	(76,550,777)	(92)	(87,224,447)	(89)
(UNREALIZED) REALIZED GAIN	<u>(11,785)</u>	<u>-</u>	<u>11,802</u>	<u>-</u>
GROSS PROFIT	<u>6,758,790</u>	<u>8</u>	<u>11,207,400</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing expenses	845,777	1	1,431,892	1
General and administrative expenses	1,659,411	2	1,833,812	2
Research and development expenses	<u>211,655</u>	<u>-</u>	<u>200,649</u>	<u>-</u>
Total operating expenses	<u>2,716,843</u>	<u>3</u>	<u>3,466,353</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>4,041,947</u>	<u>5</u>	<u>7,741,047</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	254,125	-	119,155	-
Dividend income	510,707	1	764,885	1
Other income - other	58,360	-	405,699	-
Gain on disposal of property, plant and equipment	430	-	78,846	-
Foreign exchange gain, net	102,135	-	1,732,956	2
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss	122,354	-	(165,235)	-
Other expenses	(76,810)	-	(124,715)	-
Gain (loss) on disposal of investments	1,085,948	1	(597,501)	(1)
Interest expense	(806,443)	(1)	(727,747)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>1,659,130</u>	<u>2</u>	<u>15,429,151</u>	<u>16</u>
Total non-operating income and expenses	<u>2,909,936</u>	<u>3</u>	<u>16,915,494</u>	<u>17</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	6,951,883	8	24,656,541	25
INCOME TAX EXPENSE	<u>(1,817,567)</u>	<u>(2)</u>	<u>(5,304,444)</u>	<u>(5)</u>
NET PROFIT FOR THE YEAR	<u>5,134,316</u>	<u>6</u>	<u>19,352,097</u>	<u>20</u>

(Continued)

WALSIN LIHWA CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (34,728)	-	\$ 260,538	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6,254,992	7	(4,022,988)	(4)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>1,288,838</u>	<u>2</u>	<u>(688,713)</u>	<u>(1)</u>
	<u>7,509,102</u>	<u>9</u>	<u>(4,451,163)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(642,710)	(1)	1,663,884	2
Share of other comprehensive (loss) income of associates accounted for using the equity method	<u>(7,290)</u>	<u>-</u>	<u>74,228</u>	<u>-</u>
	<u>(650,000)</u>	<u>(1)</u>	<u>1,738,112</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>6,859,102</u>	<u>8</u>	<u>(2,713,051)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 11,993,418</u>	<u>14</u>	<u>\$ 16,639,046</u>	<u>17</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.32</u>		<u>\$ 5.45</u>	
Diluted	<u>\$ 1.32</u>		<u>\$ 5.44</u>	

(With Deloitte & Touche auditors' report dated February 23, 2024)

(Concluded)

WALSIN LIHWA CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity			Total Equity
			Legal Reserve	Special Reserve	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			Loss on Hedging Instrument	Others		
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	
Appropriation of 2021 earnings (Note 21)	-	-	1,454,522	-	(1,454,522)	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(5,490,133)	-	-	-	-	(5,490,133)	
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(994)	-	-	-	-	-	-	-	(994)	
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(2,683,140)	(2,683,140)	
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	(3,589)	-	3,589	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	887	-	-	79,546	-	(79,546)	-	-	887	
Issuance of ordinary shares for cash	3,000,000	6,000,000	-	-	-	-	-	-	-	9,000,000	
Net profit for the year ended December 31, 2022	-	-	-	-	19,352,097	-	-	-	-	19,352,097	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	313,270	1,843,913	(4,764,433)	(105,801)	-	(2,713,051)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	19,665,367	1,843,913	(4,764,433)	(105,801)	-	16,639,046	
Share-based payment transaction (Note 26)	-	225,000	-	-	-	-	-	-	-	225,000	
Others	-	6,686	-	-	-	-	-	-	-	6,686	
BALANCE AT DECEMBER 31, 2022	37,313,329	24,672,454	7,564,090	2,712,250	51,762,058	(4,256,774)	6,693,877	(105,801)	(2,774,607)	123,580,876	
Appropriation of 2022 earnings (Note 21)	-	-	1,974,132	-	(1,974,132)	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(6,716,399)	-	-	-	-	(6,716,399)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	(6,932)	-	-	204,652	-	(204,652)	-	-	(6,932)	
Change in ownership interests in subsidiaries	-	26,730	-	-	-	-	-	-	-	26,730	
Issuance of ordinary shares for cash	3,000,000	8,923,497	-	-	-	-	-	-	-	11,923,497	
Net profit for the year ended December 31, 2023	-	-	-	-	5,134,316	-	-	-	-	5,134,316	
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	(70,350)	(690,701)	7,579,452	40,701	-	6,859,102	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,063,966	(690,701)	7,579,452	40,701	(43)	11,993,418	
Others	-	9,168	-	-	-	-	-	-	(43)	9,125	
BALANCE AT DECEMBER 31, 2023	40,313,329	33,624,917	9,538,222	2,712,250	48,340,145	(4,947,475)	14,068,677	(65,100)	(2,774,650)	140,810,315	

(With Deloitte & Touche auditors' report dated February 23, 2024)

WALSIN LIHWA CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,951,883	\$ 24,656,541
Adjustments for:		
Depreciation expenses	1,408,723	1,422,173
Amortization expenses	28,191	11,750
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(122,354)	165,235
Interest expenses	806,443	727,747
Interest income	(254,125)	(119,155)
Dividend income	(510,707)	(764,885)
Compensation costs of employee share options	-	225,000
Share of profit of subsidiaries and associates accounted for using the equity method	(1,659,130)	(15,429,151)
Gain on disposal of property, plant and equipment	(430)	(78,846)
(Gain) loss on disposal of investments	(1,085,948)	597,501
Unrealized (realized) gain on the transaction with associates	11,785	(11,802)
Unrealized loss on foreign currency exchange	424	7,352
Loss on lease modification	8	6
Changes in operating assets and liabilities		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	1,084,190	(555,033)
Decrease (increase) in contract assets	92,064	(116,082)
Decrease in notes receivable	9,195	11,935
Decrease in trade receivables	1,390,043	1,170,524
Decrease (increase) in other receivables	694,938	(625,476)
Decrease in inventories	698,431	3,748,184
Decrease in other current assets	1,427,973	232,752
Decrease (increase) in other financial assets	280,997	(280,997)
(Increase) decrease in other operating assets	(2)	93,091
Increase in trade payables	421,481	186,320
(Decrease) increase in other payables	(866,064)	146,827
Increase (decrease) in other current liabilities	167,594	(133,155)
Decrease in net defined benefit liabilities	(45,143)	(43,738)
Decrease in other operating liabilities	(766)	(50,009)
Cash generated from operations	10,929,694	15,194,609
Interest received	232,104	118,408
Dividends received	1,874,051	2,161,080
Interest paid	(706,048)	(649,093)
Income tax paid	(1,349,412)	(1,989,646)
Net cash generated from operating activities	<u>10,980,389</u>	<u>14,835,358</u>

(Continued)

WALSIN LIHWA CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (173,987)	\$ (90,000)
Disposal of financial assets at fair value through other comprehensive income	-	335
Purchase of financial assets at fair value through profit or loss	-	(2,686,100)
Acquisition of investments accounted for using the equity method	(19,529,179)	(17,718,066)
Increase in prepaid long-term investments	(17,423)	(2,204,073)
Repatriation through capital reduction of investee companies accounted for using the equity method	4,501,800	11,178,225
Purchase of property, plant and equipment	(3,507,223)	(2,467,304)
Proceeds from disposal of property, plant and equipment	430	129,210
Decrease (increase) in refundable deposits	5,497	(3,650)
Decrease (increase) in other receivables	5,831,227	(6,710,599)
Purchase of investment properties	-	(183)
Decrease in finance lease receivables	7,475	-
Other investing activities	<u>(458,231)</u>	<u>(524,195)</u>
Net cash used in investing activities	<u>(13,339,614)</u>	<u>(21,096,400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(6,096,337)	1,518,581
Proceeds from bonds payable	5,300,000	-
Proceeds from long-term borrowings	13,246,152	21,755,400
Repayment of long-term borrowings	(24,245,024)	(19,450,144)
Increase in long-term notes and bills payable	1,500,908	1,497,914
Increase in other payables to related parties	13,634	3,345,925
Repayment of the principal portion of lease liabilities	(43,182)	(30,665)
Cash dividends paid	(6,716,022)	(5,489,781)
Proceeds from issuance of ordinary shares	11,923,497	9,000,000
Other financing activities	<u>9,168</u>	<u>6,685</u>
Net cash (used in) generated from financing activities	<u>(5,107,206)</u>	<u>12,153,915</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,466,431)	5,892,873
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>10,997,025</u>	<u>5,104,152</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,530,594</u>	<u>\$ 10,997,025</u>

(With Deloitte & Touche auditors' report dated February 23, 2024)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

We have audited the accompanying consolidated financial statements of Walsin Lihwa Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2023:

Sales Revenue Recognition

In 2023, the main products of the Group's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Group prepares reports on point-of-sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually, and their amounts are significant to the consolidated financial statements. Therefore, the accuracy of

revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 28 to the consolidated financial statements for related accounting policies and disclosure of information relating to revenue recognition.

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

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

Emphasis of Matter

As disclosed in Note 20, the Group acquired 50.10% interest in PT. Sunny Metal Industry on September 23, 2022. The Purchase Price Allocation Report was finalized in 2023. Therefore, the initial accounting treatment and provisionally determined amounts from the acquisition date were adjusted and retrospectively restated for comparative periods. Our review result is not modified in respect of this matter.

Other Matter

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2023 and 2022 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$38,396,983 thousand and NT\$27,113,218 thousand, which constituted 14.41% and 10.55% of the Group's consolidated total assets, as of December 31, 2023 and 2022, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$34,331,965 thousand and NT\$3,409,851 thousand, which constituted 18.08% and 1.89% of the Group's consolidated total net operating revenue, for the years ended December 31, 2023 and 2022, respectively.

We did not audit the financial statements of some associates accounted for using the equity method included in the consolidated financial statements of the Group, but such statements were audited by other auditors. As of December 31, 2022, the carrying amount of investments accounted for using the equity method was NT\$4,869,105 thousand, representing 1.90% of the consolidated total assets, and the share of losses of these associates was NT\$313 thousand, representing 0.00% of the consolidated income before income tax.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

Notice to Readers

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

We have audited the accompanying parent company only financial statements of Walsin Lihwa Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements as of and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are key audit matters of the Company's parent company only financial statements as of and for the year ended December 31, 2023:

Sales Revenue Recognition

In 2023, the main products of the Company's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Company prepares reports on point-of-sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue

recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually, and their amounts are significant to the parent company only financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 22 to the parent company only financial statements for related accounting policies and disclosure of information relating to revenue recognition.

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

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

Other Matter

The parent company only financial statements of certain equity-method investees included in the parent company only financial statements as of and for the years ended December 31, 2023 and 2022 were audited by other auditors. Our opinion, insofar as it relates to such investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT\$14,356,192 thousand and NT\$14,685,608 thousand, which constituted 7.08% and 7.30% of the total assets as of December 31, 2023 and 2022, respectively. The aforementioned investment classified as other non-current liabilities was NT\$374,028 thousand, which constituted 0.18% of the total assets as of December 31, 2023. The investment gains (loss) amounted to NT\$486,243 thousand and NT\$(118,414) thousand for the years ended December 31, 2023 and 2022, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

Notice to Readers

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

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

Review Report from the Audit Committee

The Board of Directors has prepared and submitted the Company's 2023 business report, financial statements (including consolidated financial statements) and the profit distribution proposal, among which the financial statements (including consolidated financial statements) had been audited by Wen-Yea Shyu and Ker-Chang Wu CPAs of Deloitte & Touche, who also provided an auditor's report. The above business report, financial statements (including consolidated financial statements) and the profit distribution proposal have been reviewed by the Audit Committee to be without any discrepancies. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve the same.

Walsin Lihwa Corporation

The convener of the Audit Committee: Fu-Hsiung Hu

February 23, 2024

Walsin Lihwa Corporation

Procedures for Governing Financial and Business Matters Between this Corporation and its Related Parties

Article 1 Objective

To ensure sound financial and business interactions between this Corporation and its related parties and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between this Corporation and its related parties, these Procedures are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2 Applicability

Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between this Corporation and any of its related parties shall be handled in accordance with the provisions of these Procedures.

Article 3 Definition

The term “related party” referred herein shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with this Corporation:

1. A relationship of control or subordination.
2. A relationship of mutual investment. In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.

Article 4 Principle

This Corporation shall establish an effective internal control system designed for transactions with related parties (including affiliated enterprises) in regard to its overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

This Corporation shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any related party that is not a public company, this Corporation shall still, in consideration of the degree of influence it has on this Corporation's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5 Operation supervision

In addition to implementing the adopted internal control system, this Corporation shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

1. This Corporation shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
2. A director that this Corporation assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the chairperson or general manager of this Corporation.
3. A supervisor assigned to an affiliated enterprise by this Corporation shall supervise the affiliate's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate's board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairperson or general manager of this Corporation.
4. This Corporation shall assign competent personnel to assume important positions at its affiliated enterprise, such general manager, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
5. This Corporation, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
6. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of this Corporation must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.
7. Subsidiaries of this Corporation shall regularly submit monthly financial statements for the preceding month before the 10th day of each month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts, accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, derivatives trading, and statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be submitted to allow management and control by this Corporation. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter before the 15th day of each quarter, including balance sheets and income statements, for analysis and review by this Corporation.

Article 6 A managerial officer of this Corporation may not concurrently serve as a managerial officer of any affiliated enterprise of this Corporation, and shall not operate the same type of business as this Corporation, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the board of directors. The division of powers and responsibilities between this Corporation and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed

necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7 This Corporation shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, this Corporation shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8 Lending funds and endorsement and guarantee

Any loans or endorsements/guarantees between this Corporation and a related party shall be processed in accordance with the provisions of the Procedures for Lending Funds to Other Parties and Endorsement and Guarantee Procedures prescribed by this Corporation.

Article 9 Purchase, sale and service transactions

Price terms and payment methods shall be expressly stipulated for any business interaction between this Corporation and any related party. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from a related party, purchasing personnel shall thoroughly evaluate the fairness of the price quoted by the related party based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.

Price quotes for the sale of any finished products, semi-finished products, or materials to related party shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between this Corporation and a related party, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be carried out under the authority of each level of this Corporation's officers, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both this Corporation and its related parties shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

Article 9-1 For purchases and sales of goods, professional or technical services provided between this Corporation and a Related Party, the transaction amount of which during a whole year is expected to be five percent of this Corporation's most recent total consolidated assets or net value of consolidated business income in the most recent year, in addition

that the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall apply, or other than the transactions between this Corporation and subsidiary or between its subsidiaries, the following information shall be submitted to the Audit Committee and the Board of Directors for approval before the transactions may proceed:

1. Items, purpose, necessity, and projected benefits of the transactions.
2. The reason for choosing the related party as a trading counterparty.
3. The calculation principle of the transaction price and the projected limit of annual transaction value.
4. Description of whether transaction terms are consistent with regular commercial terms and that these terms will not damage the company interest or shareholder equity.
5. Restrictions on transaction and other important terms and conditions.

The following particulars about the transactions with related parties in the preceding paragraph shall be reported at the next shareholders' meeting after the end of a year:

1. Actual transaction value and terms and conditions.
2. Whether the calculation principle of the transaction price approved by the board of directors has been followed.
3. Whether the total value is under the limit on annual transaction value approved by the board of directors. If the total amount is above the limit, describe the reason, necessity, and fairness.

Article 10 Acquisition or disposal of Assets

Any asset transaction, derivative trading, merger, demerger, acquisition, share transfer, or acquire or dispose of real property or right-of-use assets, or acquire or dispose of assets other than real property or right-of-use assets between this Corporation and a related party shall be conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the Procedures for the Acquisition and Disposal of Assets prescribed by this Corporation.

In an acquisition of real property or its right-of-use assets from an related party, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the audit committee shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of this Corporation and its shareholders, and when necessary, shall refuse to enter into the transaction. The supervisors shall also exercise their supervisory powers in respect of such a transaction, and when necessary, shall notify the board of directors to stop the transaction.

When this Corporation intends to conduct any acquisition or disposal of real property or its right-of-use assets from or to any of its related parties, or to conduct an acquisition or disposal of assets other than real property or its right-of-use assets from or to any of its related parties in which the transaction amount is NT\$300 million or more, with the exception of the purchase or sale of government bonds, repo or reverse repo bond transactions, or subscription to or redemption of domestic money market funds, the actual transaction details, including the actual transaction prices, conditions, and information

specified in The second paragraph of Article 10 of Procedures for the Acquisition and Disposal of Assetse, shall be reported to the most recent shareholders' meeting upon the end of the fiscal year.

Article 11 Provisions for financial or business interaction

With respect to any financial or business interaction between this Corporation and any related party that requires a resolution of the board of directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a director him/herself or the corporation he/she represents is an interested party with respect to a particular agenda item and there is a likelihood that the company's interest may be compromised, that director shall enter into recusal and may neither participate in the discussion of nor vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

If a director's spouse, blood relatives within the 2nd degree of relationship, or a company controlled by that director is an interested party with respect to an agenda item as mentioned in the preceding paragraph, the director him/herself will be deemed as an interested party with respect to that agenda item.

Upon discovering that, in the course of their duties, the board of directors or a director has committed a violation of law or regulation, the articles of incorporation, or a shareholders meeting resolution, an independent director shall immediately notify the board of directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, an independent director shall also file a report with the relevant regulatory authority or agency.

Article 12 Disclosure and filing

This Corporation, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

This Corporation shall publicly disclose the annual financial report in accordance with Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE or TPEX in accordance with Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds.

Information on any material transaction between this Corporation and a related party shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If a related party experiences financial difficulties, this Corporation shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of this Corporation, and when necessary, appropriate conservatory measures shall be adopted to safeguard this Corporation's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on this Corporation's financial position in its annual report and prospectus, this Corporation shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 13 When any of the following circumstances applies to an affiliated enterprise, this Corporation shall make a public disclosure and regulatory filing on its behalf:

1. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
2. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.
3. A major policy is adopted by resolution of the affiliated enterprise's board of directors that has a material effect on the rights and interests of the shareholders or the securities prices of this Corporation.
4. Any matter regarding a subsidiary of this Corporation constitutes material information required to be announced under the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities and of the GreTai Securities Market Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities.

Article 14 Effectiveness and Amendment

These Procedures, and any amendments hereto, shall be implemented after adoption by the Audit Committee and the Board of Directors.

Article 15 History

Enacted and effective on November 3, 2023.

Amended and effective on March 29, 2024.

Walsin Lihwa Corporation

Comparison Table of Amended Articles of Articles of Incorporation

Amended Articles	Original Articles	Description
<p>Article 2</p> <p>The following is the business scope of the company:</p> <ol style="list-style-type: none"> 1. H701010 Residential and Commercial Building development, Rental and sales Business 2. E601010 Power Equipment Installation and Maintenance Business 3. CC01020 Electric Wires and Cables Manufacturing 4. CA01010 Iron and Steel Smelt 5. CA01020 Steel Rolling 6. CA01050 Secondary Steelmaking 7. B201010 Mining of Metal Ores 8. <u>CA01030 Iron and Steel Casting</u> 9. <u>CA02080 Metal Forging</u> 10. <u>CA03010 Heat Treatment</u> 11. <u>CA04010 Surface Treatments</u> 12. <u>ZZ99999</u> Except the permitted business, the company may engage in other businesses not prohibited or restricted by laws and regulations. 	<p>Article 2</p> <p>The following is the business scope of the company:</p> <ol style="list-style-type: none"> 1. H701010 Residential and Commercial Building development, Rental and sales Business 2. E601010 Power Equipment Installation and Maintenance Business 3. CC01020 Electric Wires and Cables Manufacturing 4. CA01010 Iron and Steel Smelt 5. CA01020 Steel Rolling 6. CA01050 Secondary Steelmaking 7. B201010 Mining of Metal Ores 8. ZZ99999 Except the permitted business, the company may engage in other businesses not prohibited or restricted by laws and regulations. 	<p>The Company's business scope has been expanded in line with its business needs.</p>
<p>Article 31</p> <p>These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967...the fifty-two amendment was made on May 19, 2023, and <u>the fifty-three amedment was made on May 17, 2024</u>. The same procedure shall apply to any future amendment.</p>	<p>Article 31</p> <p>These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967...the fifty-two amendment was made on May 19, 2023. The same procedure shall apply to any future amendment.</p>	<p>The date of this amendment has been added.</p>

Walsin Lihwa Corporation

Explanations of involvement of director or their related persons in the field of the Company's business

Independent Director: Mr. Wei-Chuan Gau

Names of Other Companies Where He Serves	Title	Business Items Identical or Similar to the Company's
Mercuries F&B Co., Ltd.	Independent Director	Real estate

Walsin Lihwa Corporation

List of Candidate for Director

Category of Candidates	Name	Sex	Education	Experience	Current Positions	Shareholding (Unit: share)
Director	Wen-Chien Hsieh	F	Bachelor of Law, National Chung Hsing University Master of Finance, National Taiwan University Currently studying at the Graduate Institute of Fine Arts, National Taiwan Normal University	CEO at Liang & Partners Law Offices; Arbitrator at the Chinese Arbitration Association, Taipei; Honorary Attorney appointed by the Small and Medium Enterprise Administration, Ministry of Economic Affairs; Director at Kerry TJ Logistics Company Limited; Director at Taiwan TAICON CORPORATION	Partner at Li-Ren Law Firm; Director & Legal Advisor at Taifu Startup Association; Director at Yanxing Association.	0