Prosperity Dielectrics Co., Ltd.

Financial Statements for the
Years Ended December 31, 2022 and 2021 (Restated)
and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Prosperity Dielectrics Co., Ltd.

Opinion

We have audited the accompanying financial statements of Prosperity Dielectrics Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021 as restated, and the statements of comprehensive income, changes in equity and cash flows for the years then ended as restated, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 as restated, and its financial performance and its cash flows for the years then ended as restated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits of the financial statements for the years ended December 31, 2022 and 2021 as restated in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

Key Audit Matters

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

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

<u>Validity of Sales Revenue</u>

As a result of the Covid-19 pandemic, there was a significant decrease in sales revenue in 2022 compared to the previous year. Therefore, the validity of sales revenue from some of the Company's main customers whose sales revenue growth was against the trend in 2022 compared to the previous year is regarded as key audit matter of the Company's financial statements for the year ended December 31, 2022. For the accounting policies related to sales revenue, please refer to Note 4 of the financial statements.

Our audit procedures performed in response to the aforementioned key audit matter include the following: We understood the Company's internal controls on the recognition of sales revenue from the aforementioned customers, evaluated the design of the key controls, tested the operating effectiveness of these controls, inspected the sales transactions from these customers on a sample basis to ensure the validity of occurrence of the sales transactions.

Other Matter

We did not audit the financial statements of certain investments accounted for using the equity method, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of the other auditors. The investments accounted for using the equity method amounted to NT$410,924 thousand and NT$471,188 thousand as of December 31, 2022 and 2021 as restated, and the share of loss of associates accounted for using the equity method for the years ended December 31, 2022 and 2021 as restated amounted to NT$13,552 thousand and NT$1,215 thousand, respectively.

Emphasis of Matter

As described in Notes 12 and 29 to the financial statements, in July 2022, Prosperity Dielectrics Co., Ltd. acquired 17,519 thousand shares and 3,058 thousand shares of Joyin Co., Ltd. from the related parties, INPAQ Technology Co., Ltd. and Walsin Technology Corporation, respectively; after the acquisition, the shareholding ratio of Joyin Co., Ltd. increased from 4.02% to 30.4%. The aforesaid transaction is an organizational restructuring under common control and the financial statements should be regarded as if the transaction had occurred from the beginning and retrospectively restated for the comparative period. This restatement increased the previously held interests by NT$324,031 thousand on December 31, 2021. For the year ended December 31, 2021, the comprehensive income of previously held interests increased by NT$6,198 thousand. The accountants did not revise the audit opinion of the financial statements for the year ended December 31 2021, due to the aforementioned matter.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yi-Min Huang and Chin-Chuan Shih.

Yi-min Huang CHIN-CHUAN, SHIH

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

<u>*Notice to Readers*</u>

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

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

PROSPERITY DIELECTRICS CO., LTD.

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

	December 31, 2022		December 31, 2021 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,072,063	13	$ 801,350	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	250,030	3	389,047	4
Financial assets at amortized cost - current (Notes 4 and 8)	35,391	-	45,312	-
Notes receivable from unrelated parties (Notes 4 and 9)	31,317	-	50,882	1
Trade receivables from unrelated parties (Notes 4 and 9)	439,609	5	530,518	6
Trade receivables from related parties (Notes 4 and 27)	284,209	3	446,780	5
Other receivables from unrelated parties	16,240	-	19,206	-
Other receivables from related parties (Note 27)	1,247	-	12,486	-
Inventories (Notes 4 and 10)	631,219	7	765,326	8
Other current assets	36,219	1	49,457	1
Total current assets	2,797,544	32	3,110,364	34
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	1,359,851	16	1,607,074	17
Investments accounted for using the equity method (Notes 4 and 12)	2,163,602	25	2,215,299	24
Property, plant and equipment (Notes 4 and 13)	2,062,457	24	2,093,893	23
Right-of-use assets (Notes 4 and 14)	168,152	2	162,708	2
Computer software (Note 4)	8,194	-	7,192	-
Deferred tax assets (Notes 4 and 22)	36,692	1	29,344	-
Other non-current assets	11,588	-	5,274	-
Total non-current assets	5,810,536	68	6,120,784	66
TOTAL	$ 8,608,080	100	$ 9,231,148	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 230,000	3	$ -	-
Trade payables to unrelated parties	187,900	2	352,993	4
Trade payables to related parties (Note 27)	40,602	-	74,334	1
Other payables to unrelated parties (Note 16)	387,236	5	689,847	8
Other payables to related parties (Note 27)	16,107	-	21,930	-
Current tax liabilities (Notes 4 and 22)	148,372	2	126,728	1
Lease liabilities - current (Notes 4 and 14)	28,519	-	23,972	-
Current portion of long-term borrowings (Note 15)	349,591	4	8,333	-
Other current liabilities	14,466	-	11,052	-
Total current liabilities	1,402,793	16	1,309,189	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	472,193	6	817,656	9
Deferred tax liabilities (Notes 4 and 22)	158,439	2	178,518	2
Lease liabilities - non-current (Notes 4 and 14)	150,972	2	149,620	2
Deferred revenue - non-current (Notes 4 and 16)	4,882	-	9,011	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	24,347	-	51,391	-
Guarantee deposits received	16,554	-	16,946	-
Total non-current liabilities	827,387	10	1,223,142	13
Total liabilities	2,230,180	26	2,532,331	27
EQUITY (Note 19)				
Share capital				
Ordinary shares	1,720,000	20	1,720,000	19
Capital surplus	498,708	6	498,548	5
Retained earnings				
Legal reserve	624,924	7	509,861	5
Special reserve	67,764	1	67,764	1
Unappropriated earnings	2,992,429	35	2,829,865	31
Total retained earnings	3,685,117	43	3,407,490	37
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(50,917)	(1)	(116,523)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	579,363	7	919,642	10
Total other equity	528,446	6	803,119	9
Treasury shares	(54,371)	(1)	(54,371)	(1)
Equity attributable to former owner of business combination under common control	-	-	324,031	4
Total equity	6,377,900	74	6,698,817	73
TOTAL	$ 8,608,080	100	$ 9,231,148	100

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

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

PROSPERITY DIELECTRICS CO., LTD.

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

	2022		2021 (Restated)	
	Amount	%	Amount	%
NET SALES (Notes 4 and 20)	$ 3,728,375	100	$ 5,103,801	100
COST OF SALES (Note 10)	2,819,015	76	3,712,062	73
GROSS PROFIT	909,360	24	1,391,739	27
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(13,223)	-	(7,816)	-
REALIZED GROSS PROFIT	896,137	24	1,383,923	27
OPERATING EXPENSES				
Selling and marketing expenses	109,784	3	141,197	3
General and administrative expenses	105,857	3	140,765	3
Research and development expenses	88,239	2	83,880	1
Total operating expenses	303,880	8	365,842	7
PROFIT FROM OPERATIONS	592,257	16	1,018,081	20
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	(48,011)	(1)	295,258	6
Interest income	11,879	-	2,168	-
Dividend income	42,700	1	54,883	1
Other income	21,181	1	19,346	-
Gain on disposal of property, plant and equipment	340	-	3,282	-
Gain on disposal of investments	17,286	-	-	-
Gain on lease modifications	4	-	-	-
Foreign exchange gain	95,339	2	-	-
Gain on valuation of financial assets at FVTPL	-	-	33,695	1
Gain on reversal of impairment loss	6,011	-	6,219	-
Interest expense	(13,573)	-	(9,541)	-
Miscellaneous expenses	(7,481)	-	(8,285)	-
Loss on lease modifications	-	-	(333)	-
Foreign exchange loss	-	-	(9,132)	-
Loss on valuation of financial assets at FVTPL	(108,301)	(3)	-	-
Total non-operating income and expenses	17,374	-	387,560	8

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PROSPERITY DIELECTRICS CO., LTD.

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

	2022		2021 (Restated)	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX	$ 609,631	16	$ 1,405,641	28
INCOME TAX EXPENSE (Notes 4 and 22)	(119,986)	(3)	(257,874)	(5)
NET PROFIT FOR THE YEAR	489,645	13	1,147,767	23
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	10,021	-	(5,102)	-
Unrealized valuation (loss) gain on investments in equity instruments at fair value through other comprehensive income	(188,465)	(5)	372,570	7
Share of the other comprehensive loss of associates accounted for using the equity method	(26,227)	(1)	(6,365)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method	63,514	2	6,279	-
Other comprehensive (loss) income for the year	(141,157)	(4)	367,382	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 348,488	9	$ 1,515,149	30
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 506,518	14	$ 1,143,641	22
Equity attributable to former owner of business combination under common control	(16,873)	(1)	4,126	-
	$ 489,645	13	$ 1,147,767	22

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PROSPERITY DIELECTRICS CO., LTD.

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

	2022		2021 (Restated)	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 361,810	10	$ 1,508,951	30
Equity attributable to former owner of business combination under common control	(13,322)	(1)	6,198	-
	$ 348,488	9	$ 1,515,149	30
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.96		$ 6.67	
Diluted	$ 2.95		$ 6.65	

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

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

PROSPERITY DIELECTRICS CO., LTD.

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

	Share Capital		Capital Surplus	Retained Earnings			Other Equity (Note 19)		Treasury Shares	Equity Attributable to Former Owner of Business Combination Under Common Control	Total Equity
	Number of Shares (In Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE, JANUARY 1, 2021	172,000	$ 1,720,000	$ 497,066	$ 430,775	$ 69,489	$ 2,102,322	$ (185,087)	$ 577,039	$ -	$ -	$ 5,211,604
Appropriation of the 2020 earnings (Note 19)											
Legal reserve	-	-	-	79,086	-	(79,086)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(344,000)	-	-	-	-	(344,000)
Reversal of special reserve appropriated upon the first-time adoption of IFRSs	-	-	-	-	(1,725)	1,725	-	-	-	-	-
Change in capital surplus from investment in associates accounted for using the equity method	-	-	26	-	-	-	-	-	-	-	26
Net profit for the year ended December 31, 2021 (restated)	-	-	-	-	-	1,143,641	-	-	-	4,126	1,147,767
Other comprehensive income for the year ended December 31, 2021 (restated)	-	-	-	-	-	(5,081)	4,188	366,203	-	2,072	367,382
Total comprehensive income for the year ended December 31, 2021 (restated)	-	-	-	-	-	1,138,560	4,188	366,203	-	6,198	1,515,149
Disposal of subsidiaries (Note 24)	-	-	-	-	-	(13,256)	64,376	-	-	-	51,120
Difference between consideration and carrying amount of subsidiaries acquired	-	-	1,456	-	-	-	-	-	-	-	1,456
Retrospective adjustment by equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	-	317,833	317,833
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 19)	-	-	-	-	-	23,600	-	(23,600)	-	-	-
Buy-back of ordinary shares (Note 19)	-	-	-	-	-	-	-	-	(54,371)	-	(54,371)
BALANCE, DECEMBER 31, 2021 AS RESTATED	172,000	1,720,000	498,548	509,861	67,764	2,829,865	(116,523)	919,642	(54,371)	324,031	6,698,817
Appropriation of the 2021 earnings (Note 19)											
Legal reserve	-	-	-	115,063	-	(115,063)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(344,000)	-	-	-	-	(344,000)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	(170)	-	-	(15)	-	-	-	-	(185)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	506,518	-	-	-	(16,873)	489,645
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,291	59,566	(213,565)	-	3,551	(141,157)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	515,809	59,566	(213,565)	-	(13,322)	348,488
Re-organization	-	-	330	-	-	(20,180)	6,040	(701)	-	(357,937)	(372,448)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 19)	-	-	-	-	-	126,013	-	(126,013)	-	-	-
Retrospective adjustment by equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	-	47,228	47,228
BALANCE, DECEMBER 31, 2022	172,000	$ 1,720,000	$ 498,708	$ 624,924	$ 67,764	$ 2,992,429	$ (50,917)	$ 579,363	$ (54,371)	$ -	$ 6,377,900

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

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

PROSPERITY DIELECTRICS CO., LTD.

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

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 609,631	$ 1,405,641
Adjustments for:		
Depreciation expense	423,848	373,527
Amortization expense	4,923	3,225
Net loss (gain) on valuation of financial assets at FVTPL	108,301	(33,695)
Interest expense	13,573	9,541
Interest income	(11,879)	(2,168)
Dividend income	(42,700)	(54,883)
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	48,011	(295,258)
Gain on disposal of property, plant and equipment	(340)	(3,282)
Gain on disposal of investments	(17,286)	-
Gain on reversal of impairment loss of non-financial assets	(5,555)	(13,604)
Unrealized gain on the transactions with subsidiaries and associates	13,223	7,816
(Gain) loss on lease modifications	(4)	333
Changes in operating assets and liabilities		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	48,002	(40,123)
Decrease (increase) in notes receivable from unrelated parties	19,565	(24,424)
Decrease (increase) in trade receivables from unrelated parties	90,909	(5,519)
Decrease (increase) in trade receivables from related parties	162,571	(345,154)
Decrease in other receivables from unrelated parties	175	6,177
Decrease (increase) in other receivables from related parties	13,517	(7,683)
Decrease (increase) in inventories	133,651	(209,140)
Decrease (increase) in other current assets	13,238	(8,992)
Increase in other non-current assets	(8,993)	(1,918)
(Decrease) increase in trade payables to unrelated parties	(165,093)	19,690
Decrease in trade payables to related parties	(33,732)	(106,916)
(Decrease) increase in other payables to unrelated parties	(118,724)	79,404
Increase (decrease) in other payables to related parties	5,192	(16,332)
Increase (decrease) in other current liabilities	3,818	(10,606)
Decrease in net defined benefit liabilities	(17,022)	(1,821)
Cash generated from operations	1,290,820	723,836
Interest received	9,807	2,157
Dividends received	130,342	55,623
Interest paid	(13,123)	(9,524)
Income tax paid	(120,906)	(97,821)
Net cash generated from operating activities	1,296,940	674,271

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PROSPERITY DIELECTRICS CO., LTD.

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

	2022	2021 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (199,688)	$ (30,000)
Disposal of financial assets at fair value through other comprehensive income	252,777	42,758
Disposal of financial assets at amortized cost	9,921	138,631
Purchase of investments accounted for using the equity method	(379,629)	(87,370)
Proceeds from the return of capital upon investees' capital reduction of financial assets using the equity method	-	409,726
Payments for property, plant and equipment	(556,348)	(717,805)
Proceeds from disposal of property, plant and equipment	406	8,046
Increase in refundable deposits	(247)	(46)
Acquisition of intangible assets	(3,000)	(6,470)
Net cash used in investing activities	(875,808)	(242,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayment of) short-term borrowings	230,000	(20,000)
Proceeds from long-term borrowings	-	63,020
Repayment of long-term loans	(8,334)	-
Refund of guarantee deposits received	(392)	-
Repayment of the principal portion of lease liabilities	(27,693)	(25,681)
Decrease in other non-current liabilities	-	(3,020)
Cash dividends paid to owners of the Company	(344,000)	(344,000)
Payment for buy-back of ordinary shares	-	(54,371)
Net cash used in financing activities	(150,419)	(384,052)
NET INCREASE IN CASH AND CASH EQUIVALENTS	270,713	47,689
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	801,350	753,661
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,072,063	$ 801,350

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

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

PROSPERITY DIELECTRICS CO., LTD.

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

1. GENERAL INFORMATION

Prosperity Dielectrics Co., Ltd. (the "Company") was incorporated on May 21, 1990. The Company mainly manufactures, processes and sells multilayer ceramic capacitors ("MLCC"), chip resistors, ceramic dielectric powders and magnetic elements.

The Company's shares have been listed on the mainboard of the Taipei Exchange (TPEx) since April 19, 2002. The parent company, Walsin Technology Corporation, held 43.13% of the common shares of the Company as of December 31, 2022 and 2021.

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

As of the date the financial statements were authorized for issue, the Company assessed that the application of other standards and interpretations will not have an impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Acquisition of investments of associates under common control

For transactions relating to the acquisition of investments of associates under common control, and the disposal of associates that result in the loss of significant influence, the Company shall choose to apply analogously the accounting treatment for business combinations under common control. Therefore, the transaction is accounted for applying the book-value method at the date of the acquisition and comparative information of the prior period in the financial statements is restated as if the acquisition had already occurred. For a disposal, any gain or loss on disposal shall not be recognized at the date of the disposal, and the Company shall elect to restate the comparative information of the prior period in the financial statements or discontinue the use of the equity method from the date that it loses significant influence over the associate.

e. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

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

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

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

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date. Inventories are usually priced at standard cost, and are adjusted on the closing date to make it close to the weighted-average cost. At the end of the period, an appropriate allowance for loss on inventory is recognized based on an analysis of inventory aging and turnover.

g. Investments accounted for using the equity method

The Company uses the equity method for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

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

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

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

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant and equipment

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

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

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

i. Intangible assets

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

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

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. The financial asset is more than 120 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

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

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic components. Sales of electronic components are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing

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

1) The Company as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

The difference between the proceeds received from a government loan with a below-market rate of interest and the fair value of the loan based on prevailing market interest rates is recognized as a government grant.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The management of the Company considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 227	$ 167
Checking accounts and demand deposits	304,546	315,130
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	614,200	49,997
Repurchase agreements collateralized by bonds	153,090	436,056
	$ 1,072,063	$ 801,350

The market rate intervals of cash equivalents were as follows:

	December 31 2022	December 31 2021
Time deposits with original maturities of 3 months or less	4.3%-4.9%	2.35%-2.4%
Repurchase agreements collateralized by bonds	0.8%-4.1%	0.23%-0.24%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2022	December 31 2021
Financial assets mandatorily classified as at FVTPL - current		
Non-derivative financial assets		
Domestic listed shares	$ 250,030	$ 389,047

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2022	December 31 2021
Current		
Time deposits with original maturities of more than 3 months (a)	$ 30,500	$ 30,500
Restricted deposits (b)	4,891	14,812
	$ 35,391	$ 45,312

a. The interest rates for time deposits with original maturities of more than 3 months were as follows:

	December 31 2022	December 31 2021
Time deposits with original maturities of more than 3 months	1.425%	0.8%

b. These foreign currency deposits are repatriated and held in a special account in accordance with the regulations stipulated in “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
Notes receivable from unrelated parties		
At amortized cost		
Gross carrying amount	$ 31,317	$ 50,882
Less: Allowance for impairment loss	-	-
	$ 31,317	$ 50,882
Trade receivables from unrelated parties		
At amortized cost		
Gross carrying amount	$ 460,804	$ 552,952
Less: Allowance for impairment loss	(21,195)	(22,434)
	$ 439,609	$ 530,518

The average credit period of sales of goods is 0 to 120 days. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable and trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated by reference to the customers' past default records and current financial positions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the Company determines the expected credit loss rate only by reference to the past due days of notes receivable and accounts receivable.

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

The following table details the loss allowance of notes receivable and trade receivables based on past default experience with the customers and the customers' current financial positions:

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	$ 485,253	$ 256	$ 6,612	$ -	$ -	$ -	$ 492,121
Loss allowance (Lifetime ECLs)	(20,521)	(13)	(661)	-	-	-	(21,195)
Amortized cost	$ 464,732	$ 243	$ 5,951	$ -	$ -	$ -	$ 470,926

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	$ 585,783	$ 11,350	$ 5,449	$ -	$ 1,252	$ -	$ 603,834
Loss allowance (Lifetime ECLs)	(20,696)	(567)	(545)	-	(626)	-	(22,434)
Amortized cost	$ 565,087	$ 10,783	$ 4,904	$ -	$ 626	$ -	$ 581,400

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 22,434	$ 22,499
Less: Valuation differences	-	(65)
Less: Transfer to delinquent receivables	(1,239)	-
Balance at December 31	$ 21,195	$ 22,434

10. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 167,690	$ 217,754
Semi-finished goods	82,062	68,796
Work in progress	157,542	121,327
Raw materials	222,319	355,841
Inventory in transit	1,606	1,608
	$ 631,219	$ 765,326

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 2,818,559	$ 3,719,447
Inventory write-downs (reversed)	456	(7,385)
	$ 2,819,015	$ 3,712,062

The reversal of inventory write-downs is due to the removal of the inventory that was previously recognized as inventory write-downs.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments

	December 31	
	2022	2021
Non-current		
Domestic investments - listed shares	$ 1,118,683	$ 1,448,999
Domestic investments - unlisted shares	241,168	158,075
	$ 1,359,851	$ 1,607,074

Investments in Equity Instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments - listed shares		
Walton Advanced Engineering Inc.	$ 362,241	$ 601,608
Walsin Lihwa Corporation	518,710	185,500
HannStar Board Corporation	179,403	257,342
Singatron Enterprise Co., Ltd.	-	329,642
APAQ Technology Co., Ltd.	30,779	44,857
Fubon Financial Holding Co., Ltd. - preferred shares C	27,550	30,050
Domestic investments - unlisted shares		
Chin-Xin Investment Co., Ltd.	153,067	158,075
Hwa Bao Botanic Conservation Corp.	88,101	-
	$ 1,359,851	$ 1,607,074

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

In June 2022, the Company paid $80,000 thousand to subscribed new shares for cash issued by Hwa Bao Botanic Conservation Corp., and its interest in Hwa Bao Botanic Conservation Corp. is 10%.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021 (Restated)
Investments in subsidiaries	$ 1,673,489	$ 1,744,111
Investments in associates	490,113	471,188
	$ 2,163,602	$ 2,215,299

a. Investment in subsidiaries

	December 31	
	2022	2021
Unlisted shares		
PDC Prime Holdings Limited	$ 1,543,925	$ 1,616,933
Frontec International Corporation	129,564	127,178
	$ 1,673,489	$ 1,744,111

Share of profit (loss) of investments accounted for using the equity method for the years ended December 31, 2022 and 2021 was summarized as follows:

	For the Year Ended December 31	
	2022	2021
PDC Prime Holdings Limited	$ (34,674)	$ 311,007
Frontec International Corporation	40	(14,534)
	$ (34,634)	$ 296,473

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company was as follows:

	December 31	
	2022	2021
PDC Prime Holdings Limited	100%	100%
Frontec International Corporation	100%	100%

b. Investment in associates

	December 31	
	2022	2021 (Restated)
Unlisted shares		
Tsai Yi Corporation	$ 79,189	$ 104,364
Joyin Co., Ltd.	410,924	366,824
	$ 490,113	$ 471,188

Share of profit (loss) of associates for the years ended December 31, 2022 and 2021 was summarized as follows:

	For the Year Ended December 31	
	2022	2021 (Restated)
Tsai Yi Corporation	$ 175	$ (588)
Joyin Co., Ltd.	(13,552)	(627)
	$ (13,377)	$ (1,215)

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Company was as follows:

	December 31	
	2022	2021 (Restated)
Tsai Yi Corporation	3.36%	3.36%
Joyin Co., Ltd.	30.4%	30.4%

Even though the Company holds less than 20% of the voting rights each in Tsai Yi Corporation (before the name changed, it was Walsin Color Corporation) and Joyin Co., Ltd., its parent company, Walsin Technology Corporation, exercises significant influence over those companies; therefore, they are accounted for using the equity method.

In January 2022, the Company subscribed new shares 479 thousand, in total of $7,179 thousand for cash issued by Joyin Co., Ltd. at a percentage different from its existing ownership percentage, and reduced its continuing interest from 4.09% to 4.02%.

In June 2022, the board of directors of the Company approved to acquire 17,519 thousand shares and 3,058 thousand shares of Joyin Co., Ltd. from the related parties, INPAQ Technology Co., Ltd. and Walsin Technology Corporation, respectively. After this acquisition of equity, the proportion of shares held by the company rose from 4.02% to 30.4%. Such acquisition is a reorganization under common control and a business combination from the beginning as the individual financial statements for the comparative period are retrospectively restated, refer to Note 29.

c. The share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the years ended December 31, 2022 and 2021 was recognized based on the associates' audited financial statements for the same years. In addition, the financial statements for the years ended December 31, 2022 and 2021 of Joyin Co., Ltd. and the financial statements for the year ended December 31, 2021 of Tsai Yi Corporation were audited by other independent auditors.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Property under Construction and Prepayments for Equipment	Total
Cost							
Balance at January 1, 2021	$ 302,220	$ 725,525	$ 2,061,746	$ 36,404	$ 167,341	$ 79,925	$ 3,373,161
Additions	-	19	4,931	-	-	738,596	743,546
Disposals	-	(4,966)	(81,045)	-	(625)	(3,270)	(89,906)
Reclassifications	-	110,542	558,629	8,699	28,826	(700,717)	5,979
Balance at December 31, 2021	$ 302,220	$ 831,120	$ 2,544,261	$ 45,103	$ 195,542	$ 114,534	$ 4,032,780
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 438,524	$ 1,096,922	$ 19,581	$ 120,123	$ -	$ 1,675,150
Depreciation expenses	-	75,047	251,037	5,743	15,583	-	347,410
Disposals	-	(4,965)	(79,778)	-	(626)	-	(85,369)
Reversals of impairment losses	-	(5,703)	(516)	-	-	-	(6,219)
Reclassifications	-	5,703	308	-	1,904	-	7,915
Balance at December 31, 2021	$ -	$ 508,606	$ 1,267,973	$ 25,324	$ 136,984	$ -	$ 1,938,887
Carrying amount at December 31, 2021	$ 302,220	$ 322,514	$ 1,276,288	$ 19,779	$ 58,558	$ 114,534	$ 2,093,893
Cost							
Balance at January 1, 2022	$ 302,220	$ 831,120	$ 2,544,261	$ 45,103	$ 195,542	$ 114,534	$ 4,032,780
Additions	-	1	2,434	-	-	358,562	360,997
Disposals	-	(15,731)	(6,283)	(82)	(4,637)	-	(26,733)
Reclassifications	148,895	93,182	160,227	3,566	7,673	(407,532)	6,011
Balance at December 31, 2022	$ 451,115	$ 908,572	$ 2,700,639	$ 48,587	$ 198,578	$ 65,564	$ 4,373,055
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 508,606	$ 1,267,973	$ 25,324	$ 136,984	$ -	$ 1,938,887
Depreciation expenses	-	80,296	291,061	6,221	18,894	-	396,472
Disposals	-	(15,731)	(6,217)	(82)	(4,637)	-	(26,667)
Reversals of impairment losses	-	(6,011)	-	-	-	-	(6,011)
Reclassifications	-	6,011	(97)	-	2,003	-	7,917
Balance at December 31, 2022	$ -	$ 573,171	$ 1,552,720	$ 31,463	$ 153,244	$ -	$ 2,310,598
Carrying amount at December 31, 2022	$ 451,115	$ 335,401	$ 1,147,919	$ 17,124	$ 45,334	$ 65,564	$ 2,062,457

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-41 years
Electrical mechanical and power equipment	2-21 years
Engineering system	2-25 years
Others	2-35 years
Machinery and equipment	2-12 years
Office equipment	3-5 years
Other equipment	2-10 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 135,132	$ 155,598
Buildings	31,759	5,860
Transportation equipment	1,261	1,250
	$ 168,152	$ 162,708

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 33,635	$ 13,946
Depreciation charge for right-of-use assets		
Land	$ 20,466	$ 19,778
Buildings	6,547	5,779
Transportation equipment	363	560
	$ 27,376	$ 26,117

Except for the recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 28,519	$ 23,972
Non-current	$ 150,972	$ 149,620

The discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1%	1%
Buildings	1%	1%
Transportation equipment	1%	1%

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Line of credit borrowings	$ 230,000	$ -
Interest rate	1.74%-2%	-

b. Long-term borrowings

	December 31	
	2022	2021
E.Sun Commercial Bank		
Line of credit borrowings: The loan limit is NT$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.		
Loan period		
2019.12.26-2024.12.15	$ 198,970	$ 197,980
2020.04.09-2024.12.15	99,485	98,990
2020.07.09-2025.06.15	79,392	78,996
2020.08.07-2025.06.15	99,240	98,746
2021.11.09-2025.06.15	59,544	59,247
Taishin International Bank		
Line of credit borrowings: The loan limit is NT$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.		
Loan period		
2019.12.10-2024.12.10	95,360	99,033
2020.04.29-2024.12.10	95,360	99,033
First Commercial Bank		
Line of credit borrowings: The loan limit is NT$900,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.		
Loan period		
2020.03.02-2025.03.02	94,433	93,964
Less: Current portion	(349,591)	(8,333)
Long-term borrowings	$ 472,193	$ 817,656
Interest rate	1.075%-1.225%	0.45%-0.6%

16. OTHER LIABILITIES

	December 31 2022	December 31 2021
Current		
Payables expense	$ 311,419	$ 400,971
Payables for purchases of equipment	45,904	230,240
Payables for annual leave	6,690	7,304
Payables for remuneration of directors and supervisors and employee bonuses	22,723	50,832
Payables for dividends	500	500
	$ 387,236	$ 689,847
Non-current		
Deferred revenue		
Arising from government grants	$ 4,882	$ 9,011

17. PROVISIONS

	December 31 2022	December 31 2021
Employee benefits (presented in other payables)	$ 6,690	$ 7,304

The provision for employee benefits represents the accrual of employees' vested service leave entitlement.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 37,582	$ 58,278
Fair value of plan assets	(13,235)	(6,887)
Deficit	24,347	51,391
Net defined benefit liabilities	$ 24,347	$ 51,391

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 106,216	$ (58,106)	$ 48,110
Service cost			
Current service cost	64	-	64
Net interest expense (income)	531	(296)	235
Recognized in profit or loss	595	(296)	299
Remeasurement			
Actuarial loss - changes in demographic assumptions	1,507	-	1,507
Actuarial gain - changes in financial assumptions	(818)	-	(818)
Actuarial loss - experience adjustments	4,980	-	4,980
Return on the plan assets	-	(567)	(567)
Recognized in other comprehensive income	5,669	(567)	5,102
Contributions from the employer	-	(2,120)	(2,120)
Benefits paid from the plan assets	(54,202)	54,202	-
Balance at December 31, 2021	58,278	(6,887)	51,391
Service cost			
Current service cost	66	-	66
Net interest expense (income)	364	(49)	315
Recognized in profit or loss	430	(49)	381
Remeasurement			
Actuarial gain - changes in financial assumptions	(4,560)	-	(4,560)
Actuarial gain - experience adjustments	(3,840)	-	(3,840)
Return on the plan assets	-	(1,621)	(1,621)
Recognized in other comprehensive income	(8,400)	(1,621)	(10,021)
Contributions from the employer	-	(17,780)	(17,780)
Benefits paid from the plan assets	(4,832)	4,832	-
Settlement of signed assets	(7,894)	8,270	376
Balance at December 31, 2022	$ 37,582	$ (13,235)	$ 24,347

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

1) Investment risk

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

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	**2021**
Discount rate	1.5%	0.625%
Expected rate of salary increase	2%	2%

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

	December 31	
	2022	**2021**
Discount rate		
0.25% increase	$ (971)	$ (1,623)
0.25% decrease	$ 1,007	$ 1,689
Expected rate of salary increase/decrease		
0.25% increase	$ 983	$ 1,635
0.25% decrease	$ (952)	$ (1,579)

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

	December 31	
	2022	**2021**
Expected contributions to the plan for the next year	$ 1,599	$ 2,091
Average duration of the defined benefit obligation	10.5 years	11.2 years

19. EQUITY

a. Share capital

Common shares

	December 31 2022	December 31 2021
Authorized shares (in thousands of shares)	220,000	220,000
Authorized capital	$ 2,200,000	$ 2,200,000
Issued and paid shares (in thousands of shares)	172,000	172,000
Issued capital	$ 1,720,000	$ 1,720,000

Shares issued with par value of $10 carry one vote per share and the right to dividends.

b. Capital surplus

	December 31 2022	December 31 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Issuance of common shares	$ 402,192	$ 402,192
Conversion of bonds	55,484	55,484
Treasury share transactions	28,889	28,889
Difference between consideration and carrying amount of subsidiaries acquired	1,456	1,456
May only be used to offset a deficit		
Share of changes in capital surplus of associates accounted for using the equity method	10,687	10,527
	$ 498,708	$ 498,548

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first used to offset losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital. After setting aside or reversing a special reserve in accordance with the law and regulations, additional appropriations may be made to the special reserve depending on business needs. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis of proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of the compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 21-b.

In addition to the distribution of dividends in accordance with the Articles, cash dividends are limited to 50% of the total dividends distributed. The remaining retained earnings shall be distributed in the form of share dividends. However, should the Company obtain sufficient funds to meet its capital requirements during the current year, the cash distribution ratio can be raised to 100%. The Company should decide on the most appropriate dividend distribution policy and the form of payment based on the current year's actual operating condition, taking into consideration the following year's capital budget plans.

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

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June 14, 2022 and July 6, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 115,063	$ 79,086
Cash dividends	344,000	344,000
Cash dividends per share (NT$)	2	2

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held in 2023.

d. Special reserve

The movements of special reserve were as follows:

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 67,764	$ 69,489
Reversal		
Disposal of subsidiary	-	(1,725)
Balance at December 31	$ 67,764	$ 67,764

On the first-time adoption of IFRSs, a proportionate share of special reserve relating to exchange differences on translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses; the reversed amount may be distributed.

e. Other equity items

The movements of other equity items were as follows:

	For the Year Ended December 31, 2022		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	$ (116,523)	$ 919,642	$ 803,119
Unrealized valuation loss on investments in equity instruments at FVTOCI	-	(188,465)	(188,465)
Share from associates accounted for using the equity method	59,566	(25,100)	34,466
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	(126,013)	(126,013)
Re-organization	6,040	(701)	5,339
Balance at December 31	$ (50,917)	$ 579,363	$ 528,446

	For the Year Ended December 31, 2021		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	$ (185,087)	$ 577,039	$ 391,952
Unrealized valuation gain on investments in equity instruments at FVTOCI	-	372,570	372,570
Share from associates accounted for using the equity method	4,188	(6,367)	(2,179)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	(23,600)	(23,600)
Disposal of foreign operations	64,376	-	64,376
Balance at December 31	$ (116,523)	$ 919,642	$ 803,119

f. Treasury shares

1) Movements of the treasury shares for the year ended December 31, 2021 were as follows:

Unit: In Thousands of Shares

	For the Year Ended December 31, 2022			
Purpose of Buy-back	**Number of Shares at January 1, 2022**	**Increase During the Period**	**Decrease During the Period**	**Number of Shares at December 31, 2022**
Shares transferred to employees	800	-	-	800

	For the Year Ended December 31, 2021			
Purpose of Buy-back	**Number of Shares at January 1, 2021**	**Increase During the Period**	**Decrease During the Period**	**Number of Shares at December 31, 2021**
Shares transferred to employees	-	800	-	800

2) As of the years ended December 31, 2022 and 2021, the amount of the Company's treasury shares were both $54,371 thousand.

3) The buy-back shares shall be transferred to employees at one time or in installments within 5 years from the date of purchase. All employees of the Company and employees of the Company's subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares on the subscription date are eligible to subscribe.

4) The Securities and Exchange Act stipulates that the proportion of the number of shares that a company can buy back must not exceed 10% of the company's total issued shares. The total amount of shares purchased must not exceed retained earnings plus the amount of issued share premium and realized capital surplus. For the year ended December 31, 2021, the Company held a maximum of 800 thousand shares as treasury shares, and the total amount of shares purchased was $54,371 thousand, which complies with the provisions of the Securities and Exchange Act.

5) Treasury shares held by the company shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall not enjoy shareholder rights.

20. OPERATING REVENUE

Disaggregation of revenue based on customer segments by geographical region

	For the Year Ended December 31	
Region	**2022**	**2021**
Asia	$ 3,061,899	$ 4,451,058
America	445,528	397,810
Europe	220,938	254,933
Other	10	-
	$ 3,728,375	$ 5,103,801

The customer's location of operations is the basis for calculating the disaggregation of revenue based on customer segments by geographical region.

21. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

a. The employee benefits expense, depreciation and amortization incurred in the current period are summarized according to their functions as follows:

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	**Operating Expenses**	**Total**	**Operating Costs**	**Operating Expenses**	**Total**
Short-term employee benefits						
Salaries and wages	$ 399,672	$ 120,742	$ 520,414	$ 448,672	$ 162,192	$ 610,864
Labor/health insurance	39,210	9,383	48,593	37,973	10,323	48,296
Pension	15,643	5,179	20,822	14,922	4,304	19,226
Directors' remuneration	-	7,077	7,077	-	15,093	15,093
Other employee benefits	24,597	4,686	29,283	25,346	4,904	30,250
Depreciation	396,125	27,723	423,848	345,924	27,603	373,527
Amortization	3,497	1,426	4,923	2,046	1,179	3,225

The number of employees of the Company for the years ended December 31, 2022 and 2021 was 793 and 790, respectively. Among them, the number of directors who did not serve as employees were 5 for both years. The basis of calculation is consistent with that of employee benefits.

The average employee benefits for the years ended December 31, 2022 and 2021 were $786 thousand and $903 thousand, respectively.

The average salaries and wages for the years ended December 31, 2022 and 2021 were $660 thousand and $778 thousand, respectively. The difference between the two years is 15%.

The Company did not have any the supervisors in 2022 and 2021, therefore, there was no supervisors' related remuneration.

The Company's salary policies of directors, independent directors, managers and employees are as follows:

1) Directors and independent directors

   a) Fixed remuneration:

      The fixed remuneration is based on the transportation allowances resolved monthly by the board of directors.

   b) Floating remuneration:

      Based on the Articles of the Company, no more than 2% of net income is distributed as remuneration of directors.

2) Remuneration of managers is based on KPIs such as corporate performance, department performance and individual performance.

3) Compensation of employees is based on the Company's salary policies. Based on the Articles of the Company, 2%-10% of the net income is distributed as compensation of employees.

4) Remuneration of directors and managers is assessed regularly and determined by the compensation committee.

b. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by the Company's board of directors on February 23, 2023 and February 22, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	**2021**
Accrual rate		
Compensation of employees	2.5%	2.5%
Remuneration of directors	1%	1%

	For the Year Ended December 31			
	2022		**2021**	
	Cash	**Shares**	**Cash**	**Shares**
Amount				
Compensation of employees	$ 16,231	$ -	$ 36,309	$ -
Remuneration of directors	6,492	-	14,523	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors and paid on February 22, 2022 and February 25, 2021, respectively, are as follows. The differences were adjusted to profit and loss for the years ended December 31, 2022 and 2021, respectively.

	For the Year Ended December 31			
	2021		**2020**	
	Cash	**Shares**	**Cash**	**Shares**
Compensation of employees				
Amounts approved in the board of directors meeting	$ 36,309	$ -	$ 24,772	$ -
Actual amounts paid	36,303	-	24,743	-
Remuneration of directors and supervisors				
Amounts approved in the board of directors' meeting	14,523	-	9,909	-
Actual amounts paid	14,523	-	9,909	-

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

22. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 126,261	$ 273,279
Undistributed earnings levy	21,163	-
Adjustments for prior year	(27,438)	(15,405)
Income tax expense recognized in profit or loss	$ 119,986	$ 257,874

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

	For the Year Ended December 31	
	2022	2021
Income tax expense calculated at the statutory rate (20%) according to profit before tax	$ 125,301	$ 280,303
Permanent difference	8,964	(16,648)
Other adjustment items	(8,004)	9,624
Undistributed earnings levy	21,163	-
Adjustment of previous year's income tax	(27,438)	(15,405)
Income tax expense recognized in profit or loss	$ 119,986	$ 257,874

In July 2019, the president of the ROC announced "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act", which allowed the decrease in tax rate from 20% to 8%-10% for enterprises that applied and repatriated funds from August 15, 2019 to August 14, 2021. The repatriated funds shall be deposited in restricted foreign currency deposit accounts, and the tax will be deducted from the receiving bank once the funds are deposited.

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

b. Income tax liabilities at end of period

	December 31	
	2022	2021
Income tax payables	$ 148,372	$ 126,728

c. Deferred income tax assets and liabilities

	December 31	
	2022	2021
Deferred tax assets		
Impairment loss on assets	$ 13,490	$ 14,692
Unrealized loss from inventory devaluation	7,800	7,709
Unrealized loss from bad debt	2,934	2,386
Others	12,468	4,557
	$ 36,692	$ 29,344
Deferred tax liabilities		
Unappropriated earnings of subsidiaries	$ 135,890	$ 158,808
Reserve for land value increment tax	13,734	13,734
Others	8,815	5,976
	$ 158,439	$ 178,518

d. Approved income tax situation

The Company's income tax returns through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2022 and 2021 are as follows:

	For the Year Ended December 31, 2022		
	Amount (In Thousands) After Income Tax	Number of Shares	Earnings Per Share (In Dollars) After Income Tax
Basic earnings per share			
Amount after income tax attributable to owners of the Company	$ 506,518	171,200,000	$ 2.96
Effect of potentially dilutive common shares - employee share options	-	579,772	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	$ 506,518	171,779,772	$ 2.95

	For the Year Ended December 31, 2021		
	Amount (In Thousands)		Earnings Per Share (In Dollars)
	After Income Tax	Number of Shares	After Income Tax
Basic earnings per share			
Amount after income tax attributable to owners of the Company	$ 1,143,641	171,400,000	$ 6.67
Effect of potentially dilutive common shares - employee share options	-	659,423	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	$ 1,143,641	172,059,423	$ 6.65

Since the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. DISPOSAL OF SUBSIDIARIES

In order to focus on its core technologies and strengthen its competitiveness, the Company's board of directors approved to sell 100% of its share capital in Hunan Frontier Electronics Co., Ltd. to INPAQ Technology (Suzhou) Co., Ltd. at the price of RMB94,800 thousand on January 27, 2021. The transaction price was based on the latest audited financial statements and appraisal report, and the independent expert has issued reasonableness opinion of the price. Registration transfer and payment of shares have been completed in April and May 2021. The transaction was an organizational restructuring and did not affect the profit or loss, and the Company chose not to recompile the consolidated financial statements for the prior period.

a. Consideration received from disposal

	Hunan Frontier Electronics Co., Ltd.
Cash and cash equivalents	$ 409,726

b. Analysis of assets and liabilities on the date control was lost

	Hunan Frontier Electronics Co., Ltd.
Current assets	
Cash and cash equivalents	$ 52,881
Financial assets at amortized cost - current	64,830
Trade receivables	101,082
Other receivables	1,032
Inventories	52,236
Other current assets	4,416
Non-current assets	
Property, plant and equipment	171,665
Right-of-use assets	1,932
Refundable deposits	1
Current liabilities	
Trade payables	(46,424)
Other payables	(40,253)
Current tax liabilities	(1,866)
Other current liabilities	(2,749)
Non-current liabilities	
Guarantee deposits received	(177)
Net assets disposed of	$ 358,606

c. Loss on disposal of subsidiary

	Hunan Frontier Electronics Co., Ltd.
Consideration received	$ 409,726
Net assets disposed of	(358,606)
Accumulated exchange differences from the reclassification of the subsidiaries' net assets from equity to profit or loss due to loss of control of subsidiaries	(64,376)
Retained earnings	$ (13,256)

The loss of $13,256 thousand from the disposal of Hunan Frontier Electronics Co., Ltd. was recognized in May 2021. The transaction was an organizational restructuring; therefore, it did not affect the profit or loss and was presented as deduction of the retained earnings.

d. Net cash inflow on disposals of subsidiary

	Hunan Frontier Electronics Co., Ltd.
Consideration received in cash and cash equivalents	$ 409,726
Less: Cash and cash equivalent balance disposed of	(52,881)
	$ 356,845

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company has the essential financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures in the next 12 months.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements as approximate fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2022 and 2021.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 250,030	$ -	$ -	$ 250,030
Financial assets at FVTOCI				
Domestic listed shares	$ 1,118,683	$ -	$ -	$ 1,118,683
Domestic unlisted shares	-	-	241,168	241,168
	$ 1,118,683	$ -	$ 241,168	$ 1,359,851

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 389,047	$ -	$ -	$ 389,047
Financial assets at FVTOCI				
Domestic listed shares	$ 1,448,999	$ -	$ -	$ 1,448,999
Domestic unlisted shares	-	-	158,075	158,075
	$ 1,448,999	$ -	$ 158,075	$ 1,607,074

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

The fair values of unlisted equity securities were determined using the market approach or asset-based approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio and value of net assets. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

b. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 250,030	$ 389,047
Financial assets at amortized cost (Note 1)	1,854,013	1,908,548
Financial assets at FVTOCI		
Equity instruments	1,359,851	1,607,074
Financial liabilities		
Amortized cost (Note 2)	1,700,183	1,982,039

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, long-term borrowings and guarantee deposits received.

c. Financial risk management objectives and policies

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

The Company utilizes derivatives based on the procedures for the handling of derivative financial instrument transactions, which had been approved by the board of directors, to hedge against foreign currency risk. The internal auditor reviews compliance with policies and risk limits on an ongoing basis.

1) Market risk

The Company is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Company's exposure to market risk in financial instruments and its management and measurement of such exposure has not changed since the last period.

a) Foreign currency risk

The Company manages the risk of exchange rate fluctuations arising from foreign currency transactions by using forward exchange contracts to the extent permitted by the regulations governing the procedures for the handling of derivative financial instrument transactions.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 30.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	$ 38,981	$ 16,391
Equity	50,205	52,323

	RMB Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	$ 34	$ 1,636

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the year for a 3% change in foreign currency rates. A positive number indicates a decrease in post-tax profit and equity associated with the New Taiwan dollar strengthening 3% against the relevant currency. For a 3% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and positive impact on post-tax profit and equity.

b) Interest rate risk

The Company was exposed to interest rate risk arising from both fixed and floating interest rate deposits, and repurchase agreements collateralized by bonds and borrowings.

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

	December 31	
	2022	2021
Cash flow interest rate risk		
Financial assets	$ 797,790	$ 516,553
Financial liabilities	1,051,784	825,989

The Company's sensitivity analysis of interest rate risk mainly focuses on changes in fair value of the financial assets and liabilities at fixed interest rate at the end of the reporting period. If interest rates were lower by 1% and all other variables were held constant, the Company's variable-rate financial assets for the years ended December 31, 2022 and 2021 would have resulted in cash inflows by $2,540 thousand and $3,094 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

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

3) Liquidity risk

The Company's working capital is sufficient to meet its obligations; therefore, there is no liquidity risk arising from the inability to raise funds to meet its contractual obligations.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods:

December 31, 2022

	Less than 1 Year	2-3 Years	3+ Years	Total
Non-derivative financing liabilities				
Non-interest bearing	$ 648,399	$ -	$ -	$ 648,399
Variable interest rate liabilities	579,591	472,193	-	1,051,784
Lease liabilities	28,519	58,470	92,502	179,491
	$ 1,256,509	$ 530,663	$ 92,502	$ 1,879,674

December 31, 2021

	Less than 1 Year	2-3 Years	3+ Years	Total
Non-derivative financing liabilities				
Non-interest bearing	$ 1,156,050	$ -	$ -	$ 1,156,050
Variable interest rate liabilities	8,333	749,832	67,824	825,989
Lease liabilities	23,972	43,816	105,804	173,592
	$ 1,188,355	$ 793,648	$ 173,628	$ 2,155,631

27. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

Related party name and category

Related Party Name	Related Party Category
Walsin Technology Corporation	Parent company
Frontier Components Co., Limited	Subsidiary
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Subsidiary
PDC Electronics (Suzhou) Co., Ltd.	Subsidiary
Dongguan Walsin Technology Electronics Co., Ltd.	Sister company
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Sister company
Walsin Technology Corporation (HK) Limited	Sister company
Kamaya Electric (M) Sdn. Bhd.	Sister company
Eleceram Technology Co., Ltd.	Sister company

(Continued)

Related Party Name	Related Party Category
INPAQ Technology Co., Ltd.	Sister company
INPAQ Technology (Suzhou) Co., Ltd.	Sister company
Taiwan INPAQ Electronics Co., Ltd.	Sister company
Hunan Frontier Electronics Co., Ltd.	Sister company (subsidiary before April 2021)
Tsai Yi Corporation	Associate
Joyin Co., Ltd.	Associate
Walsin Lihwa Corporation	Other related party
Falcon Automation Equipment Corporation	Other related party
Info-Tek Corp.	Other related party
VVG Inc.	Other related party
Global Brands Manufacture Ltd.	Other related party
Hwa Bao Botanic Conservation Corp.	Other related party
PSA Charitable Foundation	Other related party
PSA WG Culture and Arts Foundation	Other related party

(Concluded)

Transactions

	Sales of Goods For the Year Ended December 31		Purchases of Goods For the Year Ended December 31	
Related Party Category/Name	**2022**	**2021**	**2022**	**2021**
Parent company	$ 880,949	$ 1,020,648	$ 413,499	$ 631,675
Subsidiaries				
Frontier Components Co., Limited	459,711	1,050,313	-	18,188
Hunan Frontier Electronics Co., Ltd.	-	52	-	81,884
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	507	2,214	99,959	77,414
Others	213	243	-	1,821
	460,431	1,052,822	99,959	179,307
Sister companies				
Dongguan Walsin Technology Electronics Co., Ltd.	-	-	53,311	188,949
Others	43,996	79,458	39,737	71,452
	43,996	79,458	93,048	260,401
Associates	34	-	701	-
Other related parties	445	437	-	-
	$ 1,385,855	$ 2,149,365	$ 607,207	$ 1,071,383

The selling prices between the Company and related parties were not significantly different from that of general transactions. The collection terms of general transactions are within 0 to 120 days. The collection terms of related parties were not significantly different from that of general customers. Among them, trade receivables (payables) of Walsin Technology Corporation are directly offset by its respective counterparty's trade receivables (payables), and the remaining receivables are collected (paid) under the usual collection (payment) terms.

The prices of the purchase transactions between the Company and related parties were not significantly different from that of general transactions, and the payment terms of general transactions are within 0 to 120 days. The payment terms of related parties were not significantly different from that of general suppliers.

	Acquisition of Assets	
	For the Year Ended December 31	
Related Party Category/Name	**2022**	**2021**
Parent company	$ 198,000	$ 22,000
Other related parties		
Falcon Automation Equipment Corporation	26,552	87,733
	$ 224,552	$ 109,733

	Disposal of Assets			
	For the Year Ended December 31			
	2022		2021	
Related Party Category	**Proceeds**	**Gain (Loss) on Disposal**	**Proceeds**	**Gain (Loss) on Disposal**
Sister companies	$ -	$ -	$ 7,832	$ 3,262

Lease arrangements as lessee

Item	**Related Party Category**	December 31 2022	December 31 2021
Lease liabilities	Parent company	$ 29,194	$ 2,559
	Other related parties	10,815	12,333
		$ 40,009	$ 14,892

Item	**Related Party Category**	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense	Parent company	$ 184	$ 53
	Other related parties	115	20
		$ 299	$ 73
Rental expense	Parent company	$ 1,603	$ 55

Lease arrangements as lessor

Lease income was summarized as follows:

Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Parent company	$ 3,002	$ 2,743
Sister companies	122	170
Associates	47	47
Other related parties	2,483	2,387
	$ 5,654	$ 5,347

For the year ended December 31, the remaining balances were as follows:

Related Party Category/Name	Trade Receivables December 31 2022	Trade Receivables December 31 2021	Trade Payables December 31 2022	Trade Payables December 31 2021
Parent company	$ 156,226	$ 194,407	$ -	$ -
Subsidiaries				
Frontier Components Co., Limited	111,544	224,408	3,317	36,236
Others	233	2,038	23,616	21,967
	111,777	226,446	26,933	58,203
Sister companies	16,067	25,927	12,933	16,131
Associates	36	-	736	-
Other related parties	103	-	-	-
	$ 284,209	$ 446,780	$ 40,602	$ 74,334

Related Party Category/Name	Other Receivables December 31 2022	Other Receivables December 31 2021	Other Payables December 31 2022	Other Payables December 31 2021
Parent company	$ -	$ 9,871	$ 3,962	$ -
Subsidiaries				
PDC Electronics (Suzhou) Co., Ltd.	-	837	-	-
Others	-	28	-	-
	-	865	-	-
Sister companies	78	1,119	320	348
Associates	537	12	-	-
Other related parties				
Falcon Automation Equipment Corporation	-	-	2,833	12,882
Walsin Lihwa Corporation	-	-	8,911	8,534
Others	632	619	81	166
	632	619	11,825	21,582
	$ 1,247	$ 12,486	$ 16,107	$ 21,930

Other receivables are the uncollected amounts from the Company’s lease income, selling of raw materials, spare parts, and the collections and payments on behalf of others.

Other payables are the payments that have not been made for the acquisition of equipment and the collections and payments on behalf of others.

The remaining trade payables - related parties were not guaranteed and would be paid off by cash, and trade receivables - related parties were also not guaranteed. There was no bad debt expense for trade receivables - related parties as of December 31, 2022 and 2021.

Equity transactions

Refer to Notes 11, 12 and 24.

Remuneration of key management personnel

Remuneration of the board of directors and other key management personnel for the years ended December 31, 2022 and 2021 was as follows:

	For the Year Ended December 31	
	2022	**2021**
Short-term employee benefits	$ 42,184	$ 20,495
Post-employment benefits	216	108
	$ 42,400	$ 20,603

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at the end of the reporting period were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	December 31	
	2022	**2021**
Acquisition of property, plant and equipment	$ 72,145	$ 442,600

b. Contingencies

As of December 31, 2022, outstanding letters of credit of the Company were summarized as follows:

Unit: Dollars

Currency	**Carrying Amount**	**Deposits Paid**
JPY	JPY 186,000,000	JPY -

As of December 31, 2021, outstanding letters of credit of the Company were summarized as follows:

Unit: Dollars

Currency	**Carrying Amount**	**Deposits Paid**
USD	US$ 36,600	US$ -
JPY	JPY 387,628,000	JPY -

29. OTHER ITEMS

a. Reason of restatement

In June 2022, the board of directors of the Company approved to acquire 17,519 thousand shares and 3,058 thousand shares of Joyin Co., Ltd. from the related parties, INPAQ Technology Co., Ltd. and Walsin Technology Corporation, respectively. This acquisition of equity is a reorganization under common control, and pursuant to Q&A and interpretation letters of Accounting Research and Development Foundation, such acquisition shall be accounted for using the book value method, and deemed as a business combination from the beginning; consequently, the individual financial statements are restated for the comparative period. After restatement, the profit and loss, other comprehensive income, and related interests originally owned by INPAQ Technology Co., Ltd. and Walsin Technology Corporation were recorded as equity attributable to former owner of business combination under common control.

b. The restated individual balance sheet as of December 31, 2021 and the individual statement of comprehensive income for the year ended December 31, 2021 have the following effects:

December 31, 2021

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Current assets			
Cash and cash equivalents	$ 801,350	$ -	$ 801,350
Financial assets at FVTPL - current	389,047	-	389,047
Financial assets at amortized cost - current	45,312	-	45,312
Notes receivable	50,882	-	50,882
Trade receivables	530,518	-	530,518
Trade receivables - related parties	446,780	-	446,780
Other receivables	19,206	-	19,206
Other receivables - related parties	12,486	-	12,486
Inventories	765,326	-	765,326
Other current assets	49,457	-	49,457
Total current assets	3,110,364	-	3,110,364
Non-current assets			
Financial assets at FVTOCI - non-current	1,607,074	-	1,607,074
Investments accounted for using the equity method	1,891,268	324,031	2,215,299
Property, plant and equipment	2,093,893	-	2,093,893
Right-of-use assets	162,708	-	162,708
Computer software	7,192	-	7,192
Deferred tax assets	29,344	-	29,344
Other non-current assets	5,274	-	5,274
Total non-current assets	5,796,753	324,031	6,120,784
Total assets	$ 8,907,117	$ 324,031	$ 9,231,148

(Continued)

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Current liabilities			
Trade payables to unrelated parties	$ 352,993	$ -	$ 352,993
Trade payables to related parties	74,334	-	74,334
Other payables to unrelated parties	689,847	-	689,847
Other payables to related parties	21,930	-	21,930
Current tax liabilities	126,728	-	126,728
Lease liabilities - current	23,972	-	23,972
Current portion of long-term borrowings	8,333	-	8,333
Other current liabilities	11,052	-	11,052
Total current liabilities	1,309,189	-	1,309,189
Non-current liabilities			
Long-term borrowings	817,656	-	817,656
Deferred tax liabilities	178,518	-	178,518
Lease liabilities - non-current	149,620	-	149,620
Deferred revenue - non-current	9,011	-	9,011
Net defined benefit liabilities - non-current	51,391	-	51,391
Guarantee deposits received	16,946	-	16,946
Total non-current liabilities	1,223,142	-	1,223,142
Total liabilities	$ 2,532,331	$ -	$ 2,532,331
Equity attributable to owners of the company			
Ordinary shares	$ 1,720,000	$ -	$ 1,720,000
Capital surplus	498,548	-	498,548
Retained earnings			
Legal reserve	509,861	-	509,861
Special reserve	67,764	-	67,764
Unappropriated earnings	2,829,865	-	2,829,865
Total retained earnings	3,407,490	-	3,407,490
Other equity			
Exchange differences on the translation of the financial statements of foreign operations	(116,523)	-	(116,523)
Unrealized gain on FVTOCI	919,642	-	919,642
Total other equity	803,119	-	803,119
Treasury shares	(54,371)	-	(54,371)
Total equity attributable to owners of the Company	6,374,786	-	6,374,786
Equity attributable to former owner of business combination under common control	-	324,031	324,031
Total equity	6,374,786	324,031	6,698,817
Total liabilities and equity	$ 8,907,117	$ 324,031	$ 9,231,148

(Concluded)

For the year ended December 31, 2021

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Net sales	$ 5,103,801	$ -	$ 5,103,801
Cost of sales	3,712,062	-	3,712,062
Gross profit	1,391,739	-	1,391,739
Unrealized gain on transactions with subsidiaries	(7,816)	-	(7,816)
Realizes gross profit	1,383,923	-	1,383,923
Operating expenses			
Selling and marketing expenses	141,197	-	141,197
General and administrative expenses	140,765	-	140,765
Research and development expenses	83,880	-	83,880
Total operating expenses	365,842	-	365,842
Profit from operations	1,018,081	-	1,018,081
Non-operating income and expenses			
Interest income	2,168	-	2,168
Dividend income	54,883	-	54,883
Other income	19,346	-	19,346
Gain on disposal of property, plant and equipment	3,282	-	3,282
Gain on valuation of financial assets at FVTPL	33,695	-	33,695
Gain on reversal of impairment loss	6,219	-	6,219
Share of profit of associates accounted for using the equity method	291,132	4,126	295,258
Interest expense	(9,541)	-	(9,541)
Miscellaneous expenses	(8,285)	-	(8,285)
Loss on lease modifications	(333)	-	(333)
Foreign exchange loss	(9,132)	-	(9,132)
Total non-operating income and expenses	383,434	4,126	387,560
Profit before income tax	1,401,515	4,126	1,405,641
Income tax expense	(257,874)	-	(257,874)
Net profit for the period	1,143,641	4,126	1,147,767
Other comprehensive (loss) income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan	(5,102)	-	(5,102)
Unrealized gain on investments in equity instruments at FVTOCI	372,570	-	372,570
Share of the other comprehensive loss of associates accounted for using the equity method	(6,346)	(19)	(6,365)
Items that may be reclassified subsequently to profit or loss:			
Share of the other comprehensive income of associates accounted for using the equity method	4,188	2,091	6,279
Other comprehensive income for the period	365,310	2,072	367,382
Total comprehensive income for the period	$ 1,508,951	$ 6,198	$ 1,515,149

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2022			2021		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets						
Monetary items						
USD	$ 44,316	30.71	$ 1,360,944	$ 22,972	27.69	$ 636,095
RMB	259	4.4105	1,142	12,546	4.3476	54,545
Non-monetary items						
Investments accounted for using the equity method						
USD	54,493	30.71	1,673,489	62,987	27.69	1,744,111
Financial liabilities						
Monetary items						
USD	2,005	30.71	61,574	3,241	27.69	89,743

For the years ended December 31, 2022 and 2021, foreign exchange gains (losses) were $95,339 thousand and $(9,132) thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees and information about reinvestment:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (None)

10) Information on investees (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

32. SEGMENT INFORMATION

The Company has disclosed segment information in the consolidated financial statements and thus does not disclose segment information in these parent company only financial statements.

TABLE 1

PROSPERITY DIELECTRICS CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Prosperity Dielectrics Co., Ltd.	Listed shares							
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at fair value through other comprehensive income - non-current	31,915,536	$ 362,241	6.16	$ 362,241	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company	〃	10,989,605	518,710	0.29	518,710	
	HannStar Board Corporation	The chairman of the securities issuer is the same as the Company	〃	5,668,332	179,403	1.07	179,403	
	APAQ Technology Co., Ltd.	None	〃	739,000	30,779	0.83	30,779	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	〃	〃	500,000	27,550	-	27,550	
	APAQ Technology Co., Ltd.	〃	Financial assets at fair value through profit or loss - current	4,541,000	189,133	5.10	189,133	
	Chunghwa Telecom Co., Ltd.	〃	〃	400,000	45,200	0.01	45,200	
	Taiwan Semiconductor Manufacturing Co., Ltd.	〃	〃	35,000	15,697	-	15,697	
	Shares							
	Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	Financial assets at fair value through other comprehensive income - non-current	3,500,000	153,067	0.72	153,067	
	Hwa Bao Botanic Conservation Corp.	〃	〃	8,000,000	88,101	10.00	88,101	
Dongguan Frontier Electronics Co., Ltd.	Bonds							
	2022 Book-entry 9th Treasury Coupon Bonds	None	Financial assets at fair value through profit or loss - current	-	44,549	-	44,549	
PDC Electronics (Suzhou) Co., Ltd.	Mutual funds							
	GF Money Market Fund B	〃	〃	-	22,732	-	22,732	
	CCB Principal Profit Raise Money Market ETF Fund A	〃	〃	-	31,103	-	31,103	
Frontier Components Co., Limited	Bonds							
	TSMC Arizona Corp.	None	Financial assets at amortized cost - non-current	-	92,039	-	92,039	
	Amazon.com, Inc.	〃	〃	-	60,327	-	60,327	
	U.S. Treasuries	〃	〃	-	60,244	-	60,244	

PROSPERITY DIELECTRICS CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Prosperity Dielectrics Co., Ltd.	Joyin Co., Ltd.	Investments accounted for using the equity method	Walsin Technology Corporation, INPAQ Technology Co., Ltd. and issuance of ordinary shares for cash	Parent company and sister company	2,659,517	$ 42,793	21,055,843	$ 368,131 (Note)	-	$ -	$ -	$ -	23,715,360	$ 410,924

Note: The purchase transactions include investments accounted for using the equity method transferred from re-organization, share of loss of associates in the current period, exchange differences on the translation of the financial statements of foreign operations, unrealized valuation gain/(loss) on financial assets at FVTOCI, and capital surplus, etc.

PROSPERITY DIELECTRICS CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Indirectly owned second-tier subsidiary	Sales	$ (459,711)	(12)	No significant difference with third parties	-	-	Trade receivables $ 111,544	15	
	Walsin Technology Corporation	Parent company	Sales	(880,949)	(24)	〃	-	-	Trade receivables 156,226	21	
	Walsin Technology Corporation	Parent company	Purchases	413,499	28	〃	-	-	Trade payables -	-	
Frontier Components Co., Limited	Prosperity Dielectrics Co., Ltd.	Parent company	Purchases	459,711	85	〃	-	-	Trade payables (111,544)	(85)	
	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Sales	(374,330)	(71)	〃	-	-	Trade receivables 73,016	64	
Dongguan Frontier Electronics Co., Ltd.	Frontier Components Co., Limited	Parent company	Purchases	374,330	59	〃	-	-	Trade payables (73,016)	(47)	
	Dongguan Walsin Technology Electronics Co., Ltd.	Sister company	Purchases	238,368	37	〃	-	-	Trade payables (74,568)	(48)	

PROSPERITY DIELECTRICS CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Indirectly owned second-tier subsidiary	Trade receivables $ 111,544	2.74	$ -	-	$ -	$ -
	Walsin Technology Corporation	Parent company	Trade receivables 156,226	5.02	-	-	-	-

PROSPERITY DIELECTRICS CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Investment holding	$ 728,456	$ 728,456	23,464,538	100	$ 1,543,925	$ (34,674)	$ (34,674)	
	Frontec International Corporation	British Virgin Islands	Investment holding	327,140	327,140	8,221,615	100	129,564	40	40	
	Tsai Yi Corporation	Taiwan	Investment holding	51,928	51,928	4,934,995	3.36	79,189	5,275	175	
	Joyin Co., Ltd.	Taiwan	Manufacturing of electronic components	426,701	47,073	23,715,360	30.4	410,924	(32,612)	(13,552)	
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Republic of Mauritius	Investment holding	387,932	387,932	12,009,000	100	738,070	(23,571)	(23,571)	
	Frontier Components Co., Limited	Hong Kong	International trade	276,421 (Note 2)	276,421 (Note 2)	70,036,752	100	767,811	(10,819)	(10,819)	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Investment holding	73,735 (Note 2)	73,735 (Note 2)	2,401,000	100	63,075	(358)	(358)	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Investment holding	73,704 (Note 2)	73,704 (Note 2)	2,400,000	10	63,051	(3,580)	(358)	

Note 1: For the information on investees in mainland China, refer to Table 6.

Note 2: The closing exchange rate as of December 31, 2022 was used to convert the foreign currencies into New Taiwan dollars. The closing exchange rate as of December 31, 2022 was US$ to NT$ = 1:30.71.

PROSPERITY DIELECTRICS CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, method of Investment, remittance of funds, percentage of ownership in investment, investment gain or loss, carrying amount, and accumulated repatriation of investment income were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of ceramic components	$ 368,520 (US$ 12,000,000)	Note 1	$ 368,520 (US$ 12,000,000)	$ -	$ -	$ 368,520 (US$ 12,000,000)	$ (23,603)	100	$ (23,603)	$ 737,786	$ 159,087 (US$ 5,180,313)
Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	187,331 (US$ 6,100,000)	Note 1	187,331 (US$ 6,100,000)	-	-	187,331 (US$ 6,100,000)	(276)	100	(276)	241,950	100,704 (US$ 3,279,186)
Chongqing Shuohong Investment Co., Ltd.	Investment management, investment consultation services	2,337,565 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(154,631)	20.43	(31,594)	556,975	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	238,705 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	(36,691)	13.04	(4,783)	40,618	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	737,040 (US$ 24,000,000)	Note 1	73,704 (US$ 2,400,000)	-	-	73,704 (US$ 2,400,000)	(3,445)	10	(345)	62,977	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	184,260 (US$ 6,000,000)	Note 1	173,259 (US$ 5,641,768)	-	-	173,259 (US$ 5,641,768)	23	100	23	131,431	-
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	4,411 (RMB 1,000,000) (Note 6)	Note 1	-	-	-	-	(1,652)	100	(1,652)	1,988	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee companies reviewed by the attesting CPA of the parent company in Taiwan.

Note 3: The average exchange rate as of December 31, 2022 is used to convert the foreign currencies into New Taiwan dollars except for the investment gains and losses of the current period (converted at the average exchange rate of the year ended December 31, 2022) if the relevant figures in this table involve foreign currencies.

Note 4: Investment amount of RMB108,290,000 was made using PDC Electronics (Suzhou) Co., Ltd.'s own capital.

Note 5: Investment amount of RMB7,055,500 was made using Frontier Electronic (Chong Qing) Co., Ltd.'s own capital, which has been transferred to Dongguan Frontier Electronics Co., Ltd. in December 2017.

Note 6: Investment amount of RMB1,000,000 was made using Dongguan Frontier Electronics Co., Ltd.'s own capital.

(Continued)

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 902,155 (US$ 29,376,590)	$ 1,044,747 (US$ 34,019,762)	(Note 2)

Note 1: The average exchange rates as of December 31, 2022 are as follows:

US$ to NT$ = 1:30.71
RMB to NT$ = 1:4.4105

The average exchange rates for the year ended December 31, 2022 are as follows:

US$ to NT$ = 1:29.805
RMB to NT$ = 1:4.4347

Note 2: The Company has obtained the operational headquarters certification document approved by the Industrial Development Bureau of the Ministry of Economic Affairs and is exempt from the “Regulations Governing the Examination of Investment or Technical Cooperation in mainland China”.

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 3.

4. Circumstances in which investee mainland China companies in provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.

5. Circumstances of financing provided with investee mainland China companies directly or indirectly through a third region: None.

6. Other transactions that have a material effect on the current profit and loss or financial status: None.

(Concluded)

TABLE 7

PROSPERITY DIELECTRICS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	74,186,468	43.13

PROSPERITY DIELECTRICS CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash on hand		$ 227
Demand deposits		96,802
Checking accounts		2,903
Foreign currency deposits (Note)	US$6,510,268 HK$103,209 JPY12,797,703 EUR13,375 RMB247,642	204,841
Time deposits	Interest rate 4.3%-4.9%	614,200
Cash equivalents (short-term notes)	Interest rate 0.8%-4.1%	153,090
		$ 1,072,063

Note: Exchange rate on December 31, 2022:

US$:NT$ = 1:30.71
HK$:NT$ = 1:3.9386
JPY:NT$ = 1:0.2324
EUR:NT$ = 1:32.7189
RMB:NT$ = 1:4.4105

STATEMENT 2

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Interest Rate	Amount
Far Eastern International Bank	1.425%	$ 30,500
Taishin International Bank	3.7%	4,891
		$ 35,391

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Client A	Receivables for goods	$ 93,222
Client B	〃	45,012
Client C	〃	43,169
Client D	〃	32,307
Client E	〃	25,747
Client F	〃	22,694
Others (Note)	〃	198,653
		460,804
Less: Allowance for impairment loss		(21,195)
		$ 439,609

Note: The amount receivable from each individual client included under "Others" does not exceed 5% of the account balance.

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Value (Note)
Finished goods	$ 177,860	$ 167,690
Semi-finished products	87,184	82,062
Work in process	167,375	157,542
Raw materials	236,194	222,319
Inventory in transit	1,606	1,606
Less: Allowance for inventory valuation and obsolescence losses	(39,000)	-
	$ 631,219	$ 631,219

Note: Net realizable value is taken as the market value.

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Other Than Unit Price, Which Is in New Taiwan Dollars)

	Balance, January 1, 2022		Increase (Note 1)		Decrease (Note 2)			Balance, December 31, 2022			Market Value (Note 3)		
Name	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Gain (Loss)	Number of Shares	%	Amount	Unit Price (NT$)	Total Amount	Collateral
PDC Prime Holdings Limited	23,464,538	$ 1,616,933	-	$ -	-	$ (38,334)	$ (34,674)	23,464,538	100	$ 1,543,925	-	$ 1,543,925	Nil
Frontec International Corporation	8,221,615	127,178	-	2,346	-	-	40	8,221,615	100	129,564	-	129,564	〃
Tsai Yi Corp.	4,934,995	104,364	-	-	-	(25,350)	175	4,934,995	3.36	79,189	-	79,189	〃
Joyin Co., Ltd.	2,659,517	42,793	21,055,843	381,683	-	-	(13,552)	23,715,360	30.4	410,924	-	410,924	〃
HannStar Board Corporation	5,668,332	257,342	-	-	-	(77,939)	-	5,668,332	1.07	179,403	31.65	179,403	〃
Walton Advanced Engineering Inc.	31,915,536	601,608	-	-	-	(239,367)	-	31,915,536	6.16	362,241	11.35	362,241	〃
Walsin Lihwa Corporation	7,000,000	185,500	3,989,605	333,210	-	-	-	10,989,605	0.29	518,710	47.20	518,710	〃
Singatron Enterprise Co., Ltd.	10,301,314	329,642	-	-	(10,301,314)	(329,642)	-	-	-	-	-	-	〃
APAQ Technology Co., Ltd.	739,000	44,857	-	-	-	(14,078)	-	739,000	0.83	30,779	41.65	30,779	〃
Fubon Financial Holding Co., Ltd. Preferred Shares C.	500,000	30,050	-	-	-	(2,500)	-	500,000	-	27,550	55.10	27,550	〃
Chin-Xin Investment Co., Ltd.	3,500,000	158,075	-	-	-	(5,008)	-	3,500,000	0.72	153,067	-	153,067	〃
Hua Bao Botanic Conservation Crop.	-	-	8,000,000	88,101	-	-	-	8,000,000	10	88,101	-	88,101	〃
		$ 3,498,342		$ 805,340		$ (732,218)	$ (48,011)			$ 3,523,453		$ 3,523,453	

Note 1: The increase in the number of shares include the initial investments, unrealized gain or loss and cumulative translation adjustments.

Note 2: The decrease in the number of shares include the initial investments, unrealized gain or loss and cumulative translation adjustments.

Note 3: The market value is the closing price on December 30, 2022; the net value was based on the financial statements of the investee and the shareholding ratio of the Company.

Note 4: This statement includes investments accounted for using the equity method and financial assets at fair value through other comprehensive income.

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Transportation Equipment	Total
Cost				
Balance at January 1, 2022	$ 214,980	$ 22,484	$ 1,934	$ 239,398
Additions	-	32,851	784	33,635
Disposals	-	(18,908)	(471)	(19,379)
Balance at December 31, 2022	$ 214,980	$ 36,427	$ 2,247	$ 253,654
Accumulated depreciation and impairment				
Balance at January 1, 2022	$ 59,382	$ 16,624	$ 684	$ 76,690
Depreciation expenses	20,466	6,547	363	27,376
Disposals	-	(18,908)	(432)	(19,340)
Reclassifications	-	405	371	776
Balance at December 31, 2022	$ 79,848	$ 4,668	$ 986	$ 85,502
Carrying amount at December 31, 2022	$ 135,132	$ 31,759	$ 1,261	$ 168,152

STATEMENT 7

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Vendor A	Payment for goods	$ 33,074
Vendor B	〃	11,471
Others (Note)	〃	143,355
		$ 187,900

Note: The amount payable to each individual vendor included under "others" does not exceed 5% of the account balance.

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Loan Term	Interest Rate (%)	Collateral
E.Sun Commercial Bank	Line of credit borrowings: The loan limit is NT$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	$ 198,970	2019.12.26-2024.12.15	1.075	Nil
		99,485	2020.04.09-2024.12.15		
		79,392	2020.07.09-2025.06.15		
		99,240	2020.08.07-2025.06.15		
		59,544	2021.11.09-2025.06.15		
Taishin International Bank	Line of credit borrowings: The loan limit is NT$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	95,360	2020.12.10-2024.12.10	1.225	Nil
		95,360	2020.04.29-2024.12.10		
First Commercial Bank	Line of credit borrowings: The loan limit is NT$900,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	94,433	2020.03.02-2025.03.02	1.125	Nil
	Less: Current portion	(349,591)			
		$ 472,193			

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Contract Term	Discount Rate (%)	Balance, End of Year	Note
Land	No. 220-1, Nanshan Rd. Sec 2, Luzhu Dist., Taoyuan City etc.	2012.07.01-2031.10.31	1	$ 146,256	Nil
Buildings	Part of the plant area in No. 566, Gaoshi Rd., Yangmei Dist., Taoyuan City etc.	2021.11.01-2027.05.31	1	31,967	Nil
Transportation equipment	Cars including Chunghwa Zinger	2020.08.28-2025.07.26	1	1,268	Nil
Less: Leases due within one year				(28,519)	
				$ 150,972	

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF NET SALES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Amount
Sales revenue	
Passive components	$ 3,774,894
Active components	21,644
	3,796,538
Less: Sales returns	(11,499)
Sales discounts	(56,664)
Net sales revenue	$ 3,728,375

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF COST OF SALES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material used	
Balance, beginning of year	$ 373,888
Raw material purchased	793,105
Raw material, end of year	(236,194)
Transferred to manufacturing or operating expenses	(96,361)
Sales of raw material	(33,185)
	801,253
Direct labor	315,956
Manufacturing expenses	1,043,216
Manufacturing cost	2,160,425
Work in process and semi-finished goods, beginning of year	199,765
Semi-finished goods purchased	74,783
Others	954
Work in process and semi-finished goods, end of year	(254,559)
Transferred to manufacturing or operating expenses	(28,104)
Cost of finished goods	2,153,264
Finished goods, beginning of year	228,609
Finished goods purchased	616,617
Inventory valuation loss	456
Finished goods, end of year	(177,860)
Others	(1,602)
Sales deductions	(469)
	$ 2,819,015

STATEMENT 12

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salaries		$ 47,989
Port surcharge and shipping fees		27,792
Service fees		5,946
Depreciation expenses		5,690
Others	The amount of each individual account included under "others" does not exceed 5% of the account balance.	22,367
		$ 109,784

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salaries		$ 42,610
Service fees		35,159
Others	The amount of each individual account included under "others" does not exceed 5% of the account balance.	28,088
		$ 105,857

PROSPERITY DIELECTRICS CO., LTD.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salaries		$ 30,143
Materials for operations		19,651
Depreciation expenses		15,735
Research fees		9,362
Others	The amount of each individual account included under "others" does not exceed 5% of the account balance.	13,348
		$ 88,239