

**Prosperity Dielectrics Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and  
2022 (Restated) and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Prosperity Dielectrics Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022 as restated, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As described in Note 13 to the consolidated financial statements, the financial statements of certain investments accounted for using the equity method were not reviewed by independent accountants. As of March 31, 2023 and 2022 as restated, total investments accounted for using the equity method amounted to NT\$398,926 thousand and NT\$423,019 thousand, respectively, and the total share of loss of the associates accounted for using the equity method for the three months ended March 31, 2023 and 2022 as restated amounted to NT\$11,534 thousand and NT\$5,149 thousand, respectively. In addition, the related information on certain investments disclosed in Note 30 to the consolidated financial statements was also not reviewed by independent accountants.

## Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022 as restated, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 as restated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Emphasis of Matter

As described in Notes 13 and 28 to the consolidated financial statements, in July 2022, Prosperity Dielectrics Co., Ltd. and subsidiaries 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 reorganization under common control and the consolidated 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\$372,724 thousand on March 31, 2022. For the three months ended March 31, 2022, the comprehensive income of previously held interests increased by NT\$1,466 thousand. The accountants did not revise the review conclusion of the consolidated financial statements for the first quarter of 2022 due to the aforementioned matter.

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

Yi - min

Huang

CHIN - CHUAN , SHIH

Deloitte and Touche  
Taipei, Taiwan  
Republic of China

May 4, 2023

### Notice to Readers

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

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

**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

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

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Restated and Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,265,325	14	\$ 1,605,577	18	\$ 1,966,520	21
Financial assets at fair value through profit or loss - current (Note 7)	424,953	5	348,414	4	363,637	4
Financial assets at amortized cost - current (Note 8)	170,932	2	79,496	1	90,947	1
Notes receivable from unrelated parties (Note 9)	27,876	-	31,317	-	39,302	-
Trade receivables from unrelated parties (Note 9)	514,047	6	583,613	7	811,069	9
Trade receivables from related parties (Note 26)	313,264	4	212,608	2	286,901	3
Other receivables from unrelated parties	33,382	-	29,602	-	43,435	1
Other receivables from related parties (Note 26)	1,538	-	1,273	-	21,571	-
Inventories (Note 10)	672,656	8	671,972	8	782,429	8
Other current assets	34,200	-	39,467	1	41,290	-
Total current assets	<u>3,458,173</u>	<u>39</u>	<u>3,603,339</u>	<u>41</u>	<u>4,447,101</u>	<u>47</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,510,523	17	1,359,851	16	1,356,874	14
Financial assets at amortized cost - non-current (Note 8)	346,572	4	212,610	2	45,134	1
Investments accounted for using the equity method (Note 13)	1,148,004	13	1,150,757	13	1,234,266	13
Property, plant and equipment (Note 14)	2,069,302	24	2,161,442	25	2,169,538	23
Right-of-use assets (Note 15)	174,390	2	183,048	2	180,860	2
Computer software	7,682	-	8,214	-	6,708	-
Deferred tax assets (Note 4)	36,485	1	39,395	1	39,739	-
Other non-current assets	16,156	-	14,098	-	8,327	-
Total non-current assets	<u>5,309,114</u>	<u>61</u>	<u>5,129,415</u>	<u>59</u>	<u>5,041,446</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 8,767,287</u>	<u>100</u>	<u>\$ 8,732,754</u>	<u>100</u>	<u>\$ 9,488,547</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 16)	\$ -	-	\$ 230,000	3	\$ 20,000	-
Trade payables to unrelated parties	292,387	3	210,919	2	359,118	4
Trade payables to related parties (Note 26)	90,918	1	102,475	1	165,097	2
Other payables to unrelated parties (Note 17)	349,403	4	406,176	5	567,090	6
Other payables to related parties (Note 26)	16,367	-	16,506	-	24,064	-
Current tax liabilities (Note 4)	168,557	2	151,907	2	184,425	2
Lease liabilities - current (Note 15)	33,757	1	34,708	-	30,344	-
Current portion of long-term borrowings (Note 16)	387,508	5	349,591	4	74,792	1
Other current liabilities (Note 26)	33,348	-	18,446	-	12,153	-
Total current liabilities	<u>1,372,245</u>	<u>16</u>	<u>1,520,728</u>	<u>17</u>	<u>1,437,083</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Note 16)	368,808	4	472,193	6	752,242	8
Deferred tax liabilities (Note 4)	164,288	2	158,439	2	188,342	2
Lease liabilities - non-current (Note 15)	143,815	2	151,490	2	153,754	2
Deferred revenue - non-current (Note 17)	3,889	-	4,882	-	7,966	-
Net defined benefit liabilities - non-current (Note 4)	9,215	-	24,347	-	34,998	-
Guarantee deposits received	21,570	-	22,775	-	25,340	-
Total non-current liabilities	<u>711,585</u>	<u>8</u>	<u>834,126</u>	<u>10</u>	<u>1,162,642</u>	<u>12</u>
Total liabilities	<u>2,083,830</u>	<u>24</u>	<u>2,354,854</u>	<u>27</u>	<u>2,599,725</u>	<u>27</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>						
Share capital						
Ordinary shares	<u>1,720,000</u>	<u>19</u>	<u>1,720,000</u>	<u>20</u>	<u>1,720,000</u>	<u>18</u>
Capital surplus	<u>498,708</u>	<u>6</u>	<u>498,708</u>	<u>6</u>	<u>498,708</u>	<u>5</u>
Retained earnings						
Legal reserve	624,924	7	624,924	7	509,861	5
Special reserve	67,764	1	67,764	1	67,764	1
Unappropriated earnings	<u>3,142,044</u>	<u>36</u>	<u>2,992,429</u>	<u>34</u>	<u>3,109,347</u>	<u>33</u>
Total retained earnings	<u>3,834,732</u>	<u>44</u>	<u>3,685,117</u>	<u>42</u>	<u>3,686,972</u>	<u>39</u>
Other equity						
Exchange differences on the translation of the financial statements of foreign operations	(52,978)	(1)	(50,917)	(1)	(50,615)	(1)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	<u>737,366</u>	<u>9</u>	<u>579,363</u>	<u>7</u>	<u>715,404</u>	<u>8</u>
Total other equity	<u>684,388</u>	<u>8</u>	<u>528,446</u>	<u>6</u>	<u>664,789</u>	<u>7</u>
Treasury shares	<u>(54,371)</u>	<u>(1)</u>	<u>(54,371)</u>	<u>(1)</u>	<u>(54,371)</u>	<u>-</u>
Total equity attributable to owners of the Company	6,683,457	76	6,377,900	73	6,516,098	69
<b>EQUITY ATTRIBUTABLE TO FORMER OWNER OF BUSINESS COMBINATION UNDER COMMON CONTROL</b>						
	-	-	-	-	372,724	4
Total equity	<u>6,683,457</u>	<u>76</u>	<u>6,377,900</u>	<u>73</u>	<u>6,888,822</u>	<u>73</u>
<b>TOTAL</b>	<u>\$ 8,767,287</u>	<u>100</u>	<u>\$ 8,732,754</u>	<u>100</u>	<u>\$ 9,488,547</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 4, 2023)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022 (Restated)	
	Amount	%	Amount	%
NET SALES (Note 23)	\$ 879,673	100	\$ 1,273,406	100
COST OF SALES (Note 10)	<u>706,110</u>	<u>80</u>	<u>928,738</u>	<u>73</u>
GROSS PROFIT	<u>173,563</u>	<u>20</u>	<u>344,668</u>	<u>27</u>
OPERATING EXPENSES				
Selling and marketing expenses	19,689	2	35,096	3
General and administrative expenses	21,605	3	36,143	3
Research and development expenses	<u>17,557</u>	<u>2</u>	<u>19,744</u>	<u>1</u>
Total operating expenses	<u>58,851</u>	<u>7</u>	<u>90,983</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>114,712</u>	<u>13</u>	<u>253,685</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	13,253	1	5,092	-
Dividend income	96	-	-	-
Other income	4,071	-	5,309	1
Gain on disposal of property, plant and equipment	-	-	330	-
Gain on disposal of investments	345	-	17,286	1
Foreign exchange gain	-	-	31,203	3
Gain on valuation of financial assets at FVTPL	70,317	8	-	-
Gain on reversal of impairment loss	1,503	-	1,502	-
Interest expense	(4,326)	-	(2,508)	-
Miscellaneous expenses	(268)	-	(843)	-
Foreign exchange loss	(7,687)	(1)	-	-
Loss on valuation of financial assets at FVTPL	-	-	(34,561)	(3)
Share of loss of associates accounted for using the equity method (Note 13)	<u>(13,080)</u>	<u>(1)</u>	<u>(3,302)</u>	<u>-</u>
Total non-operating income and expenses	<u>64,224</u>	<u>7</u>	<u>19,508</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	178,936	20	273,193	22
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(29,321)</u>	<u>(3)</u>	<u>(58,496)</u>	<u>(5)</u>
NET PROFIT FOR THE PERIOD	<u>149,615</u>	<u>17</u>	<u>214,697</u>	<u>17</u>

(Continued)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022 (Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 19)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized valuation gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 150,673	17	\$ (134,956)	(10)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	7,330	1	(8,693)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	(1,629)	-	64,423	5
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(432)</u>	<u>-</u>	<u>7,366</u>	<u>-</u>
Other comprehensive income (loss) for the period	<u>155,942</u>	<u>18</u>	<u>(71,860)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 305,557</u>	<u>35</u>	<u>\$ 142,837</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 149,615	17	\$ 219,112	17
Equity attributable to former owner of business combination under common control	<u>-</u>	<u>-</u>	<u>(4,415)</u>	<u>-</u>
	<u>\$ 149,615</u>	<u>17</u>	<u>\$ 214,697</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 305,557	35	\$ 141,371	11
Equity attributable to former owner of business combination under common control	<u>-</u>	<u>-</u>	<u>1,466</u>	<u>-</u>
	<u>\$ 305,557</u>	<u>35</u>	<u>\$ 142,837</u>	<u>11</u>

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# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

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

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	For the Three Months Ended March 31			
	2023		2022 (Restated)	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 0.87</u>		<u>\$ 1.28</u>	
Diluted	<u>\$ 0.87</u>		<u>\$ 1.28</u>	

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

(With Deloitte & Touche review report dated May 4, 2023)

(Concluded)

**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	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 AT JANUARY 1, 2022	172,000	\$ 1,720,000	\$ 498,548	\$ 509,861	\$ 67,764	\$ 2,829,865	\$ (116,523)	\$ 919,642	\$ (54,371)	\$ 6,374,786	\$ 324,031	\$ 6,698,817
Change in capital surplus from investments in associates accounted for using the equity method	-	-	160	-	-	(219)	-	-	-	(59)	-	(59)
Net profit for the three months ended March 31, 2022	-	-	-	-	-	219,112	-	-	-	219,112	(4,415)	214,697
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	65,908	(143,649)	-	(77,741)	5,881	(71,860)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	219,112	65,908	(143,649)	-	141,371	1,466	142,837
Retrospective adjustment by equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	-	-	47,227	47,227
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 19)	-	-	-	-	-	60,589	-	(60,589)	-	-	-	-
BALANCE AT MARCH 31, 2022	<u>172,000</u>	<u>\$ 1,720,000</u>	<u>\$ 498,708</u>	<u>\$ 509,861</u>	<u>\$ 67,764</u>	<u>\$ 3,109,347</u>	<u>\$ (50,615)</u>	<u>\$ 715,404</u>	<u>\$ (54,371)</u>	<u>\$ 6,516,098</u>	<u>\$ 372,724</u>	<u>\$ 6,888,822</u>
BALANCE AT JANUARY 1, 2023	172,000	\$ 1,720,000	\$ 498,708	\$ 624,924	\$ 67,764	\$ 2,992,429	\$ (50,917)	\$ 579,363	\$ (54,371)	\$ 6,377,900	\$ -	\$ 6,377,900
Net profit for the three months ended March 31, 2023	-	-	-	-	-	149,615	-	-	-	149,615	-	149,615
Other comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	-	(2,061)	158,003	-	155,942	-	155,942
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	149,615	(2,061)	158,003	-	305,557	-	305,557
BALANCE AT MARCH 31, 2023	<u>172,000</u>	<u>\$ 1,720,000</u>	<u>\$ 498,708</u>	<u>\$ 624,924</u>	<u>\$ 67,764</u>	<u>\$ 3,142,044</u>	<u>\$ (52,978)</u>	<u>\$ 737,366</u>	<u>\$ (54,371)</u>	<u>\$ 6,683,457</u>	<u>\$ -</u>	<u>\$ 6,683,457</u>

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

(With Deloitte & Touche review report dated May 4, 2023)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 178,936	\$ 273,193
Adjustments for:		
Depreciation expense	114,771	113,101
Amortization expense	1,649	1,509
Net (gain) loss on valuation of financial assets at FVTPL	(70,317)	34,561
Interest expense	4,326	2,508
Interest income	(13,253)	(5,092)
Dividend income	(96)	-
Share of loss of associates accounted for using the equity method	13,080	3,302
Gain on disposal of property, plant and equipment	-	(330)
Gain on disposal of investments	(345)	(17,286)
(Reversal of) impairment loss of non-financial assets	(763)	2,628
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(5,877)	151,154
Decrease in notes receivable from unrelated parties	3,441	11,580
Decrease (increase) in trade receivables from unrelated parties	69,566	(68,051)
(Increase) decrease in trade receivables from related parties	(100,656)	49,075
Increase in other receivables from unrelated parties	(187)	(14,054)
Decrease (increase) in other receivables from related parties	438	(9,008)
(Increase) decrease in inventories	(1,424)	34,011
Decrease in other current assets	5,267	12,113
Increase in other non-current assets	-	(1,490)
Increase (decrease) in trade payables to unrelated parties	81,468	(30,446)
(Decrease) increase in trade payables to related parties	(11,557)	1,506
Decrease in other payables to unrelated parties	(44,525)	(54,823)
Increase in other payables to related parties	124	332
Increase (decrease) in other current liabilities	14,902	(3,897)
Decrease in net defined benefit liabilities	(15,132)	(16,393)
Cash generated from operations	223,836	469,703
Interest received	9,756	10,690
Interest paid	(4,389)	(2,503)
Income tax paid	(3,912)	(7,105)
Net cash generated from operating activities	<u>225,291</u>	<u>470,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	-	115,244
Purchase of financial assets at amortized cost	(225,398)	-
Disposal of financial assets at amortized cost	-	170,092

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# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022 (Restated)
Purchase of investments accounted for using the equity methods	\$ -	\$ (7,179)
Payments for property, plant and equipment	(24,979)	(139,198)
Proceeds from disposal of property, plant and equipment	-	396
Increase in refundable deposits	<u>(2,405)</u>	<u>(745)</u>
Net cash (used in) generated from investing activities	<u>(252,782)</u>	<u>138,610</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	20,000
Repayments of short-term borrowings	(230,000)	-
Proceeds from long-term borrowings	-	1,045
Repayments of long-term borrowings	(66,461)	-
Proceeds from guaranteed deposits received	-	106
Repayments of guaranteed deposits received	(1,205)	-
Repayment of the principal portion of lease liabilities	(8,665)	(8,412)
Decrease in other non-current liabilities	<u>-</u>	<u>(1,045)</u>
Net cash (used in) generated from financing activities	<u>(306,331)</u>	<u>11,694</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(6,430)</u>	<u>33,233</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(340,252)	654,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,605,577</u>	<u>1,312,198</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,265,325</u>	<u>\$ 1,966,520</u>

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

(With Deloitte & Touche review report dated May 4, 2023)

(Concluded)

# PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

Prosperity Dielectrics Co., Ltd. (PDC or 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 ordinary shares of the Company as of March 31, 2023 and 2022.

The consolidated financial statements of the Company and its subsidiaries (collectively known as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 4, 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 material impact on the Group’s accounting policies.

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

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

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

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

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PDC and the entities controlled by PDC (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PDC. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PDC and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Acquisition of investments of associates under common control

For transactions relating to the acquisition of investment is under common control that result in the significant influence, the Group 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 consolidated financial statements is restated as if the acquisition had already occurred.

e. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Taxation

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The management of the Group considers the recent development of the COVID-19 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

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 522	\$ 539	\$ 694
Checking accounts and demand deposits	258,633	398,256	631,824
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	761,136	1,053,692	662,725
Repurchase agreements collateralized by bonds	<u>245,034</u>	<u>153,090</u>	<u>671,277</u>
	<u>\$ 1,265,325</u>	<u>\$ 1,605,577</u>	<u>\$ 1,966,520</u>

The market rate intervals of cash equivalents were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits with original maturities of 3 months or less	1%-4.88%	1.1%-4.9%	0.36%-2.6%
Repurchase agreements collateralized by bonds	0.88%-0.95%	0.8%-4.1%	0.23%-0.35%

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily classified as at <u>FVTPL - current</u>			
Non-derivative financial assets			
Domestic listed shares	\$ 319,843	\$ 250,030	\$ 304,188
Mutual funds	60,122	53,835	59,449
Governments bonds	<u>44,988</u>	<u>44,549</u>	<u>-</u>
	<u>\$ 424,953</u>	<u>\$ 348,414</u>	<u>\$ 363,637</u>

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 166,082	\$ 74,605	\$ 75,634
Restricted deposits (b)	<u>4,850</u>	<u>4,891</u>	<u>15,313</u>
	<u>\$ 170,932</u>	<u>\$ 79,496</u>	<u>\$ 90,947</u>

(Continued)

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (a)	\$ -	\$ -	\$ 45,134
Bonds (c)	<u>346,572</u>	<u>212,610</u>	<u>-</u>
	<u>\$ 346,572</u>	<u>\$ 212,610</u>	<u>\$ 45,134</u> (Concluded)

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months and 1 year were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Time deposits with original maturities of more than 3 months	1.55%-5.15%	1.425%-4.125%	1.05%-3.15%
Time deposits with original maturities of more than 1 year	-	-	4.125%

- 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”.
- c. The bonds held by the Group at the balance sheet date were as follows:

March 31, 2023

Non-current

<b>Period</b>	<b>Face Value</b>	<b>Range of Coupon Rate</b>	<b>Range of Effective Interest Rate</b>
June to December 2022	USD7,000,000	3%-3.875%	3.7563%-4.3224%
February 2023	USD4,400,000	5.079%	4.4235%

December 31, 2022

Non-current

<b>Period</b>	<b>Face Value</b>	<b>Range of Coupon Rate</b>	<b>Range of Effective Interest Rate</b>
June to December 2022	USD7,000,000	3%-3.875%	3.7563%-4.3224%

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 27,876	\$ 31,317	\$ 39,302
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,876</u>	<u>\$ 31,317</u>	<u>\$ 39,302</u>
<u>Trade receivables from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 536,875	\$ 606,441	\$ 835,488
Less: Allowance for impairment loss	<u>(22,828)</u>	<u>(22,828)</u>	<u>(24,419)</u>
	<u>\$ 514,047</u>	<u>\$ 583,613</u>	<u>\$ 811,069</u>

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

In order to minimize credit risk, the management of the Group 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 Group 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 Group's credit risk was significantly reduced.

The Group 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 Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the Group determines the expected credit loss rate only by reference to the past due days of notes receivable and accounts receivable.

The Group 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 Group 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:

March 31, 2023

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 561,824	\$ 299	\$ 2,628	\$ -	\$ -	\$ -	\$ 564,751
Loss allowance (Lifetime ECLs)	<u>(22,550)</u>	<u>(15)</u>	<u>(263)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,828)</u>
Amortized cost	<u>\$ 539,274</u>	<u>\$ 284</u>	<u>\$ 2,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541,923</u>

December 31, 2022

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 628,389	\$ 256	\$ 9,113	\$ -	\$ -	\$ -	\$ 637,758
Loss allowance (Lifetime ECLs)	<u>(21,904)</u>	<u>(13)</u>	<u>(911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,828)</u>
Amortized cost	<u>\$ 606,485</u>	<u>\$ 243</u>	<u>\$ 8,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,930</u>

March 31, 2022

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 856,272	\$ 6,436	\$ 10,621	\$ 1,364	\$ -	\$ 97	\$ 874,790
Loss allowance (Lifetime ECLs)	<u>(22,665)</u>	<u>(322)</u>	<u>(1,062)</u>	<u>(273)</u>	<u>-</u>	<u>(97)</u>	<u>(24,419)</u>
Amortized cost	<u>\$ 833,607</u>	<u>\$ 6,114</u>	<u>\$ 9,559</u>	<u>\$ 1,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,371</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 22,828	\$ 24,349
Foreign exchange differences	<u>-</u>	<u>70</u>
Balance at March 31	<u>\$ 22,828</u>	<u>\$ 24,419</u>

## 10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 186,610	\$ 178,908	\$ 230,518
Semi-finished goods	80,661	85,484	69,997
Work in progress	165,784	157,005	154,466
Raw materials	213,585	232,278	326,815
Inventory in transit	<u>26,016</u>	<u>18,297</u>	<u>633</u>
	<u>\$ 672,656</u>	<u>\$ 671,972</u>	<u>\$ 782,429</u>

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

	For the Three Months Ended March 31	
	2023	2022
Cost of inventories sold	\$ 705,370	\$ 924,608
Inventory write-downs	<u>740</u>	<u>4,130</u>
	<u>\$ 706,110</u>	<u>\$ 928,738</u>

## 11. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Investment holding	100	100	100
Prosperity Dielectrics Co., Ltd.	Frontec International Corporation	Investment holding	100	100	100
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Investment holding	100	100	100
PDC Prime Holdings Limited	Frontier Components Co., Limited	International trade	100	100	100
PDC Prime Holdings Limited	Prosperity International Development (HK) Co., Limited	Investment holding	100	100	100
PDC Success Investments Ltd.	PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of ceramic materials	100	100	100
Frontec International Corporation	Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling chip components, power electronic devices and new electronic components	100	100	100
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	100	100	100
Dongguan Frontier Electronics Co., Ltd.	Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling chip components, power electronic devices and new electronic components	100 (In liquidation)	100	100

The above-mentioned subsidiaries included in the consolidated financial statements have been reviewed for the three months ended March 31, 2023 and 2022 and have been audited for the year ended December 31, 2022.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments - listed shares	\$ 1,246,877	\$ 1,118,683	\$ 1,204,727
Domestic investments - unlisted shares	<u>263,646</u>	<u>241,168</u>	<u>152,147</u>
	<u>\$ 1,510,523</u>	<u>\$ 1,359,851</u>	<u>\$ 1,356,874</u>

### Investments in Equity Instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments - listed shares			
Walton Advanced Engineering Inc.	\$ 438,839	\$ 362,241	\$ 532,990
Walsin Lihwa Corporation	535,743	518,710	205,800
HannStar Board Corporation	201,509	179,403	239,770
Singatron Enterprise Co., Ltd.	-	-	154,881
APAQ Technology Co., Ltd.	41,236	30,779	41,236
Fubon Financial Holding Co., Ltd. - preferred shares C	29,550	27,550	30,050
Domestic investments - unlisted shares			
Chin-Xin Investment Co., Ltd.	174,569	153,067	152,147
Hwa Bao Botanic Conservation Corp.	<u>89,077</u>	<u>88,101</u>	<u>-</u>
	<u>\$ 1,510,523</u>	<u>\$ 1,359,851</u>	<u>\$ 1,356,874</u>

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 Group's strategy of holding these investments for long-term purposes.

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

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investment in Associates

	March 31, 2023	December 31, 2022	March 31, 2022 (Restated)
Chongqing Shuohong Investment Co., Ltd.	\$ 559,452	\$ 556,975	\$ 605,427
Chongqing Xincheng Electronics Co., Ltd.	40,730	40,618	46,219
GHPW Enterprise Corporation (HK) Limited	63,141	63,051	64,611
Tsai Yi Corporation	85,755	79,189	94,990
Joyin Co., Ltd.	<u>398,926</u>	<u>410,924</u>	<u>423,019</u>
	<u>\$ 1,148,004</u>	<u>\$ 1,150,757</u>	<u>\$ 1,234,266</u>

Share of profit (loss) of associates for the three months ended March 31, 2023 and 2022 was summarized as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Chongqing Shuohong Investment Co., Ltd.	\$ (592)	\$ 3,226
Chongqing Xincheng Electronics Co., Ltd.	(111)	(212)
GHPW Enterprise Corporation (HK) Limited	(46)	(117)
Tsai Yi Corporation	(797)	(1,050)
Joyin Co., Ltd.	<u>(11,534)</u>	<u>(5,149)</u>
	<u>\$ (13,080)</u>	<u>\$ (3,302)</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022 (Restated)</b>
Chongqing Shuohong Investment Co., Ltd.	20.34%	20.34%	20.43%
Chongqing Xincheng Electronics Co., Ltd.	13.04%	13.04%	13.04%
GHPW Enterprise Corporation (HK) Limited	10%	10%	10%
Tsai Yi Corporation	3.36%	3.36%	3.36%
Joyin Co., Ltd.	30.4%	30.4%	30.4%

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

In January 2022, PDC 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 PDC 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 PDC rose from 4.02% to 30.4%. Such acquisition is a reorganization under common control and a business combination from the beginning as the consolidated financial statements for the comparative period are retrospectively restated, refer to Note 28.

Refer to Table 5 “Information on Investments” and Table 6 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

Except for Joyin Co., Ltd., the share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the three months ended March 31, 2023 and 2022 was recognized based on the associates’ financial statements reviewed by independent accountants for the same periods.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Property under Construction and Prepayments for Equipment	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 302,220	\$ 1,025,510	\$ 2,824,847	\$ 46,650	\$ 234,853	\$ 114,906	\$ 4,548,986
Additions	-	1	782	-	-	49,154	49,937
Disposals	-	(149)	(5,052)	(82)	(4,482)	-	(9,765)
Effect of foreign currency exchange differences	-	7,413	10,708	60	1,502	6	19,689
Reclassifications	-	9,306	46,479	3,565	5,774	(59,114)	6,010
Balance at March 31, 2022	<u>\$ 302,220</u>	<u>\$ 1,042,081</u>	<u>\$ 2,877,764</u>	<u>\$ 50,193</u>	<u>\$ 237,647</u>	<u>\$ 104,952</u>	<u>\$ 4,614,857</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 671,534	\$ 1,457,043	\$ 26,705	\$ 175,030	\$ -	\$ 2,330,312
Depreciation expenses	-	22,441	75,439	1,652	5,097	-	104,629
Disposals	-	(149)	(4,986)	(82)	(4,482)	-	(9,699)
Reversals of impairment losses	-	(1,502)	-	-	-	-	(1,502)
Effects of foreign currency exchange differences	-	6,254	7,328	54	1,455	-	15,091
Reclassifications	-	6,010	-	-	478	-	6,488
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 704,588</u>	<u>\$ 1,534,824</u>	<u>\$ 28,329</u>	<u>\$ 177,578</u>	<u>\$ -</u>	<u>\$ 2,445,319</u>
Carrying amount at March 31, 2022	<u>\$ 302,220</u>	<u>\$ 337,493</u>	<u>\$ 1,342,940</u>	<u>\$ 21,864</u>	<u>\$ 60,069</u>	<u>\$ 104,952</u>	<u>\$ 2,169,538</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 451,115	\$ 1,105,773	\$ 2,985,711	\$ 50,091	\$ 238,668	\$ 65,564	\$ 4,896,922
Additions	-	-	-	-	-	12,531	12,531
Effect of foreign currency exchange differences	-	1,086	1,571	9	221	(1)	2,886
Reclassifications	-	6,149	3,272	-	534	(3,944)	6,011
Balance at March 31, 2023	<u>\$ 451,115</u>	<u>\$ 1,113,008</u>	<u>\$ 2,990,554</u>	<u>\$ 50,100</u>	<u>\$ 239,423</u>	<u>\$ 74,150</u>	<u>\$ 4,918,350</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 745,295	\$ 1,764,930	\$ 32,952	\$ 192,303	\$ -	\$ 2,735,480
Depreciation expenses	-	21,778	78,736	1,352	4,390	-	106,256
Reversals of impairment losses	-	(1,503)	-	-	-	-	(1,503)
Effects of foreign currency exchange differences	-	945	1,160	9	216	-	2,330
Reclassifications	-	6,011	-	-	474	-	6,485
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 772,526</u>	<u>\$ 1,844,826</u>	<u>\$ 34,313</u>	<u>\$ 197,383</u>	<u>\$ -</u>	<u>\$ 2,849,048</u>
Carrying amount at March 31, 2023	<u>\$ 451,115</u>	<u>\$ 340,482</u>	<u>\$ 1,145,728</u>	<u>\$ 15,787</u>	<u>\$ 42,040</u>	<u>\$ 74,150</u>	<u>\$ 2,069,302</u>

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Carrying amount</u>			
Land	\$ 138,213	\$ 143,351	\$ 159,094
Buildings	35,103	38,436	20,696
Transportation equipment	<u>1,074</u>	<u>1,261</u>	<u>1,070</u>
	<u>\$ 174,390</u>	<u>\$ 183,048</u>	<u>\$ 180,860</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Additions of right-of-use assets		<u>\$ -</u>	<u>\$ 12,319</u>
Depreciation charge for right-of-use assets			
Land		\$ 5,183	\$ 5,182
Buildings		3,276	3,175
Transportation equipment		<u>56</u>	<u>115</u>
		<u>\$ 8,515</u>	<u>\$ 8,472</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2023 and 2022.

### b. Lease liabilities

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Carrying amount</u>			
Current	<u>\$ 33,757</u>	<u>\$ 34,708</u>	<u>\$ 30,344</u>
Non-current	<u>\$ 143,815</u>	<u>\$ 151,490</u>	<u>\$ 153,754</u>

The discount rates of lease liabilities were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Land	1%	1%	1%
Buildings	1%	1%	1%
Transportation equipment	1%	1%	1%

## 16. BORROWINGS

### a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowings			
Line of credit borrowings	\$ <u>          -</u>	\$ <u>230,000</u>	\$ <u>20,000</u>
Interest rate	-	1.74%-2%	0.8%

### b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
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	\$ 174,206	\$ 198,970	\$ 198,230
2020.04.09-2024.12.15	87,103	99,485	99,115
2020.07.09-2025.06.15	79,490	79,392	79,097
2020.08.07-2025.06.15	99,363	99,240	98,872
2021.11.09-2025.06.15	59,618	59,544	59,323
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	82,972	95,360	99,157
2020.04.29-2024.12.10	82,972	95,360	99,157
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	90,592	94,433	94,083
Less: Current portion	<u>(387,508)</u>	<u>(349,591)</u>	<u>(74,792)</u>
Long-term borrowings	<u>\$ 368,808</u>	<u>\$ 472,193</u>	<u>\$ 752,242</u>
Interest rate	1.2%-1.35%	1.075%-1.225%	0.7%-0.85%

## 17. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Payables expense	\$ 278,299	\$ 330,300	\$ 389,322
Payables for purchases of equipment	33,719	45,904	144,667
Payables for annual leave	7,708	6,749	7,955
Payables for remuneration of directors and supervisors and employee bonuses	29,177	22,723	24,646
Payables for dividends	<u>500</u>	<u>500</u>	<u>500</u>
	<u>\$ 349,403</u>	<u>\$ 406,176</u>	<u>\$ 567,090</u>
<u>Non-current</u>			
Deferred revenue			
Arising from government grants	<u>\$ 3,889</u>	<u>\$ 4,882</u>	<u>\$ 7,966</u>

## 18. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Employee benefits (presented in other payables)	<u>\$ 7,708</u>	<u>\$ 6,749</u>	<u>\$ 7,955</u>

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

## 19. EQUITY

### a. Share capital

#### Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (in thousands of shares)	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
Authorized capital	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>
Issued and paid shares (in thousands of shares)	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>
Issued capital	<u>\$ 1,720,000</u>	<u>\$ 1,720,000</u>	<u>\$ 1,720,000</u>

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

b. Capital surplus

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of common shares	\$ 402,192	\$ 402,192	\$ 402,192
Conversion of bonds	55,484	55,484	55,484
Treasury share transactions	28,889	28,889	28,889
Difference between consideration and carrying amount of subsidiaries acquired	1,456	1,456	1,456
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates accounted for using the equity method	<u>10,687</u>	<u>10,687</u>	<u>10,687</u>
	<u>\$ 498,708</u>	<u>\$ 498,708</u>	<u>\$ 498,708</u>

Note: 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 PDC's articles of incorporation (the "Articles"), where PDC 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 PDC'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 PDC'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, refer to compensation of employees and remuneration of directors in Note 20-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 Group 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 the years ended December 31, 2022 and 2021 which were proposed by the board of directors on May 4, 2023 and approved in the shareholders' meetings on June 14, 2022, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 62,163	\$ 115,063
Cash dividends	206,400	344,000
Cash dividends per share (NT\$)	1.2	2

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on June 20, 2023.

d. Other equity items

The movements of other equity items were as follows:

	<b>For the Three Months Ended March 31, 2023</b>		
	<b>Exchange Differences on the Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1	\$ (50,917)	\$ 579,363	\$ 528,446
Exchange differences on the translation of the net assets of foreign operations	(1,629)	-	(1,629)
Unrealized valuation gain on investments in equity instruments at FVTOCI	-	150,673	150,673
Share from associates accounted for using the equity method	(432)	7,330	6,898
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	-	-
Balance at March 31	<u>\$ (52,978)</u>	<u>\$ 737,366</u>	<u>\$ 684,388</u>

	<b>For the Three Months Ended March 31, 2022</b>		
	<b>Exchange Differences on the Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1	\$ (116,523)	\$ 919,642	\$ 803,119
Exchange differences on the translation of the net assets of foreign operations	64,423	-	64,423
Unrealized valuation gain on investments in equity instruments at FVTOCI	-	(134,956)	(134,956)
Share from associates accounted for using the equity method	1,485	(8,693)	(7,208)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(60,589)</u>	<u>(60,589)</u>
Balance at March 31	<u>\$ (50,615)</u>	<u>\$ 715,404</u>	<u>\$ 664,789</u>

e. Treasury shares

- 1) Movements of the treasury shares for the three months ended March 31, 2023 and 2022 were as follows:

**Unit: In Thousands of Shares**

	<b>For the Three Months Ended March 31, 2023</b>			
<b>Purpose of Buy-back</b>	<b>Number of Shares at January 1, 2023</b>	<b>Increase During the Period</b>	<b>Decrease During the Period</b>	<b>Number of Shares at March 31, 2023</b>
Shares transferred to employees	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>

  

	<b>For the Three Months Ended March 31, 2022</b>			
<b>Purpose of Buy-back</b>	<b>Number of Shares at January 1, 2022</b>	<b>Increase During the Period</b>	<b>Decrease During the Period</b>	<b>Number of Shares at March 31, 2022</b>
Shares transferred to employees	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>

- 2) As of March 31, 2023 and 2022, the amount of PDC's treasury shares was \$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 three months ended March 31, 2023 and 2022, 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 PDC shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall not enjoy shareholder rights.

## 20. 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 Three Months Ended March 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits						
Salaries and wages	\$ 85,926	\$ 28,833	\$ 114,759	\$ 118,070	\$ 36,446	\$ 154,516
Labor/health insurance	9,889	2,711	12,600	10,623	2,670	13,293
Pension	3,589	1,390	4,979	3,970	1,080	5,050
Other employee benefits	6,953	1,449	8,402	7,030	1,411	8,441
Depreciation	109,474	5,297	114,771	105,351	7,750	113,101
Amortization	1,145	504	1,649	1,131	378	1,509

The number of employees of the Group as of March 31, 2023 and 2022 was 847 and 947, respectively.

- b. Compensation of employees and remuneration of directors

According to the Company's Articles, PDC 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 estimated compensation of employees and remuneration of directors for the three months ended March 31, 2023 and 2022 are as follows:

	For the Three Months Ended March 31	
	2023	2022
<u>Accrual rate</u>		
Compensation of employees	2.5%	2.5%
Remuneration of directors	1%	1%
	For the Three Months Ended March 31	
	2023	2022
<u>Amount</u>		
Compensation of employees	\$ 4,613	\$ 7,229
Remuneration of directors	\$ 1,841	\$ 2,893

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

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors and paid on February 23, 2023 and February 22, 2022, respectively, are as follows. The differences were adjusted to profit and loss for the years ended December 31, 2023 and 2022, respectively.

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Compensation of employees				
Amounts approved in the board of directors meeting	\$ 16,231	\$ -	\$ 36,309	\$ -
Actual amounts paid	Note 1	-	36,303	-
Remuneration of directors				
Amounts approved in the board of directors' meeting	6,492	-	14,523	-
Actual amounts paid	Note 1	-	14,523	-

Note 1: The compensation of employees and remuneration of directors for 2022 have not been distributed.

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.

## 21. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 29,431	\$ 58,496
In respect of the prior year	<u>(110)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 29,321</u>	<u>\$ 58,496</u>

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

## 22. EARNINGS PER SHARE

Earnings per share for the three months ended March 31, 2023 and 2022 are as follows:

	<b>For the Three Months Ended March 31, 2023</b>		
	<b>Amount (In Thousands) After Income Tax</b>	<b>Number of Shares</b>	<b>Earnings Per Share (In Dollars) After Income Tax</b>
Basic earnings per share			
Amount after income tax attributable to owners of the Company	\$ 149,615	171,200,000	<u>\$ 0.87</u>
Effect of potentially dilutive ordinary shares - employee share options	<u>-</u>	<u>371,236</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive ordinary shares	<u>\$ 149,615</u>	<u>171,571,236</u>	<u>\$ 0.87</u>
	<b>For the Three Months Ended March 31, 2022</b>		
	<b>Amount (In Thousands) After Income Tax</b>	<b>Number of Shares</b>	<b>Earnings Per Share (In Dollars) After Income Tax</b>
Basic earnings per share			
Amount after income tax attributable to owners of the Company	\$ 219,112	171,200,000	<u>\$ 1.28</u>
Effect of potentially dilutive ordinary shares - employee share options	<u>-</u>	<u>545,440</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive ordinary shares	<u>\$ 219,112</u>	<u>171,745,440</u>	<u>\$ 1.28</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares will be 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.

## 23. OPERATING REVENUE

### Disaggregation of revenue based on customer segments by geographical region

Region	For the Three Months Ended March 31	
	2023	2022
Asia	\$ 786,787	\$ 1,079,283
America	61,491	127,351
Europe	31,395	66,717
Other	<u>-</u>	<u>55</u>
	<u>\$ 879,673</u>	<u>\$ 1,273,406</u>

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

## 24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group have 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.

## 25. 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 consolidated financial statements as approximate fair values. There were no major differences between the carrying amounts and fair values as of March 31, 2023, December 31, 2022 and March 31, 2022.

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

##### March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 319,843	\$ -	\$ -	\$ 319,843
Mutual funds	60,122	-	-	60,122
Government bonds	<u>-</u>	<u>44,988</u>	<u>-</u>	<u>44,988</u>
	<u>\$ 379,965</u>	<u>\$ 44,988</u>	<u>\$ -</u>	<u>\$ 424,953</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,246,877	\$ -	\$ -	\$ 1,246,877
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>263,646</u>	<u>263,646</u>
	<u>\$ 1,246,877</u>	<u>\$ -</u>	<u>\$ 263,646</u>	<u>\$ 1,510,523</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 250,030	\$ -	\$ -	\$ 250,030
Mutual funds	53,835	-	-	53,835
Government bonds	<u>-</u>	<u>44,549</u>	<u>-</u>	<u>44,549</u>
	<u>\$ 303,865</u>	<u>\$ 44,549</u>	<u>\$ -</u>	<u>\$ 348,414</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,118,683	\$ -	\$ -	\$ 1,118,683
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>241,168</u>	<u>241,168</u>
	<u>\$ 1,118,683</u>	<u>\$ -</u>	<u>\$ 241,168</u>	<u>\$ 1,359,851</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 304,188	\$ -	\$ -	\$ 304,188
Mutual funds	<u>59,449</u>	<u>-</u>	<u>-</u>	<u>59,449</u>
	<u>\$ 363,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,637</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,204,727	\$ -	\$ -	\$ 1,204,727
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>152,147</u>	<u>152,147</u>
	<u>\$ 1,204,727</u>	<u>\$ -</u>	<u>\$ 152,147</u>	<u>\$ 1,356,874</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Government bonds	Determined by quoted market prices provided by third party pricing services.

4) 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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 424,953	\$ 348,414	\$ 363,637
Financial assets at amortized cost (Note 1)	2,679,487	2,760,241	3,309,059
Financial assets at FVTOCI			
Equity instruments	1,510,523	1,359,851	1,356,874
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,526,961	1,810,635	1,987,743

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 Group'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 Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

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

The Group'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 Group 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 Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 29.

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Three Months Ended March 31</b>		<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ 33,337	\$ 25,130	\$ 12,711	\$ 27,666
Equity	1,894	1,938	18,005	19,549

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the period for a 3% change in foreign currency rates. A positive number indicates an 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 Group 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 Group's financial assets and financial liabilities with exposure to interest rates at the end of the period were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash flow interest rate risk			
Financial assets	\$ 1,172,252	\$ 1,281,387	\$ 1,454,770
Financial liabilities	756,316	1,051,784	847,034

The Group's sensitivity analysis of interest rate risk mainly focuses on changes in the 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 Group's variable-rate financial assets for the three months ended March 31, 2023 and 2022 would have resulted in cash outflows by \$4,159 thousand and \$6,077 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 Group.

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

### 3) Liquidity risk

The Group'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 Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods:

#### March 31, 2023

	<b>Less than 1 Year</b>	<b>2-3 Years</b>	<b>3+ Years</b>	<b>Total</b>
Non-interest bearing Variable interest rate liabilities	\$ 770,645	\$ -	\$ -	\$ 770,645
Lease liabilities	387,508	368,808	-	756,316
	<u>33,757</u>	<u>58,780</u>	<u>85,035</u>	<u>177,572</u>
	<u>\$ 1,191,910</u>	<u>\$ 427,588</u>	<u>\$ 85,035</u>	<u>\$ 1,704,533</u>

#### December 31, 2022

	<b>Less than 1 Year</b>	<b>2-3 Years</b>	<b>3+ Years</b>	<b>Total</b>
Non-interest bearing Variable interest rate liabilities	\$ 758,851	\$ -	\$ -	\$ 758,851
Lease liabilities	579,591	472,193	-	1,051,784
	<u>34,708</u>	<u>58,988</u>	<u>92,502</u>	<u>186,198</u>
	<u>\$ 1,373,150</u>	<u>\$ 531,181</u>	<u>\$ 92,502</u>	<u>\$ 1,996,833</u>

#### March 31, 2022

	<b>Less than 1 Year</b>	<b>2-3 Years</b>	<b>3+ Years</b>	<b>Total</b>
Non-interest bearing Variable interest rate liabilities	\$ 1,140,709	\$ -	\$ -	\$ 1,140,709
Lease liabilities	94,792	722,267	29,975	847,034
	<u>30,344</u>	<u>52,429</u>	<u>101,325</u>	<u>184,098</u>
	<u>\$ 1,265,845</u>	<u>\$ 774,696</u>	<u>\$ 131,300</u>	<u>\$ 2,171,841</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation, refer to Table 4 for the details. Details of transactions between the Group and other related parties are disclosed as follows:

### Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Technology Corporation	Parent company
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
INPAQ Technology Co., Ltd.	Sister company
INPAQ Technology (Suzhou) Co., Ltd.	Sister company
Taiwan INPAQ Electronics Co., Ltd.	Sister company
INPAQ Technology (China) Co., Ltd.	Sister company
Hunan Frontier Electronics Co., Ltd.	Sister company
Tsai Yi Corporation	Associate
Joyin Co., Ltd.	Associate
Dongguan Joyin Electronics 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
PSA Charitable Foundation	Other related party
PSA WG Culture and Arts Foundation	Other related party
Hwa Bao Botanic Conservation Corp.	Other related party

### Transactions

Transactions between the Group and other related parties for the three months ended March 31, 2023 and 2022 are disclosed as follows:

<b>Related Party Category</b>	<b>Sales of Goods</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Parent company	\$ 220,753	\$ 301,065
Sister companies	64,602	56,509
Other related parties	195	74
Associates	<u>18</u>	<u>-</u>
	<u>\$ 285,568</u>	<u>\$ 357,648</u>

Related Party Category/Name	Purchases of Goods	
	For the Three Months Ended	
	March 31	
	2023	2022
Parent company	\$ 63,934	\$ 151,867
Sister companies		
Dongguan Walsin Technology Electronics Co., Ltd.	58,672	101,466
Others	<u>11,054</u>	<u>8,671</u>
	<u>69,726</u>	<u>110,137</u>
Associates	<u>413</u>	<u>-</u>
	<u>\$ 134,073</u>	<u>\$ 262,004</u>

The selling prices between the Group 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, the 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 Group 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.

Related Party Name	Acquisition of Assets	
	For the Three Months Ended	
	March 31	
	2023	2022
Falcon Automation Equipment Corporation	\$ <u>-</u>	\$ <u>27,650</u>

Lease arrangements as lessee

Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Parent company	\$ 27,621	\$ 29,194	\$ 1,025
	Sister companies	-	-	5,685
	Other related parties	<u>10,433</u>	<u>10,815</u>	<u>11,955</u>
		<u>\$ 38,054</u>	<u>\$ 40,009</u>	<u>\$ 18,665</u>

Item	Related Party Category	For the Three Months Ended March 31	
		2023	2022
Interest expense	Parent company	\$ 70	\$ 4
	Sister companies	-	14
	Other related parties	<u>27</u>	<u>30</u>
		<u>\$ 97</u>	<u>\$ 48</u>
Rental expense	Parent company	\$ 105	\$ 22
	Sister companies	<u>61</u>	<u>61</u>
		<u>\$ 166</u>	<u>\$ 83</u>

Lease agreements as lessor

Lease income was summarized as follows:

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Parent company	\$ 754	\$ 744
Sister companies	24	40
Associates	12	12
Other related parties	<u>620</u>	<u>621</u>
	<u>\$ 1,410</u>	<u>\$ 1,417</u>

For the three months ended March 31, 2023 and 2022, the remaining balances were as follows:

	Trade Receivables			Trade Payables		
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Parent company	\$ 223,156	\$ 156,226	\$ 198,837	\$ -	\$ -	\$ -
Sister companies						
Dongguan Walsin Technology Electronics Co., Ltd.	52,158	17,582	22,415	73,196	88,535	150,810
INPAQ Technology (Suzhou) Co., Ltd.	32,298	32,585	61,387	-	-	-
Others	<u>5,428</u>	<u>6,076</u>	<u>4,184</u>	<u>16,974</u>	<u>13,204</u>	<u>14,287</u>
	<u>89,884</u>	<u>56,243</u>	<u>87,986</u>	<u>90,170</u>	<u>101,739</u>	<u>165,097</u>
Associates	<u>19</u>	<u>36</u>	<u>-</u>	<u>748</u>	<u>736</u>	<u>-</u>
Other related parties	<u>205</u>	<u>103</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 313,264</u>	<u>\$ 212,608</u>	<u>\$ 286,901</u>	<u>\$ 90,918</u>	<u>\$ 102,475</u>	<u>\$ 165,097</u>
	Other Receivables			Other Payables		
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Parent company	\$ -	\$ -	\$ 10,809	\$ 5,418	\$ 3,962	\$ -
Sister companies	82	104	10,156	1,034	719	2,009
Associates	847	537	12	-	-	-
Other related parties	<u>609</u>	<u>632</u>	<u>594</u>	<u>9,915</u>	<u>11,825</u>	<u>22,055</u>
	<u>\$ 1,538</u>	<u>\$ 1,273</u>	<u>\$ 21,571</u>	<u>\$ 16,367</u>	<u>\$ 16,506</u>	<u>\$ 24,064</u>

Other receivables are the uncollected amounts from the Group's lease income, selling of raw materials and 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; trade receivables - related parties were also not guaranteed. There was no bad debt expense for trade receivables - related parties as of March 31, 2023, December 31, 2022 and March 31, 2022.

<b>Related Party Name</b>	<b>Advance Receipts</b>		
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
INPAQ Technology (Suzhou) Co., Ltd.	<u>\$ 11,523</u>	<u>\$ -</u>	<u>\$ -</u>

Advance receipts are the proceeds from disposal of the Group's equipment.

#### Equity transactions

Refer to Notes 12, 13 and 28.

#### Remuneration of key management personnel

Remuneration of the board of directors and other key management personnel for the three months ended March 31, 2023 and 2022 was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 9,788	\$ 36,091
Post-employment benefits	<u>54</u>	<u>54</u>
	<u>\$ 9,842</u>	<u>\$ 36,145</u>

## **27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

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

### a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Acquisition of property, plant and equipment	<u>\$ 79,528</u>	<u>\$ 72,145</u>	<u>\$ 410,216</u>

### b. Contingencies

As of March 31, 2023, outstanding letters of credit of the Group were summarized as follows:

	<b>Unit: Dollars</b>	
<b>Currency</b>	<b>Carrying Amount</b>	<b>Deposits Paid</b>
JPY	JPY 186,000,000	JPY -

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

		<b>Unit: Dollars</b>	
<b>Currency</b>	<b>Carrying Amount</b>	<b>Deposits Paid</b>	
JPY	JPY 186,000,000	JPY	-

As of March 31, 2022, outstanding letters of credit of the Group were summarized as follows:

		<b>Unit: Dollars</b>	
<b>Currency</b>	<b>Carrying Amount</b>	<b>Deposits Paid</b>	
JPY	JPY 387,628,000	JPY	-

## 28. OTHER ITEMS

### a. Reason of restatement

In June 2022, the board of directors of Prosperity Dielectrics Co., Ltd. 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 carrying amount method, and deemed as a business combination from the beginning; consequently, the consolidated 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 the former owner of the business combination under common control.

### b. The restated the consolidated balance sheet as of March 31, 2022 and the consolidated statement of comprehensive income for the three months ended March 31, 2022 have the following effects:

March 31, 2022

<b>Item</b>	<b>Amount Before Retrospective Restatement</b>	<b>Effects</b>	<b>Amount After Retrospective Restatement</b>
Current assets			
Cash and cash equivalents	\$ 1,966,520	\$ -	\$ 1,966,520
Financial assets at FVTPL - current	363,637	-	363,637
Financial assets at amortized cost - current	90,947	-	90,947
Notes receivable	39,302	-	39,302
Trade receivables	811,069	-	811,069
Trade receivables - related parties	286,901	-	286,901
Other receivables	43,435	-	43,435
Other receivables - related parties	21,571	-	21,571
Inventories	782,429	-	782,429
Other current assets	<u>41,290</u>	<u>-</u>	<u>41,290</u>
Total current assets	<u>4,447,101</u>	<u>-</u>	<u>4,447,101</u>

(Continued)

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Non-current assets			
Financial assets at FVTOCI - non-current	\$ 1,356,874	\$ -	\$ 1,356,874
Financial assets at amortized cost - non-current	45,134	-	45,134
Investments accounted for using the equity method	861,542	372,724	1,234,266
Property, plant and equipment	2,169,538	-	2,169,538
Right-of-use assets	180,860	-	180,860
Computer software	6,708	-	6,708
Deferred tax assets	39,739	-	39,739
Other non-current assets	<u>8,327</u>	<u>-</u>	<u>8,327</u>
Total non-current assets	<u>4,668,722</u>	<u>372,724</u>	<u>5,041,446</u>
 Total assets	 <u>\$ 9,115,823</u>	 <u>\$ 372,724</u>	 <u>\$ 9,488,547</u>
Current liabilities			
Short-term borrowings	\$ 20,000	\$ -	\$ 20,000
Trade payables to unrelated parties	359,118	-	359,118
Trade payables to related parties	165,097	-	165,097
Other payables to unrelated parties	567,090	-	567,090
Other payables to related parties	24,064	-	24,064
Current tax liabilities	184,425	-	184,425
Lease liabilities - current	30,344	-	30,344
Current portion of long-term borrowings	74,792	-	74,792
Other current liabilities	<u>12,153</u>	<u>-</u>	<u>12,153</u>
Total current liabilities	<u>1,437,083</u>	<u>-</u>	<u>1,437,083</u>
Non-current liabilities			
Long-term borrowings	752,242	-	752,242
Deferred tax liabilities	188,342	-	188,342
Lease liabilities - non-current	153,754	-	153,754
Deferred revenue - non-current	7,966	-	7,966
Net defined benefit liabilities - non-current	34,998	-	34,998
Guarantee deposits received	<u>25,340</u>	<u>-</u>	<u>25,340</u>
Total non-current liabilities	<u>1,162,642</u>	<u>-</u>	<u>1,162,642</u>
 Total liabilities	 <u>2,599,725</u>	 <u>-</u>	 <u>2,599,725</u>
Equity attributable to owners of the company			
Ordinary shares	<u>1,720,000</u>	<u>-</u>	<u>1,720,000</u>
Capital surplus	<u>498,708</u>	<u>-</u>	<u>498,708</u>
Retained earnings			
Legal reserve	509,861	-	509,861
Special reserve	67,764	-	67,764
Unappropriated earnings	<u>3,109,347</u>	<u>-</u>	<u>3,109,347</u>
Total retained earnings	<u>3,686,972</u>	<u>-</u>	<u>3,686,972</u>

(Continued)

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Other equity			
Exchange differences on the translation of the financial statements of foreign operations	\$ (50,615)	\$ -	\$ (50,615)
Unrealized valuation gain on FVTOCI	<u>715,404</u>	<u>-</u>	<u>715,404</u>
Total other equity	<u>664,789</u>	<u>-</u>	<u>664,789</u>
Treasury shares	<u>(54,371)</u>	<u>-</u>	<u>(54,371)</u>
Total equity attributable to owners of the Company	<u>6,516,098</u>	<u>-</u>	<u>6,516,098</u>
Equity attributable to former owner of business combination under common control	<u>-</u>	<u>372,724</u>	<u>372,724</u>
Total equity	<u>6,516,098</u>	<u>372,724</u>	<u>6,888,822</u>
Total liabilities and equity	<u>\$ 9,115,823</u>	<u>\$ 372,724</u>	<u>\$ 9,488,547</u> (Concluded)

For the three months ended March 31, 2022

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Net sales	\$ 1,273,406	\$ -	\$ 1,273,406
Cost of sales	<u>928,738</u>	<u>-</u>	<u>928,738</u>
Gross profit	<u>344,668</u>	<u>-</u>	<u>344,668</u>
Operating expenses			
Selling and marketing expenses	35,096	-	35,096
General and administrative expenses	30,143	-	30,143
Research and development expenses	<u>19,744</u>	<u>-</u>	<u>19,744</u>
Total operating expenses	<u>90,983</u>	<u>-</u>	<u>90,983</u>
Profit from operations	<u>253,685</u>	<u>-</u>	<u>253,685</u>
Non-operating income and expenses			
Interest income	5,092	-	5,092
Other income	5,309	-	5,309
Gain on disposal of property, plant and equipment	330	-	330
Gain on disposal of investments	17,286	-	17,286
Foreign exchange gain	31,203	-	31,203
Gain on reversal of impairment loss	1,502	-	1,502
Share of profit of associates accounted for using the equity method	1,113	(4,415)	(3,302)
Interest expense	(2,508)	-	(2,508)
Miscellaneous expenses	(843)	-	(843)
Loss on valuation of financial assets at FVTPL	<u>(34,561)</u>	<u>-</u>	<u>(34,561)</u>
Total non-operating income and expenses	<u>23,923</u>	<u>(4,415)</u>	<u>19,508</u> (Continued)

Item	Amount Before Retrospective Restatement	Effects	Amount After Retrospective Restatement
Profit before income tax	\$ 277,608	\$ (4,415)	\$ 273,193
Income tax expense	<u>(58,496)</u>	<u>-</u>	<u>(58,496)</u>
Net profit for the period	<u>219,112</u>	<u>(4,415)</u>	<u>214,697</u>
Other comprehensive (loss) income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealized valuation gain on investments in equity instruments at FVTOCI	(134,956)	-	(134,956)
Share of the other comprehensive loss of associates accounted for using the equity method	(8,693)	-	(8,693)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on the translation of the financial statements of foreign operations	64,423	-	64,423
Share of the other comprehensive income of associates accounted for using the equity method	<u>1,485</u>	<u>5,881</u>	<u>7,366</u>
Other comprehensive income for the period	<u>(77,741)</u>	<u>5,881</u>	<u>(71,860)</u>
Total comprehensive income for the period	<u>\$ 141,371</u>	<u>\$ 1,466</u>	<u>\$ 142,837</u> (Concluded)

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

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group 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:

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<b>Financial assets</b>									
<b>Monetary items</b>									
USD	\$ 39,677	30.454	\$ 1,208,323	\$ 63,256	30.71	\$ 1,942,592	\$ 34,630	28.625	\$ 991,284
RMB	113,246	4.4348	502,223	111,615	4.4105	492,278	231,454	4.5134	1,044,644
<b>Non-monetary items</b>									
Investments accounted for using the equity method									
USD	2,073	30.454	63,141	2,053	30.71	63,051	2,257	28.625	64,611
RMB	135,335	4.4348	600,182	135,493	4.4105	597,593	144,380	4.5134	651,646
<b>Financial liabilities</b>									
<b>Monetary items</b>									
USD	3,188	30.454	97,087	2,464	30.71	75,669	5,367	28.625	153,630
RMB	17,705	4.4348	78,518	22,225	4.4105	98,023	27,132	4.5134	122,458

For the three months ended March 31, 2023 and 2022, net realized and unrealized foreign exchange (losses) gains were \$(7,687) thousand and \$31,203 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of foreign currency transactions.

### 30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 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 (None)
- 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 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 4)

b. Investees and information about reinvestment

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)

### 31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the geographical segments as its operating segments. The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Taiwan segment - Prosperity Dielectrics Co., Ltd.  
 - PDC Prime Holdings Limited  
 - Frontec International Corporation  
 - PDC Success Investments Ltd.
- China segment - PDC Electronics (Suzhou) Co., Ltd.  
 - Dongguan Frontier Electronics Co., Ltd.  
 - Frontier Components Co., Limited  
 - Prosperity International Development (HK) Co., Limited  
 - Prosperity Frontier Electronics (Shenzhen) Co., Ltd.  
 - Prosperity Frontier Electronics (Guangzhou) Co., Ltd.

#### a. Segment revenue and results

The following tables detail the Group's segment revenue and results by reportable segments for the three months ended March 31, 2023 and 2022 as restarted:

	<b>For the Three Months Ended March 31, 2023</b>			
	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Net sales	\$ 816,082	\$ 402,755	\$ (339,164)	\$ 879,673
Cost of sales	(650,914)	(385,051)	329,855	(706,110)
Unrealized gain on inter-affiliate accounts	(9,309)	-	9,309	-
Gross profit	155,859	17,704	-	173,563
Operating expenses	(51,845)	(7,006)	-	(58,851)
Profit from operations	104,014	10,698	-	114,712
Non-operating income and expenses	74,306	9,122	(19,204)	64,224
Profit before income tax	<u>\$ 178,320</u>	<u>\$ 19,820</u>	<u>\$ (19,204)</u>	<u>\$ 178,936</u>

**For the Three Months Ended March 31, 2022 (Restated)**

	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Net sales	\$ 1,142,047	\$ 397,494	\$ (266,135)	\$ 1,273,406
Cost of sales	(804,308)	(389,445)	265,015	(928,738)
Unrealized gain on inter-affiliate accounts	<u>(9,167)</u>	<u>-</u>	<u>9,167</u>	<u>-</u>
Gross profit	328,572	8,049	8,047	344,668
Operating expenses	<u>(75,976)</u>	<u>(7,007)</u>	<u>(8,000)</u>	<u>(90,983)</u>
Profit from operations	252,596	1,042	47	253,685
Non-operating income and expenses	<u>17,087</u>	<u>10,513</u>	<u>(8,092)</u>	<u>19,508</u>
Profit before income tax	<u>\$ 269,683</u>	<u>\$ 11,555</u>	<u>\$ (8,045)</u>	<u>\$ 273,193</u>

b. Segment assets and liabilities

**March 31, 2023**

	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Cash and cash equivalents	\$ 913,703	\$ 351,622	\$ -	\$ 1,265,325
Notes and trade receivables	852,086	403,641	(400,540)	855,187
Inventories	617,984	97,519	(42,847)	672,656
Other current assets	<u>402,104</u>	<u>262,923</u>	<u>(22)</u>	<u>665,005</u>
Total current assets	<u>2,785,877</u>	<u>1,115,705</u>	<u>(443,409)</u>	<u>3,458,173</u>
Financial assets at FVTOCI - non-current	1,510,523	-	-	1,510,523
Investments accounted for using the equity method	2,166,436	663,323	(1,681,755)	1,148,004
Financial assets at amortized cost	-	346,572	-	346,572
Property, plant and equipment	1,976,544	92,758	-	2,069,302
Other non-current assets	<u>216,155</u>	<u>18,558</u>	<u>-</u>	<u>234,713</u>
Total assets	<u>\$ 8,655,535</u>	<u>\$ 2,236,916</u>	<u>\$ (2,125,164)</u>	<u>\$ 8,767,287</u>

	<b>December 31, 2022</b>			
	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,078,988	\$ 526,589	\$ -	\$ 1,605,577
Notes and trade receivables	755,135	295,089	(222,686)	827,538
Inventories	631,219	74,292	(33,539)	671,972
Other current assets	<u>339,127</u>	<u>159,125</u>	<u>-</u>	<u>498,252</u>
Total current assets	<u>2,804,469</u>	<u>1,055,095</u>	<u>(256,225)</u>	<u>3,603,339</u>
Financial assets at FVTOCI - non-current	1,359,851	-	-	1,359,851
Investments accounted for using the equity method	2,163,602	660,644	(1,673,489)	1,150,757
Financial assets at amortized cost	-	212,610	-	212,610
Property, plant and equipment	2,062,457	98,985	-	2,161,442
Other non-current assets	<u>224,626</u>	<u>20,129</u>	<u>-</u>	<u>244,755</u>
Total assets	<u>\$ 8,615,005</u>	<u>\$ 2,047,463</u>	<u>\$ (1,929,714)</u>	<u>\$ 8,732,754</u>
	<b>March 31, 2022 (Restated)</b>			
	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,113,759	\$ 852,761	\$ -	\$ 1,966,520
Notes and trade receivables	1,071,942	530,623	(465,293)	1,137,272
Inventories	745,523	66,390	(29,484)	782,429
Other current assets	<u>450,420</u>	<u>119,971</u>	<u>(9,511)</u>	<u>560,880</u>
Total current assets	<u>3,381,644</u>	<u>1,569,745</u>	<u>(504,288)</u>	<u>4,447,101</u>
Financial assets at FVTOCI - non-current	1,356,874	-	-	1,356,874
Investments accounted for using the equity method	2,325,421	716,257	(1,807,412)	1,234,266
Property, plant and equipment	2,046,944	122,594	-	2,169,538
Other non-current assets	<u>203,508</u>	<u>77,260</u>	<u>-</u>	<u>280,768</u>
Total assets	<u>\$ 9,314,391</u>	<u>\$ 2,485,856</u>	<u>\$ (2,311,700)</u>	<u>\$ 9,488,547</u>
	<b>March 31, 2023</b>			
	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Total current liabilities	\$ 1,266,071	\$ 506,735	\$ (400,561)	\$ 1,372,245
Guarantee deposits received	9,124	12,446	-	21,570
Deferred income tax liabilities	164,288	-	-	164,288
Other non-current liabilities	<u>525,727</u>	<u>-</u>	<u>-</u>	<u>525,727</u>
Total liabilities	<u>\$ 1,965,210</u>	<u>\$ 519,181</u>	<u>\$ (400,561)</u>	<u>\$ 2,083,830</u>

<b>December 31, 2022</b>				
	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Total current liabilities	\$ 1,402,793	\$ 340,621	\$ (222,686)	\$ 1,520,728
Guarantee deposits received	16,554	6,221	-	22,775
Deferred income tax liabilities	158,439	-	-	158,439
Other non-current liabilities	<u>652,394</u>	<u>518</u>	<u>-</u>	<u>652,912</u>
Total liabilities	<u>\$ 2,230,180</u>	<u>\$ 347,360</u>	<u>\$ (222,686)</u>	<u>\$ 2,354,854</u>

<b>March 31, 2022</b>				
	<b>Taiwan Segment</b>	<b>China Segment</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Total current liabilities	\$ 1,274,551	\$ 637,336	\$ (474,804)	\$ 1,437,083
Guarantee deposits received	16,946	8,394	-	25,340
Deferred income tax liabilities	188,342	-	-	188,342
Other non-current liabilities	<u>939,351</u>	<u>9,609</u>	<u>-</u>	<u>948,960</u>
Total liabilities	<u>\$ 2,419,190</u>	<u>\$ 655,339</u>	<u>\$ (474,804)</u>	<u>\$ 2,599,725</u>

All intercompany transactions have been eliminated upon consolidation.

## PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2023

(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	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Prosperity Dielectrics Co., Ltd.	<u>Listed shares</u> 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	\$ 438,839	6.16	\$ 438,839	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company	"	10,989,605	535,743	0.29	535,743	
	HannStar Board Corporation	The chairman of the securities issuer is the same as the Company's	"	5,668,332	201,509	1.07	201,509	
	APAQ Technology Co., Ltd.	None	"	739,000	41,236	0.83	41,236	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	"	"	500,000	29,550	-	29,550	
	APAQ Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - current	4,541,000	253,388	5.10	253,388	
	Chunghwa Telecom Co., Ltd.	"	"	400,000	47,800	0.01	47,800	
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	35,000	18,655	-	18,655	
	<u>Shares</u> 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	174,569	0.72	174,569	
	Hwa Bao Botanic Conservation Corp.	"	"	8,000,000	89,077	10.00	89,077	
Dongguan Frontier Electronics Co., Ltd.	<u>Bonds</u> 2022 Book-entry 9th Treasury Coupon Bonds	None	Financial assets at fair value through profit or loss - current	-	44,988	-	44,988	
PDC Electronics (Suzhou) Co., Ltd.	<u>Mutual funds</u> GF Money Market Fund B	"	"	-	22,985	-	22,985	
	CCB Principal Profit Raise Money Market ETF Fund A	"	"	-	35,879	-	35,879	
Frontier Components Co., Ltd.	<u>Bonds</u> TSMC Arizona Corp.	None	Financial assets at amortized cost - non-current	-	91,276	-	91,276	
	Amazon.com, Inc.	"	"	-	59,883	-	59,883	
	U.S. Treasuries	"	"	-	59,932	-	59,932	
	Commonwealth Bank of Australia New York Subsidiary Bonds	"	"	-	135,481	-	135,481	
	<u>Mutual funds</u> JPMorgan USD Liquid LVNAV Fund	"	Financial assets at fair value through profit or loss - current	-	1,258	-	1,258	

## PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE THREE MONTHS ENDED MARCH 31, 2023  
 (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	\$ (181,797)	(22)	No significant difference with third parties	-	-	Trade receivables \$ 231,118	27	
	Walsin Technology Corporation	Parent company	Sales	(220,753)	(27)	"	-	-	Trade receivables 223,156	26	
Frontier Components Co., Limited	Prosperity Dielectrics Co., Ltd.	Parent company	Purchases	181,797	97	"	-	-	Trade payables (231,118)	(92)	
	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Sales	(132,754)	(70)	"	-	-	Trade receivables 133,072	63	
Dongguan Frontier Electronics Co., Ltd.	Frontier Components Co., Limited	Parent company	Purchases	132,754	70	"	-	-	Trade payables (133,072)	(68)	

**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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 Walsin Technology Corporation	Indirectly owned second-tier subsidiary Parent company	Trade receivables	\$ 231,118	4.24	\$ -	-	\$ 53,973	\$ -
			Trade receivables	223,156	4.66	-	-	-	-
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Trade receivables	133,072	5.15	-	-	55,259	-

**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Parent company to subsidiary	Sales	\$ 181,797	No significant difference with third parties	21
				Trade receivables	231,118		3
		Trade payables	11,660	-			
		Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Parent company to subsidiary	Purchases	17,630		2
				Trade payables	17,680		-
1	Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	132,754	15	
				Trade receivables	133,072	2	

Note 1: The investee company is represented in the number column as follows:

- a. The parent company is numbered "0".
- b. The subsidiaries are numbered consecutively from "1" in the order presented in the table above.

Note 2: There are three natures of relationships regarding the flow of transactions (in the case of the same transaction between the parent company and its subsidiary or between subsidiaries, there is no need to repeat disclosure. For example: If the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary does not need to be disclosed. If a subsidiary has disclosed the transaction between the other subsidiary and itself, the other subsidiary does not need to be disclosed).

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The transaction amount as a percentage of the consolidated total revenue or total assets is calculated as follows: For balance sheet items, each item's period-end balance is shown as a percentage of consolidated total assets as of March 31, 2023. For profit or loss items, cumulative amounts are shown as a percentage of consolidated total operating revenue for the three months ended March 31, 2023.

Note 4: The decision whether or not to disclose the significant intercompany transactions was made based on the principle of materiality.

## PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Investment holding	\$ 728,456	\$ 728,456	23,464,538	100	\$ 1,594,121	\$ 21,053	\$ 21,053	
		British Virgin Islands	Investment holding	327,140	327,140	8,221,615	100	130,482	(1,849)	(1,849)	
	Tsai Yi Corporation Joyin Co., Ltd.	Taiwan	Investment holding	51,928	51,928	4,934,995	3.36	85,755	(23,748)	(797)	
		Taiwan	Manufacturing of electronic components	426,701	426,701	23,715,360	30.4	398,926	(29,437)	(11,534)	
PDC Prime Holdings Limited	PDC Success Investments Ltd. Frontier Components Co., Limited	Republic of Mauritius	Investment holding	387,932	387,932	12,009,000	100	742,294	159	159	
		Hong Kong	International trade	274,116 (Note 2)	274,116 (Note 2)	70,036,752	100	782,248	20,994	20,994	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Investment holding	73,120 (Note 2)	73,120 (Note 2)	2,401,000	100	63,165	(46)	(46)	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Investment holding	73,090 (Note 2)	73,090 (Note 2)	2,400,000	10	63,141	(461)	(46)	

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

Note 2: The closing exchange rate as of March 31, 2023 was used to convert the foreign currencies into New Taiwan dollars. The closing exchange rate as of March 31, 2023 was US\$ to NT\$= 1:30.454.

## PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of ceramic components	\$ 365,448 (US\$ 12,000,000)	Note 1	\$ 365,448 (US\$ 12,000,000)	\$ -	\$ -	\$ 365,448 (US\$ 12,000,000)	\$ 162	100	\$ 162	\$ 742,013	\$ 157,761 (US\$ 5,180,313)
Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	185,769 (US\$ 6,100,000)	Note 1	185,769 (US\$ 6,100,000)	-	-	185,769 (US\$ 6,100,000)	1,006	100	1,006	244,283	99,864 (US\$ 3,279,186)
Chongqing Shuohong Investment Co., Ltd.	Investment management, investment consultation services	2,350,444 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(2,899)	20.43	(592)	559,452	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	240,020 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	(853)	13.04	(111)	40,730	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	730,896 (US\$ 24,000,000)	Note 1	73,090 (US\$ 2,400,000)	-	-	73,090 (US\$ 2,400,000)	(468)	10	(47)	63,067	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	182,724 (US\$ 6,000,000)	Note 1	171,814 (US\$ 5,641,768)	-	-	171,814 (US\$ 5,641,768)	(1,848)	100	(1,848)	130,310	-
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	4,435 (RMB 1,000,000) (Note 6)	Note 1	-	-	-	-	1	100	1	2,001	-

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 March 31, 2023 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 three months ended March 31, 2023) 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 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 March 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 894,635 (US\$ 29,376,590)	\$ 1,036,038 (US\$ 34,019,762)	(Note 2)

Note 1: The average exchange rates as of March 31, 2023 are as follows:

US\$ to NT\$ = 1:30.454  
RMB to NT\$ = 1:4.4348

The average exchange rates for the three months ended March 31, 2023 are as follows:

US\$ to NT\$ = 1:30.395  
RMB to NT\$ = 1:4.4425

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: Tables 2 and 4.
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. AND SUBSIDIARIES**

**INFORMATION OF MAJOR SHAREHOLDERS  
MARCH 31, 2023**

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