

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 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, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 disclosed 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 auditors. As of March 31, 2024 and 2023, the total investments accounted for using the equity method amounted to NT\$386,310 thousand and NT\$398,926 thousand, respectively, and for the three months ended March 31, 2024 and 2023, the total share of loss of the associates accounted for using the equity method amounted to NT\$4,392 thousand and NT\$11,534 thousand, respectively. In addition, the related information on certain investments disclosed in Note 29 to the consolidated financial statements was also not reviewed by independent auditors.

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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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.

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 & Touche
Taipei, Taiwan
Republic of China

April 29, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 975,192	11	\$ 1,017,418	12	\$ 1,265,325	14
Financial assets at fair value through profit or loss - current (Note 7)	182,991	2	68,755	1	424,953	5
Financial assets at amortized cost - current (Note 8)	344,092	4	421,735	5	170,932	2
Notes receivable from unrelated parties (Note 9)	28,227	-	29,651	-	27,876	-
Trade receivables from unrelated parties (Note 9)	573,063	7	568,758	7	514,047	6
Trade receivables from related parties (Note 26)	249,151	3	270,150	3	313,264	4
Other receivables from unrelated parties	28,476	-	31,306	1	33,382	-
Other receivables from related parties (Note 26)	6,025	-	1,339	-	1,538	-
Inventories (Note 10)	656,853	8	600,952	7	672,656	8
Other current assets	24,106	-	20,858	-	34,200	-
Total current assets	<u>3,068,176</u>	<u>35</u>	<u>3,030,922</u>	<u>36</u>	<u>3,458,173</u>	<u>39</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,797,071	21	1,706,241	20	1,510,523	17
Financial assets at amortized cost - non-current (Note 8)	801,854	9	661,517	8	346,572	4
Investments accounted for using the equity method (Note 13)	1,144,581	13	1,137,842	13	1,148,004	13
Property, plant and equipment (Note 14)	1,680,618	19	1,769,437	21	2,069,302	24
Right-of-use assets (Note 15)	140,726	2	147,780	2	174,390	2
Computer software	5,647	-	6,151	-	7,682	-
Deferred tax assets (Note 4)	40,649	1	35,412	-	36,485	1
Other non-current assets	11,476	-	12,928	-	16,156	-
Total non-current assets	<u>5,622,622</u>	<u>65</u>	<u>5,477,308</u>	<u>64</u>	<u>5,309,114</u>	<u>61</u>
TOTAL	<u>\$ 8,690,798</u>	<u>100</u>	<u>\$ 8,508,230</u>	<u>100</u>	<u>\$ 8,767,287</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 42,278	1	\$ 63,411	1	\$ -	-
Trade payables to unrelated parties	264,054	3	236,217	3	292,387	3
Trade payables to related parties (Note 26)	109,894	1	92,463	1	90,918	1
Other payables to unrelated parties (Note 17)	329,336	4	384,560	4	349,403	4
Other payables to related parties (Note 26)	12,033	-	14,426	-	16,367	-
Current tax liabilities (Note 4)	92,795	1	58,228	1	168,557	2
Lease liabilities - current (Note 15)	29,083	-	28,781	-	33,757	1
Current portion of long-term borrowings (Note 16)	342,698	4	409,158	5	387,508	5
Other current liabilities (Note 26)	15,003	-	11,567	-	33,348	-
Total current liabilities	<u>1,237,174</u>	<u>14</u>	<u>1,298,811</u>	<u>15</u>	<u>1,372,245</u>	<u>16</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 16)	29,039	1	66,408	1	368,808	4
Deferred tax liabilities (Note 4)	187,065	2	179,739	2	164,288	2
Lease liabilities - non-current (Note 15)	114,965	1	122,460	2	143,815	2
Deferred revenue - non-current (Note 17)	961	-	1,509	-	3,889	-
Net defined benefit liabilities - non-current (Note 4)	7,998	-	8,617	-	9,215	-
Guarantee deposits received	28,237	-	29,154	-	21,570	-
Total non-current liabilities	<u>368,265</u>	<u>4</u>	<u>407,887</u>	<u>5</u>	<u>711,585</u>	<u>8</u>
Total liabilities	<u>1,605,439</u>	<u>18</u>	<u>1,706,698</u>	<u>20</u>	<u>2,083,830</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital						
Ordinary shares	<u>1,720,000</u>	<u>20</u>	<u>1,720,000</u>	<u>20</u>	<u>1,720,000</u>	<u>19</u>
Capital surplus	<u>498,708</u>	<u>6</u>	<u>498,708</u>	<u>6</u>	<u>498,708</u>	<u>6</u>
Retained earnings						
Legal reserve	687,087	8	687,087	8	624,924	7
Special reserve	67,764	1	67,764	1	67,764	1
Unappropriated earnings	<u>3,326,979</u>	<u>38</u>	<u>3,179,413</u>	<u>37</u>	<u>3,142,044</u>	<u>36</u>
Total retained earnings	<u>4,081,830</u>	<u>47</u>	<u>3,934,264</u>	<u>46</u>	<u>3,834,732</u>	<u>44</u>
Other equity						
Exchange differences on the translation of the financial statements of foreign operations	(18,204)	-	(66,031)	(1)	(52,978)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	857,396	10	768,962	9	737,366	9
Total other equity	<u>839,192</u>	<u>10</u>	<u>702,931</u>	<u>8</u>	<u>684,388</u>	<u>8</u>
Treasury shares	<u>(54,371)</u>	<u>(1)</u>	<u>(54,371)</u>	<u>-</u>	<u>(54,371)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>7,085,359</u>	<u>82</u>	<u>6,801,532</u>	<u>80</u>	<u>6,683,457</u>	<u>76</u>
Total equity	<u>7,085,359</u>	<u>82</u>	<u>6,801,532</u>	<u>80</u>	<u>6,683,457</u>	<u>76</u>
TOTAL	<u>\$ 8,690,798</u>	<u>100</u>	<u>\$ 8,508,230</u>	<u>100</u>	<u>\$ 8,767,287</u>	<u>100</u>

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

(With Deloitte & Touche review report dated April 29, 2024)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET SALES (Note 20)	\$ 872,570	100	\$ 879,673	100
COST OF SALES (Note 10)	<u>678,682</u>	<u>78</u>	<u>706,110</u>	<u>80</u>
GROSS PROFIT	<u>193,888</u>	<u>22</u>	<u>173,563</u>	<u>20</u>
OPERATING EXPENSES				
Selling and marketing expenses	29,208	3	19,689	2
General and administrative expenses	25,736	3	21,605	3
Research and development expenses	<u>15,299</u>	<u>2</u>	<u>17,557</u>	<u>2</u>
Total operating expenses	<u>70,243</u>	<u>8</u>	<u>58,851</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>123,645</u>	<u>14</u>	<u>114,712</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	15,956	2	13,253	1
Dividend income	123	-	96	-
Other income	3,935	-	4,071	-
Gain on disposal of property, plant and equipment	412	-	-	-
Gain on disposal of investments	-	-	345	-
Foreign exchange gain	40,763	5	-	-
Gain on valuation of financial assets at FVTPL	9,565	1	70,317	8
Gain on reversal of impairment loss	-	-	1,503	-
Interest expense	(2,232)	-	(4,326)	-
Miscellaneous expenses	(385)	-	(268)	-
Loss on disposal of investments	(1,056)	-	-	-
Foreign exchange loss	-	-	(7,687)	(1)
Share of loss of associates and joint ventures accounted for using the equity method (Note 13)	<u>(5,516)</u>	<u>(1)</u>	<u>(13,080)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>61,565</u>	<u>7</u>	<u>64,224</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	185,210	21	178,936	20
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(39,236)</u>	<u>(4)</u>	<u>(29,321)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>145,974</u>	<u>17</u>	<u>149,615</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)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 19)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income	\$ 90,830	10	\$ 150,673	17
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(2,396)	-	7,330	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	46,820	5	(1,629)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>1,007</u>	<u>-</u>	<u>(432)</u>	<u>-</u>
Other comprehensive income for the period	<u>136,261</u>	<u>15</u>	<u>155,942</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 282,235</u>	<u>32</u>	<u>\$ 305,557</u>	<u>35</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.85</u>		<u>\$ 0.87</u>	
Diluted	<u>\$ 0.85</u>		<u>\$ 0.87</u>	

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

(With Deloitte & Touche review report dated April 29, 2024)

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity (Note 19)		Treasury Shares	Total Equity
	Number of Shares (In Thousands)	Share Capital	Capital Surplus	Retained 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		
				Legal Reserve	Special Reserve	Unappropriated Earnings				
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
Net profit for the three months ended March 31, 2023	-	-	-	-	-	149,615	-	-	-	149,615
Other comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	-	(2,061)	158,003	-	155,942
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	149,615	(2,061)	158,003	-	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>
BALANCE AT JANUARY 1, 2024	172,000	\$ 1,720,000	\$ 498,708	\$ 687,087	\$ 67,764	\$ 3,179,413	\$ (66,031)	\$ 768,962	\$ (54,371)	\$ 6,801,532
Change in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	1,592	-	-	-	1,592
Net profit for the three months ended March 31, 2024	-	-	-	-	-	145,974	-	-	-	145,974
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	47,827	88,434	-	136,261
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	145,974	47,827	88,434	-	282,235
BALANCE AT MARCH 31, 2024	<u>172,000</u>	<u>\$ 1,720,000</u>	<u>\$ 498,708</u>	<u>\$ 687,087</u>	<u>\$ 67,764</u>	<u>\$ 3,326,979</u>	<u>\$ (18,204)</u>	<u>\$ 857,396</u>	<u>\$ (54,371)</u>	<u>\$ 7,085,359</u>

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

(With Deloitte & Touche review report dated April 29, 2024)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 185,210	\$ 178,936
Adjustments for:		
Depreciation expense	103,834	114,771
Amortization expense	1,964	1,649
Net gain on valuation of financial assets at FVTPL	(9,565)	(70,317)
Interest expense	2,232	4,326
Interest income	(15,956)	(13,253)
Dividend income	(123)	(96)
Share of loss of associates accounted for using the equity method	5,516	13,080
Gain on disposal of property, plant and equipment	(412)	-
Loss (gain) on disposal of investments	1,056	(345)
Impairment loss of non-financial assets	3,974	-
Gain on reversal of impairment loss of non-financial assets	-	(763)
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(105,727)	(5,877)
Decrease in notes receivable from unrelated parties	1,424	3,441
(Increase) decrease in trade receivables from unrelated parties	(4,305)	69,566
Decrease (increase) in trade receivables from related parties	20,999	(100,656)
Increase in other receivables from unrelated parties	(581)	(187)
(Increase) decrease in other receivables from related parties	(4,003)	438
Increase in inventories	(59,875)	(1,424)
(Increase) decrease in other current assets	(3,248)	5,267
Increase in trade payables to unrelated parties	27,837	81,468
Increase (decrease) in trade payables to related parties	17,431	(11,557)
Decrease in other payables to unrelated parties	(25,264)	(44,525)
(Decrease) increase in other payables to related parties	(1,491)	124
Increase in other current liabilities	3,436	14,902
Decrease in net defined benefit liabilities	(619)	(15,132)
Cash generated from operations	143,744	223,836
Interest received	19,490	9,756
Interest paid	(2,350)	(4,389)
Income tax paid	(2,580)	(3,912)
Net cash generated from operating activities	<u>158,304</u>	<u>225,291</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(140,337)	-
Purchase of financial assets at amortized cost	-	(225,398)
Disposal of financial assets at amortized cost	77,643	-
Payments for property, plant and equipment	(38,995)	(24,979)

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PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended	
	March 31	
	2024	2023
Proceeds from disposal of property, plant and equipment	\$ 500	\$ -
Increase in refundable deposits	<u>(1)</u>	<u>(2,405)</u>
Net cash used in investing activities	<u>(101,190)</u>	<u>(252,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(21,133)	(230,000)
Repayments of long-term borrowings	(103,829)	(66,461)
Refund of guaranteed deposits received	(917)	(1,205)
Repayment of the principal portion of lease liabilities	(7,193)	(8,665)
Decrease in other non-current liabilities	<u>(548)</u>	<u>-</u>
Net cash used in financing activities	<u>(133,620)</u>	<u>(306,331)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>34,280</u>	<u>(6,430)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,226)	(340,252)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,017,418</u>	<u>1,605,577</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 975,192</u>	<u>\$ 1,265,325</u>

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

(With Deloitte & Touche review report dated April 29, 2024)

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2024 and 2023.

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 April 29, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards 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
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
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

4. SUMMARY OF 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 11, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

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 accounting judgments, estimates, and assumptions adopted by the Group are the same as those used in consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 322	\$ 382	\$ 522
Checking accounts and demand deposits	235,618	361,428	258,633
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	389,175	195,889	761,136
Repurchase agreements collateralized by bonds	<u>350,077</u>	<u>459,719</u>	<u>245,034</u>
	<u>\$ 975,192</u>	<u>\$ 1,017,418</u>	<u>\$ 1,265,325</u>

The market rate intervals of cash equivalents were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits with original maturities of 3 months or less	1.25%-5.4%	1.25%-5.3%	1%-4.88%
Repurchase agreements collateralized by bonds	1.05%-1.15%	1.02%-5.65%	0.88%-0.95%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets mandatorily classified as at FVTPL - current</u>			
Non-derivative financial assets			
Domestic listed shares	\$ 77,665	\$ 68,755	\$ 319,843
Mutual funds	105,326	-	60,122
Government bonds	<u>-</u>	<u>-</u>	<u>44,988</u>
	<u>\$ 182,991</u>	<u>\$ 68,755</u>	<u>\$ 424,953</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 280,319	\$ 360,664	\$ 166,082
Restricted deposits (b)	-	-	4,850
Current portion of bonds (c)	<u>63,773</u>	<u>61,071</u>	<u>-</u>
	<u>\$ 344,092</u>	<u>\$ 421,735</u>	<u>\$ 170,932</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (a)	\$ 88,217	\$ 86,650	\$ -
Bonds (c)	<u>713,637</u>	<u>574,867</u>	<u>346,572</u>
	<u>\$ 801,854</u>	<u>\$ 661,517</u>	<u>\$ 346,572</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits with original maturities of more than 3 months	1.6%-5.01%	1.55%-5.15%	1.55%-5.15%
Time deposits with original maturities of more than 1 year	3.1%	3.1%	-

- 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, 2024

Non-current

Period	Face Value	Range of Coupon Rate	Range of Effective Interest Rate
January to March 2024	US\$ 3,600,000	5.033%-5.588%	5.17%-5.25%
February to December 2023	US\$ 13,566,000	4.902%-6.75%	4.4235%-5.5403%
June to December 2022	US\$ 7,000,000	3%-3.875%	3.7563%-4.3224%

December 31, 2023

Non-current

Period	Face Value	Range of Coupon Rate	Range of Effective Interest Rate
February to December 2023	US\$ 13,556,000	4.902%-6.75%	4.4235%-5.5403%
June to December 2022	US\$ 7,000,000	3%-3.875%	3.7563%-4.3224%

March 31, 2023

Non-current

Period	Face Value	Range of Coupon Rate	Range of Effective Interest Rate
February 2023	US\$ 4,400,000	5.079%	4.4235%
June to December 2022	US\$ 7,000,000	3%-3.875%	3.7563%-4.3224%

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 28,227	\$ 29,651	\$ 27,876
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,227</u>	<u>\$ 29,651</u>	<u>\$ 27,876</u>
<u>Trade receivables from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 596,908	\$ 591,564	\$ 536,875
Less: Allowance for impairment loss	<u>(23,845)</u>	<u>(22,806)</u>	<u>(22,828)</u>
	<u>\$ 573,063</u>	<u>\$ 568,758</u>	<u>\$ 514,047</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, 2024

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 622,522	\$ -	\$ 2,613	\$ -	\$ -	\$ -	\$ 625,135
Loss allowance (Lifetime ECLs)	<u>(23,584)</u>	<u>-</u>	<u>(261)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,845)</u>
Amortized cost	<u>\$ 598,938</u>	<u>\$ -</u>	<u>\$ 2,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,290</u>

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 616,541	\$ 1,470	\$ 3,195	\$ 9	\$ -	\$ -	\$ 621,215
Loss allowance (Lifetime ECLs)	<u>(22,412)</u>	<u>(73)</u>	<u>(319)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(22,806)</u>
Amortized cost	<u>\$ 594,129</u>	<u>\$ 1,397</u>	<u>\$ 2,876</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,409</u>

March 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 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>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 22,806	\$ 22,828
Add: Transfers from delinquent receivables	1,001	-
Add: Foreign exchange differences	<u>38</u>	<u>-</u>
Balance at March 31	<u>\$ 23,845</u>	<u>\$ 22,828</u>

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 170,972	\$ 164,910	\$ 186,610
Semi-finished goods	96,355	95,850	80,661
Work in progress	155,617	148,305	165,784
Raw materials	215,010	182,651	213,585
Inventory in transit	<u>18,899</u>	<u>9,236</u>	<u>26,016</u>
	<u>\$ 656,853</u>	<u>\$ 600,952</u>	<u>\$ 672,656</u>

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

	For the Three Months Ended March 31	
	2024	2023
Cost of inventories sold	\$ 674,708	\$ 705,370
Inventory write-downs	<u>3,974</u>	<u>740</u>
	<u>\$ 678,682</u>	<u>\$ 706,110</u>

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
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 (In liquidation)	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)

Note 1: The company's liquidation was finalized in April 2024.

Note 2: The company's liquidation was finalized in June 2023.

The above-mentioned subsidiaries included in the consolidated financial statements have been reviewed for the three months ended March 31, 2024 and 2023 and have been audited for the year ended December 31, 2023.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments - listed shares	\$ 1,450,683	\$ 1,347,319	\$ 1,246,877
Domestic investments - unlisted shares	<u>346,388</u>	<u>358,922</u>	<u>263,646</u>
	<u>\$ 1,797,071</u>	<u>\$ 1,706,241</u>	<u>\$ 1,510,523</u>

Investments in Equity Instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments - listed shares			
Walton Advanced Engineering Inc.	\$ 571,288	\$ 486,712	\$ 438,839
Walsin Lihwa Corporation	412,660	424,748	535,743
HannStar Board Corporation	344,635	313,459	201,509
APAQ Technology Co., Ltd.	-	-	41,236
Fubon Financial Holding Co., Ltd. Preferred shares C	27,400	27,500	29,550
Hotai Finance Co., Ltd. Preferred Shares B	94,700	94,900	-
Domestic investments - unlisted shares			
Chin-Xin Investment Co., Ltd.	158,279	169,273	174,569
Hwa Bao Botanic Conservation Corp.	<u>188,109</u>	<u>189,649</u>	<u>89,077</u>
	<u>\$ 1,797,071</u>	<u>\$ 1,706,241</u>	<u>\$ 1,510,523</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 May 2023, PDC paid \$100,000 thousand to subscribed new shares totaled 10,000 thousand 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, 2024	December 31, 2023	March 31, 2023
Chongqing Shuohong Investment Co., Ltd.	\$ 553,198	\$ 543,432	\$ 559,452
Chongqing Xincheng Electronics Co., Ltd.	39,173	38,583	40,730
GHPW Enterprise Corporation (HK) Limited	62,592	61,246	63,141
Tsai Yi Corporation	100,906	101,672	85,755
Joyin Co., Ltd.	386,310	390,462	398,926
Hannstar Board New Energy Co., Ltd.	<u>2,402</u>	<u>2,447</u>	<u>-</u>
	<u>\$ 1,144,581</u>	<u>\$ 1,137,842</u>	<u>\$ 1,148,004</u>

Share of profit (loss) of associates for the three months ended March 31, 2024 and 2023 after restated was summarized as follows:

	For the Three Months Ended March 31	
	2024	2023
Chongqing Shuohong Investment Co., Ltd.	\$ (55)	\$ (592)
Chongqing Xincheng Electronics Co., Ltd.	(107)	(111)
GHPW Enterprise Corporation (HK) Limited	(188)	(46)
Tsai Yi Corporation	(729)	(797)
Joyin Co., Ltd.	(4,392)	(11,534)
Hannstar Board New Energy Co., Ltd.	<u>(45)</u>	<u>-</u>
	<u>\$ (5,516)</u>	<u>\$ (13,080)</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Chongqing Shuohong Investment Co., Ltd.	20.43%	20.43%	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%
Hannstar Board New Energy Co., Ltd.	5%	5%	-

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

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, 2024 and 2023 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
Cost							
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>
Accumulated depreciation and impairment							
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>
Cost							
Balance at January 1, 2024	\$ 451,115	\$ 1,109,697	\$ 2,844,163	\$ 52,043	\$ 227,324	\$ 70,779	\$ 4,755,121
Additions	-	-	737	-	118	7,396	8,251
Disposals	-	(245)	(2,306)	-	(1,131)	-	(3,682)
Effect of foreign currency exchange differences	-	3,501	2,661	13	543	-	6,718
Reclassifications	-	6,011	2,423	-	1,234	(3,657)	6,011
Balance at March 31, 2024	<u>\$ 451,115</u>	<u>\$ 1,118,964</u>	<u>\$ 2,847,678</u>	<u>\$ 52,056</u>	<u>\$ 228,088</u>	<u>\$ 74,518</u>	<u>\$ 4,772,419</u>
Accumulated depreciation and impairment							
Balance at January 1, 2024	\$ -	\$ 828,735	\$ 1,923,755	\$ 37,574	\$ 195,620	\$ -	\$ 2,985,684
Depreciation expenses	-	19,064	73,148	1,279	3,369	-	96,860
Disposals	-	(157)	(2,306)	-	(1,131)	-	(3,594)
Effects of foreign currency exchange differences	-	3,171	2,654	13	540	-	6,378
Reclassifications	-	6,011	-	-	462	-	6,473
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 856,824</u>	<u>\$ 1,997,251</u>	<u>\$ 38,866</u>	<u>\$ 198,860</u>	<u>\$ -</u>	<u>\$ 3,091,801</u>
Carrying amount at March 31, 2024	<u>\$ 451,115</u>	<u>\$ 262,140</u>	<u>\$ 850,427</u>	<u>\$ 13,190</u>	<u>\$ 29,228</u>	<u>\$ 74,518</u>	<u>\$ 1,680,618</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:

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land	\$ 117,440	\$ 122,480	\$ 138,213
Buildings	22,653	24,475	35,103
Transportation equipment	<u>633</u>	<u>825</u>	<u>1,074</u>
	<u>\$ 140,726</u>	<u>\$ 147,780</u>	<u>\$ 174,390</u>
		For the Three Months Ended March 31	
		2024	2023
Depreciation charge for right-of-use assets			
Land		\$ 5,183	\$ 5,183
Buildings		1,735	3,276
Transportation equipment		<u>56</u>	<u>56</u>
		<u>\$ 6,974</u>	<u>\$ 8,515</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, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	\$ 29,083	\$ 28,781	\$ 33,757
Non-current	<u>\$ 114,965</u>	<u>\$ 122,460</u>	<u>\$ 143,815</u>

The discount rates of lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1%	1%	1%
Buildings	1%	1%	1%
Transportation equipment	1%	1%	1%

16. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured borrowings			
Line of credit borrowings	<u>\$ 42,278</u>	<u>\$ 63,411</u>	<u>\$ -</u>
Interest rate	-	1.65%	-

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
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	\$ 74,845	\$ 99,731	\$ 174,206
2020.04.09-2024.12.15	37,422	49,865	87,103
2020.07.09-2025.06.15	49,835	59,765	79,490
2020.08.07-2025.06.15	62,293	74,706	99,363
2021.11.09-2025.06.15	37,376	44,824	59,618
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	33,266	45,715	82,972
2020.04.29-2024.12.10	33,266	45,715	82,972
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	43,434	55,245	90,592
Less: Current portion	<u>(342,698)</u>	<u>(409,158)</u>	<u>(387,508)</u>
Long-term borrowings	<u>\$ 29,039</u>	<u>\$ 66,408</u>	<u>\$ 368,808</u>
Interest rate	1.325%-1.475%	1.2%-1.35%	1.2%-1.35%

17. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Payables for accrued expense	\$ 275,791	\$ 306,568	\$ 278,299
Payables for purchases of equipment	21,462	51,304	33,719
Payables for annual leave (Note 18)	4,467	5,767	7,708
Payables for remuneration of directors and employee bonuses	27,116	20,421	29,177
Payables for dividends	<u>500</u>	<u>500</u>	<u>500</u>
	<u>\$ 329,336</u>	<u>\$ 384,560</u>	<u>\$ 349,403</u>
<u>Non-current</u>			
Deferred revenue			
Arising from government grants	<u>\$ 961</u>	<u>\$ 1,509</u>	<u>\$ 3,889</u>

18. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Employee benefits (presented in other payables)	<u>\$ 4,467</u>	<u>\$ 5,767</u>	<u>\$ 7,708</u>

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

19. EQUITY

a. Share capital

Common shares

	March 31, 2024	December 31, 2023	March 31, 2023
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

	March 31, 2024	December 31, 2023	March 31, 2023
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 21-b.

In addition to the distribution of dividends in accordance with the Articles, cash dividends are limited to 50% of the total dividends distributed. The remaining retained earnings shall be distributed in the form of share dividends. However, should the Company obtain sufficient funds to meet its capital requirements during the current year, the cash distribution ratio can be raised to 100%. The 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 2023 and 2022 which were proposed by the board of directors on March 26, 2024 and approved in the shareholders' meetings on June 20, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 45,555	\$ 62,163
Cash dividends	206,400	206,400
Cash dividends per share (NT\$)	1.2	1.2

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 14, 2024.

d. Other equity items

The movements of other equity items were as follows:

	For the Three Months Ended March 31, 2024		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	\$ (66,031)	\$ 768,962	\$ 702,931
Exchange differences on the translation of the net assets of foreign operations	46,820	-	46,820
Unrealized valuation gain on investments in equity instruments at FVTOCI	-	90,830	90,830
Share from associates accounted for using the equity method	<u>1,007</u>	<u>(2,396)</u>	<u>(1,389)</u>
Balance at March 31	<u>\$ (18,204)</u>	<u>\$ 857,396</u>	<u>\$ 839,192</u>

	For the Three Months Ended March 31, 2023		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	\$ (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	<u>(432)</u>	<u>7,330</u>	<u>6,898</u>
Balance at March 31	<u>\$ (52,978)</u>	<u>\$ 737,366</u>	<u>\$ 684,388</u>

e. Treasury shares

- 1) Movements of the treasury shares for the three months ended March 31, 2024 and 2023 were as follows:

Unit: In Thousands of Shares

For the Three Months Ended March 31, 2024				
Purpose of Buy-back	Number of Shares at January 1, 2024	Increase During the Period	Decrease During the Period	Number of Shares at March 31, 2024
Shares transferred to employees	800	-	-	800
For the Three Months Ended March 31, 2023				
Purpose of Buy-back	Number of Shares at January 1, 2023	Increase During the Period	Decrease During the Period	Number of Shares at March 31, 2023
Shares transferred to employees	800	-	-	800

- 2) As of March 31, 2024 and 2023, the amount of the Company's treasury shares were both \$54,371 thousand.
- 3) The buy-back shares shall be transferred to employees at one time or in installments within 5 years from the date of purchase. All employees of PDC and employees of the Company's subsidiaries in which PDC 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, 2024 and 2023, PDC 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. OPERATING REVENUE

Disaggregation of revenue based on customer segments by geographical region

Region	For the Three Months Ended March 31	
	2024	2023
Asia	\$ 784,718	\$ 786,787
America	40,728	61,491
Europe	<u>47,124</u>	<u>31,395</u>
	<u>\$ 872,570</u>	<u>\$ 879,673</u>

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

21. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

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

	For the Three Months Ended March 31					
	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits						
Salaries and wages	\$ 82,349	\$ 27,068	\$ 109,417	\$ 85,926	\$ 28,833	\$ 114,759
Labor/health insurance	10,724	2,888	13,612	9,889	2,711	12,600
Pension	3,751	1,120	4,871	3,589	1,390	4,979
Other employee benefits	8,133	1,878	10,011	6,953	1,449	8,402
Depreciation	99,321	4,513	103,834	109,474	5,297	114,771
Amortization	1,212	752	1,964	1,145	504	1,649

The number of employees of the Group as of March 31, 2024 and 2023 was 740 and 847, 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, 2024 and 2023 are as follows:

	For the Three Months Ended March 31	
	2024	2023
<u>Accrual rate</u>		
Compensation of employees	2.5%	2.5%
Remuneration of directors	1%	1%

	For the Three Months Ended March 31	
	2024	2023
<u>Amount</u>		
Compensation of employees	<u>\$ 4,783</u>	<u>\$ 4,613</u>
Remuneration of directors	<u>\$ 1,911</u>	<u>\$ 1,841</u>

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, 2023 and 2022, which were approved by the Company's board of directors and paid on February 22, 2024 and February 23, 2023, respectively, are as follows. The differences were adjusted to profit and loss for the years ended December 31, 2024 and 2023, respectively.

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees				
Amounts approved in the board of directors' meeting	\$ 14,586	\$ -	\$ 16,231	\$ -
Actual amounts paid	Note	-	16,211	-
Remuneration of directors				
Amounts approved in the board of directors' meeting	5,835	-	6,492	-
Actual amounts paid	Note	-	6,492	-

Note: The compensation of employees and remuneration of directors for 2023 have not been distributed.

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

22. INCOME TAXES

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

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 38,642	\$ 29,431
Repatriation of earnings	594	-
In respect of the prior year	-	(110)
Income tax expense recognized in profit or loss	<u>\$ 39,236</u>	<u>\$ 29,321</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 2022 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Earnings per share for the three months ended March 31, 2024 and 2023 are as follows:

	For the Three Months Ended March 31, 2024		
	Amount (In Thousands)	Number of Shares	Earnings Per Share (In Dollars)
	After Income Tax		After Income Tax
Basic earnings per share			
Amount after income tax attributable to owners of the Company	\$ 145,974	171,200,000	<u>\$ 0.85</u>
Effect of potentially dilutive common shares - employee share options	<u>-</u>	<u>315,393</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	<u>\$ 145,974</u>	<u>171,515,393</u>	<u>\$ 0.85</u>
	For the Three Months Ended March 31, 2023		
	Amount (In Thousands)	Number of Shares	Earnings Per Share (In Dollars)
	After Income Tax		After Income Tax
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 common 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 common shares	<u>\$ 149,615</u>	<u>171,571,236</u>	<u>\$ 0.87</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the 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.

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, 2024 and 2023 and December 31, 2022.

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

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 77,665	\$ -	\$ -	\$ 77,665
Mutual funds	<u>105,326</u>	<u>-</u>	<u>-</u>	<u>105,326</u>
	<u>\$ 182,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,991</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,450,683	\$ -	\$ -	\$ 1,450,683
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>346,388</u>	<u>346,388</u>
	<u>\$ 1,450,683</u>	<u>\$ -</u>	<u>\$ 346,388</u>	<u>\$ 1,797,071</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 68,755	\$ -	\$ -	\$ 68,755
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,347,319	\$ -	\$ -	\$ 1,347,319
Domestic unlisted shares	-	-	358,922	358,922
	<u>\$ 1,347,319</u>	<u>\$ -</u>	<u>\$ 358,922</u>	<u>\$ 1,706,241</u>

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	-	44,988	-	44,988
	<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	-	-	263,646	263,646
	<u>\$ 1,246,877</u>	<u>\$ -</u>	<u>\$ 263,646</u>	<u>\$ 1,510,523</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 182,991	\$ 68,755	\$ 424,953
Financial assets at amortized cost (Note 1)	3,010,506	3,006,299	2,679,487
Financial assets at FVTOCI			
Equity instruments	1,797,071	1,706,241	1,510,523
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,157,569	1,295,797	1,526,961

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, trade receivables (include related parties), other receivables (include related parties) and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables (include related parties), other payables (include related parties), current portion of long-term borrowings, 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 28.

	USD Impact		RMB Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2024	2023	2024	2023
Profit or loss	\$ 51,914	\$ 33,337	\$ 13,704	\$ 12,711
Equity	1,878	1,894	17,771	18,005

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

b) Interest rate risk

The 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial liabilities	\$ 144,048	\$ 151,241	\$ 177,572
Cash flow interest rate risk			
Financial assets	1,107,788	1,102,922	1,172,252
Financial liabilities	414,015	538,977	756,316

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, 2024 and 2023 would have resulted in cash outflows by \$1,734 thousand and \$1,040 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, 2024

	Less than 1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financing liabilities</u>				
Non-interest bearing	\$ 743,554	\$ -	\$ -	\$ 743,554
Variable interest rate liabilities	384,976	29,039	-	414,015
Lease liabilities	<u>29,083</u>	<u>59,844</u>	<u>55,121</u>	<u>144,048</u>
	<u>\$ 1,157,613</u>	<u>\$ 88,883</u>	<u>\$ 55,121</u>	<u>\$ 1,301,617</u>

December 31, 2023

	Less than 1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financing liabilities</u>				
Non-interest bearing	\$ 756,820	\$ -	\$ -	\$ 756,820
Variable interest rate liabilities	472,569	66,408	-	538,977
Lease liabilities	<u>28,781</u>	<u>59,932</u>	<u>62,528</u>	<u>151,241</u>
	<u>\$ 1,258,170</u>	<u>\$ 126,340</u>	<u>\$ 62,528</u>	<u>\$ 1,447,038</u>

March 31, 2023

	Less than 1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financing liabilities</u>				
Non-interest bearing	\$ 770,645	\$ -	\$ -	\$ 770,645
Variable interest rate liabilities	387,508	368,808	-	756,316
Lease liabilities	<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>

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on 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 Co., Ltd.	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
Hannstar Board New Energy Co., Ltd.	Associate
Walsin Lihwa Corporation	Other related party
Falcon Automation Equipment Corporation	Other related party
Info-Tek Corp.	Other related party
VVG Inc.	Other related party
Global Brands Manufacture Ltd.	Other related party
Hwa Bao Botanic Conservation Corp.	Other related party
PSA Charitable Foundation	Other related party
PSA WG Culture and Arts Foundation	Other related party
New Taipei City Private Career Social Welfare Charitable Foundation	Other related party

Transactions

Transactions between the Group and other related parties for the three months ended March 31, 2024 and 2023 are disclosed as follows:

Related Party Category	Sales of Goods	
	For the Three Months Ended March 31	
	2024	2023
Parent company	\$ 201,186	\$ 220,753
Sister companies	48,589	64,602
Other related parties	12	195
Associates	-	18
	<u>\$ 249,787</u>	<u>\$ 285,568</u>

Related Party Category/Name	Purchases of Goods	
	For the Three Months Ended	
	March 31	
	2024	2023
Parent company	\$ 67,929	\$ 63,934
Sister companies		
Dongguan Walsin Technology Electronics Co., Ltd.	90,510	58,672
Others	<u>4,696</u>	<u>11,054</u>
	<u>95,206</u>	<u>69,726</u>
Associates	<u>2,994</u>	<u>413</u>
	<u>\$ 166,129</u>	<u>\$ 134,073</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, 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.

Lease arrangements as lessee

Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Parent company	\$ 21,287	\$ 22,876	\$ 27,621
	Other related parties	<u>8,886</u>	<u>9,277</u>	<u>10,433</u>
		<u>\$ 30,173</u>	<u>\$ 32,153</u>	<u>\$ 38,054</u>

Item	Related Party Category	For the Three Months Ended	
		2024	2023
Interest expense	Parent company	\$ 54	\$ 70
	Other related parties	<u>23</u>	<u>27</u>
		<u>\$ 77</u>	<u>\$ 97</u>
Rental expense	Parent company	\$ -	\$ 105
	Sister companies	<u>61</u>	<u>61</u>
		<u>\$ 61</u>	<u>\$ 166</u>

Lease arrangements as lessor

Lease income was summarized as follows:

Related Party Category	For the Three Months Ended March 31	
	2024	2023
Parent company	\$ 786	\$ 754
Sister companies	25	24
Associates	13	12
Other related parties	<u>650</u>	<u>620</u>
	<u>\$ 1,474</u>	<u>\$ 1,410</u>

For the three months ended March 31, 2024 and 2023, the remaining balances were as follows:

	Trade Receivables			Trade Payables		
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	\$ 188,656	\$ 210,017	\$ 223,156	\$ -	\$ -	\$ -
Sister companies						
Dongguan Walsin Technology Electronics Co., Ltd.	33,176	27,709	52,158	100,001	84,266	73,196
INPAQ Technology (Suzhou) Co., Ltd.	18,439	21,830	32,298	-	-	-
Others	<u>8,868</u>	<u>10,592</u>	<u>5,428</u>	<u>6,149</u>	<u>6,014</u>	<u>16,974</u>
	<u>60,483</u>	<u>60,131</u>	<u>89,884</u>	<u>106,150</u>	<u>90,280</u>	<u>90,170</u>
Associates	-	-	19	3,744	2,183	748
Other related parties	<u>12</u>	<u>2</u>	<u>205</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 249,151</u>	<u>\$ 270,150</u>	<u>\$ 313,264</u>	<u>\$ 109,894</u>	<u>\$ 92,463</u>	<u>\$ 90,918</u>

	Other Receivables			Other Payables		
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	\$ 3,596	\$ -	\$ -	\$ -	\$ 90	\$ 5,418
Sister companies	693	121	82	455	511	1,034
Associates	1,100	1,054	847	88	107	-
Other related parties	<u>636</u>	<u>164</u>	<u>609</u>	<u>11,490</u>	<u>13,718</u>	<u>9,915</u>
	<u>\$ 6,025</u>	<u>\$ 1,339</u>	<u>\$ 1,538</u>	<u>\$ 12,033</u>	<u>\$ 14,426</u>	<u>\$ 16,367</u>

Other receivables are the uncollected amounts from the Group's lease income, selling of equipment, spare parts and raw materials, 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, 2024, December 31, 2023 and March 31, 2023.

Related Party Name	Advance Receipts		
	March 31, 2024	December 31, 2023	March 31, 2023
INPAQ Technology (Suzhou) Co., Ltd.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,523</u>

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

Equity transactions

Refer to Notes 12 and 13.

Remuneration of key management personnel

Remuneration of the board of directors and other key management personnel for the three months ended March 31, 2024 and 2023 was as follows:

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 17,018	\$ 9,788
Post-employment benefits	<u>54</u>	<u>54</u>
	<u>\$ 17,072</u>	<u>\$ 9,842</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 the reporting period were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	<u>\$ 121,622</u>	<u>\$ 109,625</u>	<u>\$ 79,528</u>

b. Contingencies

As of March 31, 2024 and December 31, 2023, the Group had no open and unused letters of credit.

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

	Unit: Dollars	
Currency	Carrying Amount	Deposits Paid
JPY	JPY 186,000,000	JPY -

28. 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, 2024			December 31, 2023			March 31, 2023		
	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)
<u>Financial assets</u>									
Monetary items									
USD	\$ 56,842	31.99	\$ 1,818,376	\$ 52,567	30.735	\$ 1,615,647	\$ 39,677	30.454	\$ 1,208,323
RMB	124,179	4.411	547,754	149,098	4.3327	645,997	113,246	4.4348	502,223
Non-monetary items									
Investments accounted for using the equity method									
USD	1,957	31.99	62,592	1,993	30.735	61,246	2,073	30.454	63,141
RMB	134,294	4.411	592,371	134,331	4.3327	582,015	135,335	4.4348	600,182
<u>Financial liabilities</u>									
Monetary items									
USD	2,748	31.99	87,909	2,091	30.735	64,267	3,188	30.454	97,087
RMB	20,622	4.411	90,964	19,735	4.3327	85,506	17,705	4.4348	78,518

For the three months ended March 31, 2024 and 2023, foreign exchange gains (losses) were \$40,763 thousand and \$(7,687) thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions.

29. 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)

30. 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, 2024 and 2023 as restated:

	For the Three Months Ended March 31, 2024			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Net sales	\$ 783,098	\$ 438,646	\$ (349,174)	\$ 872,570
Cost of sales	(608,248)	(422,460)	352,026	(678,682)
Unrealized gain on inter-affiliate accounts	<u>(2,148)</u>	<u>-</u>	<u>2,148</u>	<u>-</u>
Gross profit	172,702	16,186	5,000	193,888
Operating expenses	<u>(58,198)</u>	<u>(7,045)</u>	<u>(5,000)</u>	<u>(70,243)</u>
Profit from operations	114,504	9,141	-	123,645
Non-operating income and expenses	<u>64,852</u>	<u>4,872</u>	<u>(8,159)</u>	<u>61,565</u>
Profit before income tax	<u>\$ 179,356</u>	<u>\$ 14,013</u>	<u>\$ (8,159)</u>	<u>\$ 185,210</u>
	For the Three Months Ended March 31, 2023			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
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	<u>(9,309)</u>	<u>-</u>	<u>9,309</u>	<u>-</u>
Gross profit	155,859	17,704	-	173,563
Operating expenses	<u>(51,845)</u>	<u>(7,006)</u>	<u>-</u>	<u>(58,851)</u>
Profit from operations	104,014	10,698	-	114,712
Non-operating income and expenses	<u>74,306</u>	<u>9,122</u>	<u>(19,204)</u>	<u>64,224</u>
Profit before income tax	<u>\$ 178,320</u>	<u>\$ 19,820</u>	<u>\$ (19,204)</u>	<u>\$ 178,936</u>

b. Segment assets and liabilities

	March 31, 2024			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 621,415	\$ 353,777	\$ -	\$ 975,192
Notes and trade receivables	845,909	426,831	(422,299)	850,441
Inventories	602,177	85,452	(30,776)	656,853
Other current assets	<u>297,636</u>	<u>293,164</u>	<u>(5,110)</u>	<u>585,690</u>
Total current assets	<u>2,367,137</u>	<u>1,159,224</u>	<u>(458,185)</u>	<u>3,068,176</u>
Financial assets at FVTOCI - non-current	1,797,071	-	-	1,797,071
Investments accounted for using the equity method	2,257,242	654,963	(1,767,624)	1,144,581
Financial assets at amortized cost	408,226	393,628	-	801,854
Property, plant and equipment	1,663,448	17,170	-	1,680,618
Other non-current assets	<u>187,550</u>	<u>10,948</u>	<u>-</u>	<u>198,498</u>
Total assets	<u>\$ 8,680,674</u>	<u>\$ 2,235,933</u>	<u>\$ (2,225,809)</u>	<u>\$ 8,690,798</u>
	December 31, 2023			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 596,011	\$ 421,407	\$ -	\$ 1,017,418
Notes and trade receivables	792,904	388,996	(313,341)	868,559
Inventories	564,042	65,538	(28,628)	600,952
Other current assets	<u>269,046</u>	<u>275,001</u>	<u>(54)</u>	<u>543,993</u>
Total current assets	<u>2,222,003</u>	<u>1,150,942</u>	<u>(342,023)</u>	<u>3,030,922</u>
Financial assets at FVTOCI - non-current	1,706,241	-	-	1,706,241
Investments accounted for using the equity method	2,209,373	643,261	(1,714,792)	1,137,842
Financial assets at amortized cost	281,297	380,220	-	661,517
Property, plant and equipment	1,750,930	18,507	-	1,769,437
Other non-current assets	<u>191,392</u>	<u>10,879</u>	<u>-</u>	<u>202,271</u>
Total assets	<u>\$ 8,361,236</u>	<u>\$ 2,203,809</u>	<u>\$ (2,056,815)</u>	<u>\$ 8,508,230</u>

March 31, 2023				
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
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	402,104	262,923	(22)	665,005
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>

March 31, 2024				
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 1,102,025	\$ 562,558	\$ (427,409)	\$ 1,237,174
Guarantee deposits received	8,486	19,751	-	28,237
Deferred income tax liabilities	187,065	-	-	187,065
Other non-current liabilities	<u>152,963</u>	<u>-</u>	<u>-</u>	<u>152,963</u>
Total liabilities	<u>\$ 1,450,539</u>	<u>\$ 582,309</u>	<u>\$ (427,409)</u>	<u>\$ 1,605,439</u>

December 31, 2023				
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 1,165,680	\$ 446,526	\$ (313,395)	\$ 1,298,811
Guarantee deposits received	8,285	20,869	-	29,154
Deferred income tax liabilities	179,739	-	-	179,739
Other non-current liabilities	<u>198,994</u>	<u>-</u>	<u>-</u>	<u>198,994</u>
Total liabilities	<u>\$ 1,552,698</u>	<u>\$ 467,395</u>	<u>\$ (313,395)</u>	<u>\$ 1,706,698</u>

	March 31, 2023			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
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>

All intercompany transactions had been eliminated upon consolidation.

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2024

(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, 2024				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 FVOCI - non-current	31,915,536	\$ 571,288	6.16	\$ 571,288	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company	"	10,989,605	412,660	0.27	412,660	
	HannStar Board Corporation	The chairman of the securities issuer is the same as the Company's	"	5,668,332	344,635	1.07	344,635	
	Hotai Finance Co., Ltd. Preferred Shares B	None	"	1,000,000	94,700	0.15	94,700	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	"	"	500,000	27,400	-	27,400	
	Chunghwa Telecom Co., Ltd.	"	Financial assets at FVTPL - current	400,000	50,400	0.01	50,400	
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	35,000	27,265	-	27,265	
	<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 FVOCI - non-current	3,500,000	158,279	0.72	158,279	
	Hwa Bao Botanic Conservation Corp.	"	"	18,000,000	188,109	10.00	188,109	
	<u>Bonds</u>							
	ANZ New Zealand International Ltd.	None	Financial assets at amortized cost - non-current	-	63,679	-	64,686	
	Sumitomo Mitsui Trust Bank, Limited	"	"	-	32,062	-	32,602	
	Norinchukin Bank	"	"	-	32,237	-	32,405	
	Credit Agricole S.A.	"	"	-	31,947	-	32,322	
	NBN Co Limited	"	"	-	65,264	-	66,052	
	Burlington Northern Santa Fe, LLC	"	"	-	34,291	-	34,494	
	Bristol-Myers Squibb Company	"	"	-	33,101	-	33,574	
Macquarie Group Limited.	"	"	-	50,635	-	50,350		
Banco Santander, S.A.	"	"	-	65,009	-	64,923		
Frontier Components Co., Ltd.	<u>Bonds</u>							
	TSMC Arizona Corp.	None	Financial assets at amortized cost - non-current	-	95,901	-	93,107	
	Amazon.com, Inc.	"	"	-	63,160	-	61,571	
	Commonwealth Bank of Australia	"	"	-	141,443	-	140,443	
	Westpac New Zealand Ltd.	"	"	-	4,908	-	4,948	
	U.S. Treasuries	"	Financial assets at amortized cost - current	-	63,773	-	63,483	
	<u>Mutual funds</u>							
MS USD LIQUID QUALIF ACC FUND LVNAV	None	Financial assets at FVTPL - current	-	105,326	-	105,326		

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, 2024
 (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	\$ (193,087)	(25)	No significant difference with third parties	-	-	Trade receivables \$ 261,295	31	
	Walsin Technology Corporation	Parent company	Sales	(201,186)	(26)	"	-	-	Trade receivables 188,656	22	
Frontier Components Co., Limited	Prosperity Dielectrics Co., Ltd.	Parent company	Purchases	193,087	98	"	-	-	Trade payables (261,295)	(93)	
	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Sales	(155,194)	(79)	"	-	-	Trade receivables 133,962	68	
Dongguan Frontier Electronics Co., Ltd.	Frontier Components Co., Limited	Parent company	Purchases	155,194	67	"	-	-	Trade payables (133,962)	(61)	

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, 2024

(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	\$ 261,295	3.35	\$ -	-	\$ 62,907	\$ -
			Trade receivables	188,656	4.04	-	-	-	-
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Trade receivables	133,962	5.32	-	-	38,752	-

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 193,087	No significant difference with third parties	22	
				Trade receivables	261,295		"	3
				Trade payables	27,042		"	-
1	Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	155,194	"	18	
				Trade receivables	133,962		"	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, 2024. For profit or loss items, cumulative amounts are shown as a percentage of consolidated total operating revenue for the three months ended March 31, 2024.

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, 2024

(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, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Investment holding	\$ 728,456	\$ 728,456	23,464,538	100	\$ 1,660,735	\$ 10,729	\$ 10,729	
	Frontec International Corporation	British Virgin Islands	Investment holding	325,684	325,684	8,221,615	100	137,665	(2,570)	(2,570)	
	Tsai Yi Corporation	Taiwan	Investment holding	51,928	51,928	4,934,995	3.36	100,906	(20,812)	(729)	
	Hannstar Board New Energy Co., Ltd.	Taiwan	Solar power generation	2,500	2,500	250,000	5	2,402	(900)	(45)	
	Joyin Co., Ltd.	Taiwan	Manufacturing of electronic components	426,701	426,701	23,715,360	30.4	386,310	(9,172)	(4,392)	
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Republic of Mauritius	Investment holding	387,932	387,932	12,009,000	100	730,815	(3,499)	(3,499)	
	Frontier Components Co., Limited	Hong Kong	International trade	287,942	287,942	70,036,752	100	860,492	14,148	14,148	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Investment holding	76,808	76,808	2,401,000	100	62,617	(188)	(188)	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Investment holding	76,776	76,776	2,400,000	10	62,592	(1,876)	(188)	

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

Note 2: The closing exchange rate as of March 31, 2024 was used to convert the foreign currencies into New Taiwan dollars. The closing exchange rate as of March 31, 2024 was US\$ to NT\$ = 1:31.99.

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of ceramic components	\$ 383,880 (US\$ 12,000,000)	Note 1	\$ 383,880 (US\$ 12,000,000)	\$ -	\$ -	\$ 383,880 (US\$ 12,000,000)	\$ (3,510)	100	\$ (3,510)	\$ 730,516	\$ 165,718 (US\$ 5,180,313)
Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	195,139 (US\$ 6,100,000)	Note 1	195,139 (US\$ 6,100,000)	-	-	195,139 (US\$ 6,100,000)	7,967	100	7,967	261,541	104,901 (US\$ 3,279,186)
Chongqing Shuohong Investment Co., Ltd.	Investment management, investment consultation services	2,337,830 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(270)	20.43	(55)	553,198	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	238,732 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	(820)	13.04	(107)	39,173	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	767,760 (US\$ 24,000,000)	Note 1	76,776 (US\$ 2,400,000)	-	-	76,776 (US\$ 2,400,000)	(1,905)	10	(191)	62,530	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	- (Note 6)	Note 1	180,480 (US\$ 5,641,768)	-	-	180,480 (US\$ 5,641,768)	313	-	313	-	-

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, 2024 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, 2024) 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: Prosperity Frontier Electronics (Shenzhen) Co., Ltd. was liquidated and remitted its share capital to Frontec International Corporation in March 2024.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 939,757 (US\$ 29,376,590)	\$ 1,088,292 (US\$ 34,019,762)	(Note 2)

(Continued)

Note 1: The average exchange rates as of March 31, 2024 are as follows:

US\$ to NT\$ = 1:31.99
RMB to NT\$ = 1:4.411

The average exchange rates for the three months ended March 31, 2024 are as follows:

US\$ to NT\$ = 1:31.448
RMB to NT\$ = 1:4.4274

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, 2024

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