

# Walsin Lihwa Corporation

## 2020 Annual Report

Printed on March 30, 2021

For related information, please visit:

<http://www.walsin.com>

<http://mops.twse.com.tw>

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## 4. Stock Transfer Agent

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## 5. Independent Auditors

Company: Deloitte Touche Tohmatsu Limited  
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## 6. Overseas Securities Exchange

Issued globally and traded on the Luxembourg Stock Exchange, Portal and London Stock Exchange  
The information is available at <http://mops.twse.com.tw>

## 7. Email Address of Investor Relations Contact: walsinspk@walsin.com

## 8. Corporate Website: <http://www.walsin.com/>



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# I Letter to Shareholders

Dear Shareholders,

The Company's overall profitability in 2020 performed better than that of the previous year, especially in the residential product "Jingyaun" in Nanjing, which has been sold and whose revenue has been recognized in March as scheduled; the Wire and Cable and Stainless Steel Businesses showed steady growth in profitability; our re-invested electronics businesses maintained their past operating performance despite the risk of supply chain disruptions. Looking ahead to 2021, in addition to continuing to develop a vertically integrated business strategy to control the supply of raw materials and enhance productivity, the Company will also spare no effort to promote process transformation and automation. While expanding its business footprint, the Company is also actively implementing its plan to transform into a manufacturing service industry.

## **Accomplishments in 2020**

Due to the sale of Nanjing copper bar business and the impact of the pandemic of COVID-19, the Company's revenue was relatively lower; however, with improved operations in the Stainless Steel Business, diversified product offerings in the Wire and Cable Business, and profits from the sale of buildings and reinvestments in the Real Estate Business, the Company reported a consolidated revenue of NT\$112.5 billion, a consolidated gross profit of NT\$12.5 billion, an after-tax net income of NT\$6.69 billion, and earnings per share of NT\$2.04 for the year 2020.

Wire and Cable Business:

The Cable and Wire Business showed steady profitability. With stable demand for its main products, power and telecommunication cables, the Company still maintains its leading position in terms of market share. The market demand for cables for the renewable energy industry, which cables have been actively used in recent years, has also increased gradually with the government's policy of actively promoting solar energy and wind power generation, but this proportion of revenue relative to the overall revenue has not yet increased significantly.

Stainless Steel Business:

The Stainless Steel Business reported an increase in profit for 2020 compared to previous years. Although the expansion of production capacity in Mainland China and Indonesia resulted in oversupply, the Company reduced the impact of excessive competition on profitability by developing new steel grades and expanding product specifications, while effectively improving production processes and controlling raw material costs to enhance the operating profitability of the Stainless Steel Business. In response to changes in the industry value chain, the Company has invested in the construction of a nickel pig iron plant and its supporting power plant in Indonesia to take advantage of raw material supply and costs.

Real Estate Business:

Phase III of the residential product "Jingyuan" in built in Lot D of Nanjing Walsin Centro was approved by the Nanjing Municipal Government in March 2021 and has been sold out, and the sales revenue will be recognized one after another according to the progress of housing delivery, which will significantly contribute to the profit of the Real Estate Business. The operation of the shopping mall "ONE Mall" was not affected by the pandemic of COVID-19, with steady growth in customer traffic and sales; the rental income flow of Xinyi Building of the Company's Taipei headquarters was stable.

### **Summary of 2021 Business Plan**

Wire and Cable Business:

It is committed to developing innovative business models and providing customers with precise distribution and shortened delivery periods. The Copper Wire BU will continue to expand its market presence with the cost advantage of economy of scale; the Insulated Wire & Cable BU, in keeping with the trend of Taiwan's factory construction and renewable energy policy, will use brand management to increase sales of existing cable products, and continue to develop new products and markets for renewable energy products such as solar and wind power generation.



#### Stainless Steel Business:

In the face of environmental issues and changes in the value chain of the stainless steel industry, effective cost control and revenue enhancement are challenges facing the Stainless Steel BU. In addition to continuously optimizing the production process and reducing costs by controlling and sorting raw materials, it will also actively develop new steel grades and adjust the proportion of high-value products to increase revenue growth.

#### Commodity Business:

The Company has integrated the procurement of raw materials and risk management of each production BU to stabilize the source of raw materials and avoid the impact of price fluctuations. It also invested in the construction of a nickel pig iron plant and a supporting power plant in Indonesia in early 2020, and expects to start the mass production in the second half of 2021. It further followed the trend of changing industrial structure by helping the manufacturing BUs reduce production costs, in order to enhance its industrial competitiveness.

#### Real Estate Business:

In response to the relocation of new residents and the arrival of enterprises in Walsin Centro, and with a view to the creation of a leisure mall space in the new retail era, the floors, brands and traffic flows of ONE Mall were adjusted to create better purchase rates and clustering effects; at the same time, it continues to construct Office Building No. 1, which is connected to ONE Mall, and actively launched the leasing and sales program.

### **Future corporate development strategy under the influence of external competition, regulations and overall business operation**

Looking ahead to this year, with the global pandemic not yet under effective control, the recovery of the economy is still uncertain, and the volatility of the financial and raw material markets is likely to increase. The short-term operating challenges in meeting customer demand in a timely manner are testing the Company's ability to maintain stable growth and profitability. On the premise of continuous focus on environmental protection, renewable energy issues and corporate sustainable development, the Company's long-term operation strategy is based on Industry 4.0, insisting on energy saving and environmental protection, research

and development innovation, and creating customer value through manufacturing services to enhance its core competence. In the difficult environment caused by the pandemic last year, the Company still managed to produce good operating results, and we are confident that we will have a successful year in terms of operational performance.

Chairman Yu-Lon Chiao





## II Company Profile

### 1. Date of establishment December 2, 1966

### 2. Company History & Evolution

1966 Walsin Wire & Cable Co., Ltd. established.

1969 Walsin and Lihwa merged and renamed as Walsin Lihwa Wire & Cable Co., Ltd.

1970 Formed technological partnerships with Western Electric in the U.S. and Fujikura in Japan and began production of plastic insulation telephone cable.

1972 Began production of EP rubber high-voltage cables.

The Company's shares were listed on the Taiwan Stock Exchange.

1977 Completed the Hsinchuang plant for SCR copper rod production, with annual manufacturing capacity of 50,000 metric tons of low-oxygen copper rods.

1982 Expanded SCR production facilities to increase annual manufacturing capacity to 100,000 metric tons of low-oxygen copper rods.

1987 Construction of the Yangmei plant completed.

Entered the semiconductor IC industry by investing in Winbond Electronics Corp. and Sumi-Pac Corp. In the following decade, the Company expanded into passive component, LCD panel, PCB thin board and other industries.

1991 Invested in PT. Walsin Lippo Industries in Indonesia to expand aluminum wire business into the Southeast Asian market.

1992 Company renamed Walsin Lihwa Corporation.

Electronics division merged with the acquired Wanbang Electronics to form the new Walsin Technology Corp.

Established plants in Shanghai and Jiangyin to produce power cables and steel cables, thus beginning a new chapter in China investment.

1993 Expanded into the stainless steel industry by forming Walsin Cartech Specialty Steel, a joint venture with Carpenter Technology Corp. in the U.S.

Established the Wuhan wire and cable plant for optical communication cable production.

1995 Formed Walsin (China) Investment Co., Ltd. and set up four operating locations in China's major cities, including Hangzhou, Shanghai and Nanjing, for the production of power cables, bare copper wires and fiber optic cables.

1997 Established specialty steel plants in Changshu and in Baihe, Shanghai, for the production and sale of seamless steel tubes and straight steel bars.

Formed HannStar Board Corp. to expand into the PCB industry.

- 1998 Acquired and incorporated the assets of Walsin Cartech into the company.  
Conducted enterprise re-engineering and full implementation of the SAP enterprise resource management system.  
Expanded into the TFT-LCD industry by forming HannStar Display Corp.
- 2000 Established the Dongguan plant for bare copper wire production.
- 2002 Expansion of Yanshui specialty steel plant was carried out to include slab steelmaking facilities.
- 2003 With Yanshui specialty steel plant beginning slab production, the company expanded into the stainless steel plate market.
- 2005 Set up new plants in Nanjing, Changshu and Jiangyin to produce copper products as well as seamless steel pipes and steel wire products.  
Shanghai and Hangzhou power cable plants completed expansion and increased production capacity; began mass production of 220kV EHV cables.  
Expansion of Yanshui specialty steel plant to include slab steelmaking facilities was completed.
- 2006 New copper production plant in Nanjing completed, with annual production capacity of 250,000 metric tons. Total copper production increased from 400,000 to 650,000 metric tons.  
Development of 500kV EHV cables for Hangzhou power plant was invested and received certification.  
The Company's consolidated revenue exceeded NT\$100 billion.
- 2007 Expanded steel production capacity by acquiring stake in Yantai Huanghai Iron and Steel Co., Ltd.  
Changshu specialty steel plant passed review by the National Nuclear Safety Administration and received certification for nuclear power plant sales.  
Hangzhou power cable plant began expansion efforts and construction of the second VCV process tower and added high voltage cable production lines.
- 2008 Expansion of Yantai plant for stainless steel manufacturing process; added new stainless steel billet products.
- 2009 Yantai stainless steel plant completed transformation of stainless steel manufacturing processes; stainless steel and high-grade alloy steel products were added.  
Changshu plant's seamless steel tube production began Phase 2 expansion to increase production capacity.  
Completion of the new A6 building in Xinyi Development Zone and the relocation of Walsin Lihwa headquarters.
- 2010 Nanjing Walsin Centro began construction in Nanjing's Hexi Newtown. A multi-purpose commercial center spanning one million square meters will be developed over several phases.  
Partnered with Nanjing municipal government to create the Nanjing Taiwan Trade Mart, thus establishing a cross-Strait commercial trading platform.



- 2012 Construction of two office buildings in C1 land plot of Nanjing Walsin Centro completed and transferred to the Jiangsu Branch of the China Development Bank and the Nanjing Branch of China Guangfa Bank.
- 2013 Cold rolled steel coil production officially commenced at the Taichung Harbor stainless steel roll plant.
- 2014 First batch of premium residential buildings in C2 land plot in Nanjing Walsin Centro delivered; phased development of D and AB land plots planned.
- 2016 The Company marked its 50th anniversary.
- 2017 Taiwan and China, have recorded steady increase in overall steelmaking and annual production of 710,000 metric tons.
- 2018 The coarse crusher was launched in Yanshui plant to improve the product quality and yield rate.  
Phase I office buildings in Nanjing Walsin Centro on AB land plot and Phase II houses on D land plot were delivered.
- 2019 Walsin shopping mall in Nanjing was open for operation, serving as a representative landmark for Walsin's entrance to shopping mall industry.
- 2020 The Company established Walsin Nickel Industrial Indonesia to extend into the production and sale of upstream raw materials for stainless steel.

# III Corporate Governance Report

## 1. Organizational Chart

(1) Company Organization Chart (March 30, 2021)



## (2) Principal Duties of Various Departments

Department	Job Duties & Functions
Audit Committee	Assisting the Board of Directors in decision-making and supervising matters, including the correctness and accuracy of the Company's financial statements, the engagement (dismissal), independence and performance of attesting CPA, internal control, legal compliance and risk management.
Compensation Committee	Drafting and periodically reviewing the performance evaluation of board directors and managers, as well as the policy, system, standard and structure of compensation. Periodically evaluating and determining the compensation for board directors and managers.
Sustainable Development Committee	Formulating corporate social responsibility vision and strategy; inspecting the Group's overall as well as various committees' steering and overseeing implementation performances via regular meetings; annual CSR results to be submitted to the Board of Directors in the following year.
Auditing Office	Responsible for planning and auditing internal auditing systems.
Stainless Steel BG	Product Types: Stainless steel slabs (ingots), hot-rolled steel coils, cold-rolled steel coils, hot-rolled rods and cold drawn straight bars, and stainless steel seamless pipes and alloy steel pipes, including ordinary fluid pipes, heat-exchanging pipes, boiler pipes, instrumentation tubes, steel wires for pre-stressed concrete, stranded steel wires, zinc-plated steel wires for bridge cables, zinc-plated stranded steel wires, PE for bridge bracing cables and epoxy-coated stranded steel wires. Responsible for integrating the functions of business, technology, manufacturing, operation and administration of each BU. The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.
Wire & Cable BG	Product Types: Copper rods and wires that power cable and wire industries use as basic raw materials for conductors, as well as low-, medium- and high-voltage PVC cables, cross-linking PE cables, specialty & professional fire-resistant, fire-retardant, low-smoke and halogen-free cables for different industries, rubber cables, communication cables, related materials for cable insulation, as well as other plastic accessories. Responsible for integrating the functions of business, technology, manufacturing of each BU. The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.
Commodity BG	Responsible for raw material procurement transactions, control of raw material price risk, and operation management of Walsin Nickel Industrial Indonesia. The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.
Commerce & Real Estate BG	Business Items: Developing composite commercial properties, real estate management, etc. The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.
IT Center	Establishment of information system for Industry 4.0 business operation, establishment of reliable/safe information system environment, realization of platform for cloud information service and establishment of big data analysis.
Administration Management Center	Responsible for human resources, procurement, media and general affairs, etc.
Human Resources Division	Organization planning, drafting of human resources policies and employment and performance reviews, performance management, personnel administration, remuneration and benefits, learning and development, employee relations, establishment of a human resources system, etc.
Financial Management Center	Responsible for the operation of financial accounting system and participating in the management and decision-making.
Accounting Division	Responsible for accounting, asset management, credit management, operating analysis, etc.
Financial Division	Responsible for funding, financial planning, investment management, risk management, etc.
Legal Division	Responsible for legal risk management and the preparation and management of various contracts, legal disputes, litigation or non-litigation cases.
Environment, Health & Safety Division	Responsible for the Company's environmental protection, occupational safety and health management and other related matters, and promoting and implementing the company-wide environment, safety and health business strategies and plans.

## 2. Profiles of Board Directors, President, Vice Presidents and Department Heads

### (1) Information on Directors

Title	Nationality or Registration Country	Name	Gender	Term Began	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children	
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Chairman	R.O.C.	Yu-Lon Chiao	Male	May 29, 2020	3 years	April 10, 1981	45,961,773	1.38%	45,961,773	1.42%	19,638,314	0.61%
Vice Chairman	R.O.C.	Patricia Chiao	Female	May 29, 2020	3 years	May 31, 2005 (Note2)	91,969,006	2.77%	91,969,006	2.85%	0	0.00%
Director	R.O.C.	Yu-Cheng Chiao	Male	May 29, 2020	3 years	April 10, 1981	39,508,661	1.19%	39,508,661	1.22%	19,032,428	0.59%
Director	R.O.C.	Yu-Heng Chiao	Male	May 29, 2020	3 years	April 18, 1990	57,792,197	1.74%	60,202,197	1.87%	13,065,390	0.41%

December 31, 2020

	Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor who are Spouse or Relative within Second Degree			Note (Note 1)
	Number of shares	Percentage			Position	Name	Relationship	
	0	0.00%	Business Administration Department, University of Washington; The Company's former President and Vice Chairman.	Chairman of Concord Venture Capital Group Vice Chairman of Hangzhou Walsin Power Cable & Wire Co., Ltd.; Director/ Vice President Commissioner of Walton Advanced Engineering, Inc., Ltd., and subsidiaries of Walsin Lihwa Corporation.	Vice Chairman Director Director Director	Patricia Chiao Yu-Cheng Chiao Yu-Heng Chiao Wei-Shin Ma	Younger sister Older brother Younger brother Sister-in-law	None
	0	0.00%	MBA at College of Notre Dame; the Company's former assistant vice president of Investment Dept., assistant vice president of Financial Dept., head of Financial Investment Dept., assistant vice president of Commodity Center and Financial Investment Management Center, President of Insulated Wire & Cable BU.	Director of Walsin Lihwa Holding Co., Ltd., Walsin Specialty Steel Holding Co., Ltd., Walsin Specialty Steel Corporation, and Joint Success Enterprises Limited; President of Chin-Xin Investment Co., Ltd.	Chairman Director Director Director	Yu-Lon Chiao Yu-Cheng Chiao Yu-Heng Chiao Wei-Shin Ma	Older brother Older brother Younger brother Sister-in-law	None
	0	0.00%	University of Washington Masters of Electrical Engineer and Business Administration The Company's former chairman.	Chairman of Winbond Electronics Corporation and Chin-Xin Investment Co., Ltd.; Director of Walsin Technology Corporation, Nuvoton Technology Corp, Jincheng Construction Co., Ltd., United Industrial Gases Co., Ltd., MiTAC Holdings Corporation, Landmark Group Holdings Ltd., Peaceful River Corporation, Winbond International Corporation, Winbond Electronics Corporation America, Marketplace Management Limited, Nuvoton Investment Holding Ltd., Pigeon Creek Holding Co., Ltd., and Songyong Investment Co., Ltd.; CEO of Winbond Electronics Corporation; Manager of Goldbond LLC; Independent Director, member of the Audit Committee and convener of the Compensation Committee at Taiwan Cement Corp.; Independent Director, member of the Audit Committee and convener of the Compensation Committee at Synnex Technology International Corporation.	Chairman Vice Chairman Director Director	Yu-Lon Chiao Patricia Chiao Yu-Heng Chiao Wei-Shin Ma	Younger brother Younger sister Younger brother Sister-in-law	None
	0	0.00%	Golden Gate University, Master of Business Administration The Company's former vice president and vice chairman.	Chairman of Walsin Technology Corporation, Walton Advanced Engineering, Inc., HannStar Board Corp., Global Brands Manufacture, Prosperity Dielectrics Co., Ltd., Info-Tek Corp., VVG Co. Ltd., HannStar Board Corporation (Jiangyi), and Silitech Technology Corporation; Director of Career Technology Mfg. Co., Ltd., Sheng Cheng Industry, Yu Yue Corporation, An Xin e-Commerce and Inpaq Technology Co., Ltd.	Chairman Vice Chairman Director Director	Yu-Lon Chiao Patricia Chiao Yu-Cheng Chiao Wei-Shin Ma	Older brother Older sister Older brother Sister-in-law	None

Title	Nationality or Registration Country	Name	Gender	Term Began	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	
Director	R.O.C.	Andrew Hsia	Male	May 29, 2020	3 years	May 29, 2020	0	0.00%	0	0.00%	0	0.00%	
Director	R.O.C.	Wei-Shin Ma	Female	May 29, 2020	3 years	June 11, 2014	244,033	0.01%	244,033	0.01%	55,926,346	1.73%	
Director	R.O.C.	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	- Male	May 29, 2020	3 years	Legal Person: May 31, 2005 (Note3) Representative: May 29, 2020	210,011,000 0	6.31% 0.00%	220,011,000 0	6.82% 0%	- 0	- 0.00%	
Independent Director	R.O.C.	Ming-Ling Hsueh	Male	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	0	0.00%	



December 31, 2020

	Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor who are Spouse or Relative within Second Degree			Note (Note 1)
	Number of shares	Percentage			Position	Name	Relationship	
	0	0.00%	He received his bachelor's degree in law from Fu Jen Catholic University and his master's degree in diplomacy from the National Chengchi University; he graduated from Graduate Institute of Legal Studies, University of Oxford, UK (M. Litt); he was Head of the Political Section of the R.O.C. Representative Office in the United States, Deputy Representative of the R.O.C. Representative Office in Canada, Head of the R.O.C. Representative Office in New York, R.O.C. Representative Office in India, Political Deputy Minister of Ministry of Foreign Affairs, Deputy Minister of Ministry of National Defense, and Chairman of the Mainland Affairs Council, Executive Yuan.	Vice President & Spokesman of Phu My Hung Holding Group; Chief Representative of Central Trading & Development Corporation.	None	None	None	None
	0	0.00%	Ph.D., College of Humanities and Social Sciences of National Tsing Hua University, Peking University, Master of Business Administration for Senior Managers, University of California (Berkeley), Department of East Asian Languages; Chairman of Yuanta Securities Investment Trust Corporation and HannStar Display Corp.	Chairman of HannsTouch Solution Inc., Golden Apple Investment Company, White Stone Management Consultancy; Director of HannStar Color Co. and Winbond Electronics Corporation	Chairman Vice Chairman Director Director	Yu-Lon Chiao Patricia Chiao Yu-Cheng Chiao Yu-Heng Chiao	Brother-in-law Sister-in-law Brother-in-law Brother-in-law	None
	0	0.00%	M.S. in Electrical Engineering, University of Detroit, USA; B.S. in Electrical Engineering, National Cheng Kung University; Director, Nuvoton Technology Co. Ltd. and Vice President of DRAM Products Business Group of Winbond Electronics Co.	President of Winbond Electronics Co. Ltd.	None	None	None	None
	0	0.00%	Soochow University, Master in Accountancy; Bloomsburg University of Pennsylvania, Master of Business Administration; PwC Taiwan Director; Executive Director, Taiwan Corporate Governance Association; Adjunct Professor, School of Science and Technology Management, National Tsing Hua University	Independent Director of Yuanta Financial Holdings & Yuanta Commercial Bank, TTY Biopharm and Lite-On Technology Corporation.	None	None	None	None

Title	Nationality or Registration Country	Name	Gender	Term Began	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children	
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Independent Director	R.O.C.	King-Ling Du	Male	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	1,000	0.00%
Independent Director	R.O.C.	Shiang-Chung Chen	Male	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	0	0.00%
Independent Director	R.O.C.	Fu-Hsiung Hu	Male	May 29, 2020	3 years	May 29, 2020	0	0.00%	0	0.00%	0	0.00%

Note 1: Where the chairman and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness of, necessity of, and the measures adopted in response to, the above situation.

Note 2: Patricia Chiao served on the Company's Board between May 31, 2005 and June 10, 2014 and from May 25, 2016 until now.

Note 3: Chin-Xin Investment Co., Ltd served on the Company's Board between May 31, 2005 and June 10, 2014 and from May 26, 2015 until now.

Note 4: Hui-Ming Cheng, Director, Tung-Yi Chan, Representative of Chin-Xin Investment Co., Ltd, and Juei-Lung Chen, Independent Director, were dismissed because their term of office expired on May 29, 2020.

Note 5: The Audit Committee was established on May 26, 2017 to replace the supervisors.

December 31, 2020

	Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor who are Spouse or Relative within Second Degree			Note (Note 1)
	Number of shares	Percentage			Position	Name	Relationship	
	0	0.00%	Mississippi State University, Masters in Mechanical Engineering; New York University, financial management research; Stanford University, Advance marketing research; U.S. representative of China Steel Corporation (Steel Division, U.S. Purchasing Group of Executive Yuan), Deputy General Manager of Business Department, Engineering Department, Corporate Planning Department, and Executive Deputy General Manager; General Manager, Kaohsiung Rapid Transit Corporation; Chairman, China Ecotek Corporation.	Director of Sheh Fung Screws Co., Ltd and Green River Holding Co., Ltd.; Independent Director of Ta Liang Technology Co., Ltd.	None	None	None	None
	0	0.00%	The School of Industrial Engineering at Purdue University; President of Mercuries Data Systems Ltd.	Chairman and President of Mercuries Data Systems Ltd.; Chairman of Hipact Tech Inc., Nanjing Mercuries Development of Software Co., Ltd., Mercuries Insurance Agent Co., Ltd.; Director of Mercuries Holdings Corporation, Mercuries Data Systems Ltd., Shang-Ling Investment Inc., Shang-Hong Investment Inc., Yangzheng Investment Co., Ltd. and EASYCARD Investment Holding Company, Taiwan Masters Golf Promotion Foundation, and Institute for National Policy Research Foundation; Supervisor of Digicentre Co., Ltd.; Independent Director of Teco Image Systems Inc.; Director of the Friends of the Police Association of the Republic of China, Vice President of Criminal Investigation and Prevention Association of the Republic of China; Chairman of the Security Police Third Corps Police Club of the Police Friendship Association of the Republic of China; Director of Taipei Independent Directors Association	None	None	None	None
	0	0.00%	M.A., Graduate School of Business, National Taiwan University; Managing Director, Central Trust Bureau; Director of Mega Bank; Director of Department of Economic Energy and Agriculture, Executive Yuan; Vice Chairman of Council of Agriculture; Chairman of National Animal Industry Foundation, Institute of Animal Science and Technology, and Joint Credit Information Center and Taiwan Cooperative Securities	Independent Managing Director of O-Bank Co., Ltd.	None	None	None	None

## 1. Major shareholders of institutional shareholder

December 31, 2020

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Chin-Xin Investment Co., Ltd	Winbond Electronics Corp.	37.69%
	Walsin Lihwa Corporation	36.99%
	Huali Investment Corp.	4.43%
	Yu-Cheng Chiao	3.14%
	Yu-Lon Chiao	3.14%
	Yu-Heng Chiao	3.14%
	Yu-Chi Chiao	3.14%
	Walsin Technology Corporation.	1.86%
	HannStar Board Corporation	1.34%
	Prosperity Dielectrics Co., Ltd.	0.72%

Note: Top ten shareholders of institutional shareholder.

## 2. Major Shareholders in Previous Table who are Institutional Investors and their Major Shareholders

December 31, 2020

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Winbond Electronics Corporation	Walsin Lihwa Corporation	22.21%
	Chin-Xin Investment Co., Ltd	5.55%
	Yu-Cheng Chiao	1.60%
	PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.31%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.01%
	LGT Bank (Singapore) Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	1.13%
	Pai-Yung Hong	0.97%
	Singapore Government Fund Account under the custody of Citibank, N.A., Taipei Branch	0.91%
	Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	0.89%
	Yu-Lon Chiao	0.74%

Note: Top ten shareholders of the institutional shareholder.

March 30, 2021

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Walsin Lihwa Corporation	LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	7.20%
	Winbond Electronics Corporation	6.47%
	Chin-Xin Investment Co., Ltd	6.41%
	TECO Electric and Machinery Co., Ltd.	5.98%
	Huali Investment Corp.	2.91%
	Rong Jiang Co., Ltd.	2.86%
	Patricia Chiao	2.72%
	Yu-Heng Chiao	1.78%
	Investment Account of Banque Pictet & CIE SA under the custody of HSBC	1.63%
	Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	1.63%

Note: Top ten shareholders of the institutional shareholder.

December 31, 2020

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Huali Investment Corp.	HannStar Color Co. Ltd.	100%
Walsin Technology Corporation	Walsin Lihwa Corporation HannStar Board Corporation Global Brands Manufacture Ltd. New Labor Pension Fund Walton Advanced Engineering, Inc. Kim Eng Securities Private Co., Ltd. investment account under the custody of Citibank Taiwan Ltd. Yu-Heng Chiao Winbond Electronics Corporation PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch Giga Investment Co.	18.30% 7.46% 3.11% 2.86% 2.74% 2.74% 2.64% 1.77% 1.46% 1.37%
HannStar Board Corporation	Walsin Technology Corporation Walsin Lihwa Corporation Career Technology (Mfg.) Co., Ltd. Chin-Xin Investment Co., Ltd Yu-Heng Chiao Pai-Yung Hong Special Account of BNP Paribas, Singapore Branch under the custody of HSBC Prosperity Dielectrics Co., Ltd. Yeu-Hong Qiu PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch	20.32% 12.06% 5.43% 3.54% 2.06% 1.86% 1.49% 1.07% 1.05% 0.93%
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation Walton Advanced Engineering, Inc. Yu-Heng Chiao Ta-Ho Maritime Corporation ABC Taiwan Electronics Corp Su, Ying-Ying Zhu, You-Yi Tsao, Chung-Ya Pang, Chen-Tai Li, Kuei-Mei	43.13% 0.75% 0.62% 0.55% 0.47% 0.24% 0.15% 0.15% 0.15% 0.15%

Note: Top ten shareholders of the institutional shareholders.

## 3. Work experience, Professional Knowledge and Independence of Directors

December 31, 2020

Name	Whether Possessing at least 5 Years of Work Experience and the Following Specialized Qualifications			Meets the Following Independence Criteria (Note)												Number of Other Public Companies in which the Director also Serves as an Independent Director
	An instructor or higher position in the department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate	Having work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Yu-Lon Chiao	No	No	Yes						✓					✓	✓	0
Patricia Chiao	No	No	Yes						✓			✓		✓	✓	0
Yu-Cheng Chiao	No	No	Yes	✓					✓					✓	✓	2
Yu-Heng Chiao	No	No	Yes	✓					✓	✓	✓	✓		✓	✓	0
Andrew Hsia	No	No	Yes	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wei-Shin Ma	No	No	Yes	✓					✓	✓	✓	✓		✓	✓	0
Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	No	No	Yes	✓		✓	✓		✓	✓		✓	✓	✓		0
Ming-Ling Hsueh	Yes	Yes	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
King-Ling Du	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Shiang-Chung Chen	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Fu-Hsiung Hu	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: If the Director meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" in the corresponding boxes.

- (1) Not an employee of the Company or any of its affiliates;
- (2) Not a Director or Supervisor of the Company or its affiliates (the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.
- (4) Not a managerial officer listed in (1), neither is a spouse, relative within second degree of kinship, or lineal relative within third degree of kinship of any of the persons in (2) and (3) above.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company (the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution (the same does not apply to independent directors



appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (the same does not apply to any specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company where independent directors are appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having a marital relationship or a relative within the second degree of kinship to any other Director of the Company.
- (11) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.
- (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

## (2) Profile of President, Vice Presidents and Department Heads

Title	Nationality	Name	Gender	Date appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others	
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
President & President of Commerce & Real Estate BG	R.O.C.	Fred Pan	Male	July 16, 2007	107,300	0.00%	0	0.00%	0	0.00%
Executive Vice President & Head of Finance Dept.	R.O.C.	C.C. Chen	Male	May 1, 2010	235,722	0.01%	0	0.00%	0	0.00%
President of Insulated Wire & Cable BG	R.O.C.	Jin-Renn Leu	Male	August 13, 2014	40,900	0.00%	11,000	0.00%	0	0.00%
President of Stainless Steel BG	R.O.C.	Kevin Niu	Male	December 4, 2017	20,000	0.00%	0	0.00%	0	0.00%
President of Commodity BG	R.O.C.	Josh Chia	Male	June 13, 2019	0	0.00%	1,559	0.00%	0	0.00%





December 31, 2020

	Education/Work Experience	Other Current Positions at Other Companies	Manager who is Spouse or Relative within the Second Degree			Shares Acquired by Managers under Employee Stock Options	Note (Note 2)
			Title	Name	Relationship		
	MBA of US Tulane University; Finance Chief of Marketing of Philips Taiwan Semiconductor, Finance Chief of Sales of Philips Asia Pacific Semiconductor; the Company's Accounting Division head, Chief of Staff and Vice President.	Vice Chairman of Nanjing Walsin Property Management Co., Ltd.; Director of Walsin (Nanjing) Development Co., Ltd., Walsin International Investment, Joint Success Enterprises Limited; Director and President of Jincheng Construction Co., Ltd., Walsin China Investment Co., Ltd., Walsin Lihwa (Changzhou) Investment Co., Ltd.	None	None	None	None	None
	Master of Accounting Graduate School, National Taiwan University; Audit Team Leader of Deloitte Touche Tohmatsu Limited, Financial Assistant Vice President of Promisedland, Partner of GACPA, Partner of Tianyao United Accountants; the Company's Manager of Performance Analysis Department of Financial Service Center, Head of Financial Management Center, Head of Accounting Division, Head of China Management Division, Vice President of Specialty Steel BG, Head of Yantai BU, Head and Vice President of Specialty Steel BU, and President of Commodity BG.	Chairman of Shanghai Baihe Walsin Lihwa Specialty Steel Products Co., Ltd. and PT. Walsin Nickel Industrial Indonesia; Director of Walsin International Investment, Walsin China Investment Co., Ltd. and Walsin Info-Electric Inc.	None	None	None	None	None
	M.S. in Electrical Engineering, Yuan Ze University; Assistant Manager of Optical Communication Division/Communication Technology Division, Manager of Communication Technology/Quality Assurance Technology Division, Electrical Production/Communication Operation Division, Director of Hsinchuang BU, Vice President of Cable & Wire BG; Head of Wire BU of the Company.	Director of Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., Chung Tai Technology Development Engineering Co., Ltd., and Taiwan Electric Research & Testing Center	None	None	None	None	None
	Ph.D., Carnegie Mellon University, Pittsburgh, USA; Quantitative Analyst of U.S. based Provident Capital Management, Special Assistant to CEO of Chinatimes Network Technology, Associate Manager of Financial Trading Department of Yuanta Securities, Vice President of Securities Department of CTBC Bank, Vice President of Derivatives Department of KGI Securities; Chief Marketing Officer and Head of Resources Management Center of the Company.	Chairman of Yantai Walsin Stainless Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	None	None	None	None	None
	MPA in Finance, New York University; MBA in Accounting, National Taiwan University; Bachelor of Accounting, National Taiwan University; Head of Asset and Liability Management Department/Performance Management Department/ Corporate Finance Department of Standard Chartered Bank, Executive Vice President & Accounting Officer of Finance Division of Standard Chartered Bank, Vice President of Accounting Department of Fubon Bank (China) Co., Ltd.; the Company's Project Director of the President Office, Head of Finance Division and Vice President of Financial Management Center.	Director of Walsin Precision Technology Co., Ltd. and PT. Walsin Nickel Industrial Indonesia.	None	None	None	None	None

Title	Nationality	Name	Gender	Date appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others	
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Head of Corporate Governance	R.O.C.	Sherry Ho	Male	June 13, 2019	0	0.00%	0	0.00%	0	0.00%
Director of Accounting	R.O.C.	Richard Wu	Male	May 1, 2010	110,400	0.00%	0	0.00%	0	0.00%

Note 1: Date appointed is the first time appointed department heads.

Note 2: Where the chairman and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness of, necessity of, and the measures adopted in response to, the above situation.

Note 3: Mr. Tain-Rong Chen, Mr. Witty Liao, Mr. Juei-Lung Chen, Mr. David Liou, and Mr. Allen Hsu transferred to other posts, effective from April 1, 2020.

Post-Period Note: Ms. Sherry Ho transferred to other post on January 22, 2021, and Head of Corporate Governance was assumed by Ms. Hueiping Lo.



	Education/Work Experience	Other Current Positions at Other Companies	Manager who is Spouse or Relative within the Second Degree			Shares Acquired by Managers under Employee Stock Options	Note (Note 2)
			Title	Name	Relationship		
	Bachelor of Law, Soochow University; Master of Laws, Case Western Reserve University; Researcher, Strategic Planning Research Department, General Research Institute, RITEK Corporation; Manager, Legal Department, Legal Intellectual Property Division, Lite-On IT Corporation..	Director of Jiangyin Walsin Specialty Alloy Materials Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd.	None	None	None	None	None
	Department of Accounting, Zhongyuan University; Team Leader of Deloitte, Deputy Manager of Southern Taiwan Accounting Firm, Deputy Manager of Kunjin Co., Ltd., and Financial Manager of Shanglin Enterprise; Associate Manager, Cost Section, Yenshu Plant of the Company, Control Officer of Stainless Steel BU, Head of Auditing Division, and Head of General Manager Office.	Supervisor of Jincheng Construction Co., Ltd., Walsin Info-Electric Corp., Min Maw Precision Industry Corp.; Supervisor of Walsin China Investment Co., Ltd., Dongguan Walsin Wire & Cable Co. Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., Changshu Walsin Specialty Steel Co., Ltd., Yantai Walsin Stainless Steel Co., Ltd., Jiangyin Huaxin Special Alloy Material Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Nanjing Taiwan Trade Mart, Walsin (Nanjing) Real Estate Development Co., Ltd. and Nanjing Walsin Property Management Co., Ltd.	None	None	None	None	None

### 3. Remunerations to Directors, President and Vice Presidents in the Most Recent Year

#### (1) Remuneration to Directors (including Independent Directors)

Title (Note 1)	Name (Note 1)	Directors Remuneration								
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to Directors (C) (Note 3)		Business Expense (D) (Note 4)		
		Company	All Companies In Financial Statements (Note 7)	Company	All Companies In Financial Statements (Note 7)	Company	All Companies In Financial Statements (Note 7)	Company	All Companies In Financial Statements (Note 7)	
Director	Chairman	Yu-Lon Chiao								
	Vice Chairman	Patricia Chiao								
	Director	Yu-Cheng Chiao								
	Director	Hui-Ming Cheng (Note 12)								
	Director	Yu-Heng Chiao								
	Director	Wei-Shin Ma								
	Legal Person Director and Representative	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen (Note 13)	42,780,000	42,780,000	0	0	24,970,000	24,970,000	4,371,547	4,395,547
	Director	Andrew Hsia (Note 14)								
Independent Director	Independent Director	Ming-Ling Hsueh								
	Independent Director	King-Ling Du								
	Independent Director	Shiang-Chung Chen	2,890,500	2,890,500	0	0	9,080,000	9,080,000	3,426,831	3,426,831
	Independent Director	Steve Ruey-Long Chen (Note 15)								
	Independent Director	Fu-Hsiung Hu (Note 16)								

1. In order to facilitate the management of the remuneration of directors and functional committee members of the Company, the Company has established the "Rules for the Remuneration of Directors and Functional Committee Members", which clearly define the criteria for the remuneration payable to independent directors according to their individual professional input and performance, while taking into account the reasonableness of individual performance, the Company's operating performance and future risks.

2. Except as disclosed in the above chart, remuneration to directors received due to the service provided to all companies listed in the financial statement in the most recent year: 0



Unit: NT\$

Ratio of total (A), (B), (C) and (D) to after-tax loss (Note 10) (%)		Remuneration Received as Employee								Ratio of total (A), (B), (C), (D), (E), (F) and (G) to After-tax Income (Note 10) (%)		Remuneration from Re-investments other than Subsidiaries (Note 11)
		Salary, Bonus and Special Allowance (E) (Note 5)		Pension (F)		Employee Bonus (G) (Note 6)						
		Company	All Companies In Financial Statements	Company	All Companies In Financial Statements (Note 7)	Company	All Companies In Financial Statements (Note 7)	Company				
Cash Bonus	Stock Bonus							Cash Bonus	Stock Bonus			
1.0779	1.0782	0	0	0	0	0	0	0	0	1.0779	1.0782	141,304,504
0.2301	0.2301	0	0	0	0	0	0	0	0	0.2301	0.2301	0

Table of Remuneration Ranges

Range of Remuneration Paid to Directors	Names of Directors			
	Aggregate of First Four Remunerations (A+B+C+D)		Aggregate of First Seven Remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	Included in Financial Statements All companies (Note 9)	The Company (Note 8)	All Companies in Consolidated Statements (Note 9)
<NT\$1,000,000				
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Andrew Hsia, Steve Ruey-Long Chen	Andrew Hsia, Steve Ruey-Long Chen	Andrew Hsia, Steve Ruey-Long Chen	Andrew Hsia, Steve Ruey-Long Chen
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Hui-Ming Cheng, Fu-Hsiung Hu, Yu-Cheng Chiao, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd	Hui-Ming Cheng, Fu-Hsiung Hu, Yu-Cheng Chiao, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd	Hui-Ming Cheng, Fu-Hsiung Hu, Yu-Cheng Chiao, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd	Hui-Ming Cheng, Fu-Hsiung Hu, Yu-Cheng Chiao, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen
NT\$5,000,000 (inclusive) ~ ~NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Patricia Chiao	Patricia Chiao	Patricia Chiao;	Patricia Chiao;
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Yu-Lon Chiao	Yu-Lon Chiao	Yu-Lon Chiao	Yu-Lon Chiao
NT\$50,000,000 (inclusive) ~NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	11	11	11	11

Note 1: This Table lists incumbent Directors in 2020 and their respective remuneration.

Note 2: The Company's Independent Directors and Directors who are authorized by the Board of Directors to regularly involve in the Company's operation may receive remuneration; the amount of remuneration shall be reviewed in accordance with Director's participation and value contributed in the Company's operation, together with reference of international and domestic industrial practice, by the Remuneration Committee and submitted to the Board of Directors for approval.

Note 3: Remunerations to Directors in 2020 approved by the Board of Directors have been listed.

Note 4: Refers to the expenses incurred by Directors in 2020 to perform relevant duties (including transportation, attendance fees, special disbursements and various allowances).

Note 5: Refers to the salaries, additional pay, severance pay, various rewards, incentives, treasury stock price difference, transportation subsidies, special allowance, various allowances and salary expenses listed in accordance with IFRS 2 "share-based payment", including shares acquired under employee stock option, restricted new shares to employees and shares acquired from participation in cash capital increase option and so forth, received by Directors who are also employees (including as President, vice president, managers and employees) in 2020. In addition, the Company's remuneration to chauffeurs totaled NT\$2,339,173/year.

Note 6: Refers to Directors also working as an employee (including as President, vice president, managers and employees) and receiving employee bonus (including stocks and cash) in 2020; employee bonus for 2020 was approved by the Board of Directors.

Note 7: Refers to the total pay to the Company's Directors from all companies in the consolidated statements (including the Company).

Note 8: For the remuneration paid to Directors of the Company by the Company, names of every Director shall be disclosed in their corresponding range within the remuneration schedule.

Note 9: For the remuneration paid to Directors of the Company by all companies in the consolidated statements (including the Company), names of every Director shall be disclosed in their corresponding range within the remuneration schedule.

Note 10: After-tax net income refers to the after-tax net income of individual financial statement in 2020.

Note 11: a. This field shows the amount of related remunerations a Director of the Company receives from investees other than subsidiaries of the Company.  
b. The remuneration refers to remuneration, bonus (including bonuses to employees, Directors and Supervisors) and related remunerations for the performance of duties received by a Director of the Company serving as a Director, Supervisor or manager of an investee of the Company other than



subsidiaries.

Note 12: Mr. Hui-Ming Cheng was released from his position on May 29, 2020.

Note 13: Representative of Chin-Xin Investment Co., Ltd was changed to Mr. Pei-Ming Chen on May 29, 2020.

Note 14: Mr. Andrew Hsia was newly appointed on May 29, 2020.

Note 15: Mr. Steve Ruey-Long Chen was released from his position on May 29, 2020.

Note 16: Mr. Fu-Hsiung Hu was newly appointed on May 29, 2020.

\* The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation

## (2) Remunerations to President and Vice Presidents

Title (Note 1)	Name (Note 1)	Remuneration (A)		Pension (B) (Note 2)		Bonus and Special Allowances (C) (Note 3)	
		Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)
President & President of Commerce & Real Estate BG	Fred Pan	23,262,374	23,262,374	1,414,050	1,414,050	14,211,385	14,235,385
Former Vice President	Steve Juei-Lung Chen (Note 10)						
Chief Information Officer of Information Center	David Liou (Note 11)						
President of Stainless Steel BG	Kevin Niu						
Sales Vice President of Insulated Wire & Cable BG	Witty Liao (Note 12)						
President of Insulated Wire & Cable BG	Jin-Renn Leu						
Manufacturing Vice President of Stainless Steel BG	Tain-Rong Chen (Note 13)						
Executive Vice President & Head of Finance Dept. President of Commodity BG	C.C. Chen Josh Chia						

Table of Remuneration Ranges

Range of Remuneration Paid to President and Vice Presidents	Names of President and Vice Presidents	
	The Company (Note 7)	All Re-investments (Note 8)
<NT\$1,000,000	Steve Juei-Lung Chen, Tain-Rong Chen, Witty Liao, David Liou	Steve Juei-Lung Chen, Tain-Rong Chen, Witty Liao, David Liou
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Josh Chia	Josh Chia
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	C.C. Chen, Jin-Renn Leu, Kevin Niu	C.C. Chen, Jin-Renn Leu, Kevin Niu
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Fred Pan	Fred Pan
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	9	9

Note 1: This Table discloses a summary of the payments managers' ranked vice president (and equivalents) or above received in 2020.

Note 2: Refers to pension set aside pursuant to the law.

Note 3: Refers to various bonuses, incentives, company car rental fees, vehicle subsidies, special allowance and salary expenses listed in accordance with IFRS 2 "share-based payment", including shares acquired under employee stock options, restricted new shares to employees and shares acquired from participation in cash capital increase options and so forth, received by managers ranked vice president (and equivalents) or above in 2020. In addition, the Company's remuneration to chauffeurs totaled NT\$1,039,554/year.

Note 4: Refers to employee bonuses (including stock and cash bonuses) approved by the Board of Directors for distribution to managers ranked vice president (and equivalents) or above in 2020.

Note 5: Discloses the total payment to manager's ranked vice president (and equivalents) or above from all companies in the consolidated statements (including the Company).

Note 6: a. This field shows the amount of related remuneration managers ranked vice president (and equivalents) or above received from investees other than subsidiaries of the Company.

b. The remuneration refers to pay, bonus (including bonuses to employees, Directors and Supervisors) and related remunerations for the performance of duties received by the Company's managers ranked vice president (and equivalents) or above while serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.

Note 7: For the remuneration the Company has paid, names of every manager ranked vice president (and equivalents) or above shall be disclosed in their corresponding range within the remuneration scale.

Note 8: For the remuneration paid to managers ranked vice president (and equivalents) or above by all investees (including the Company), names of every manager shall be disclosed in their corresponding range within the remuneration scale.

Note 9: After-tax net income refers to the after-tax net income of individual financial statement in 2020.

Note 10: Mr. Steve Juei-Lung Chen was released from his position on March 31, 2020.

Note 11: Mr. David Liou was released from his position on March 31, 2020.

Note 12: Mr. Witty Liao was released from his position on March 31, 2020.

Note 13: Mr. Tain-Rong Chen was released from his position on March 31, 2020.

\* The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation.



Unit: NT\$

	Employee Bonus (D) (Note 4)				Ratio of total (A), (B), (C) and (D) to After-tax Income (%) (Note 9)		Remuneration from Re-investments or Parent Company other than Subsidiaries (Note 6)
	Company		All Companies In Financial Statements (Note 5)		Company	All Companies In Financial Statements (Note 5)	
	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
	2,006,573	0	2,006,573	0	0.6112	0.6115	3,559,885

## (3) Distribution of Employee Bonus to Managers

March 5, 2020

	Title	Name	Stock bonus	Cash Bonus	Total	Percentage of the Total to After-tax Net Income (%)
Managers	President & President of Commerce & Real Estate BG	Fred Pan	0	2,387,600	2,387,600	0.0357
	Executive Vice President & Head of Finance Dept.	C.C. Chen				
	President of Stainless Steel BG	Kevin Niu				
	President of Insulated Wire & Cable BG	Jin-Renn Leu				
	President of Commodity BG	Josh Chia				
	Head of Accounting Dept.	Richard Wu				
	Head of Legal Department and Head of Corporate Governace	Sherry Ho				

※ This Table lists managers in active duty as of the end of 2020 and their summarized 2020 employee bonus for managers approved by the Board of Directors.

※ After-tax net income refers to the after-tax net income of individual financial statement in 2020.

- (4) Analysis of total remunerations to Directors, President, vice presidents etc. as a percentage of the stand-alone after-tax net income in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

1. Analysis of total remunerations to Directors, President, vice presidents etc. as a percentage of the stand-alone after-tax net income in the last two years:

Title	Total Remunerations as Percentage (%) of After-tax Net Income (Losses)			
	2020		2019	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Director	1.31	1.31	2.00	2.00
President and Vice President	0.61	0.61	2.41	2.45

2. Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

The Company's policy for remunerating its directors is formulated based on the Company Act and the Company's Articles of Incorporation. The remuneration of directors for the current year shall be limited to an amount not exceeding 1% of the current year's earnings and shall be paid in accordance with the Rules Governing the Compensation of Directors and Functional Members of the Company. The Company's operating strategy, profitability, future development and industry condition, as well as each director's participation in and contribution to the Company's operation, have also been taken into account in order to give them reasonable remuneration. The Compensation Committee then submits a proposal, which is passed at a board meeting before the policy takes effect.

Remuneration policy toward President, vice presidents and equivalent managers is formulated in accordance with the Company's Regulations for the Evaluation of Managerial Performance and Compensation and based on operating strategy, profitability, performance and contribution to the Company. Prevailing market salary level is also taken into account. The policy is submitted by the Compensation Committee and takes effect after it is passed at a Boarding meeting.

The said principles may be adjusted based on economic conditions, the Company's future development, and profitability and operating risks.

## 4. Corporate Governance Status

### (1) Overview of Board of Directors Operation

The Board of Directors totally held 9 meetings in 2020.

#### 1. The attendance records for Directors are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Percentage (%)	Remarks
Chairman	Yu-Lon Chiao	9	0	100%	
Vice Chairman	Patricia Chiao	9	0	100%	
Director	Yu-Cheng Chiao	8	2	78%	
Director	Yu-Heng Chiao	8	1	89%	
Director	Hui-Ming Cheng	5	0	100%	Note1
Director	Andrew Hsia	4	0	100%	Note2
Director	Wei-Shin Ma	7	2	78%	
Director	Chin-Xin Investment Co., Ltd Representative: Tung-Yi Chan	4	1	80%	Note1
Director	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	4	0	100%	Note2
Independent Director	Ming-Ling Hsueh	9	0	100%	
Independent Director	King-Ling Du	9	0	100%	
Independent Director	Shiang-Chung Chen	9	0	100%	
Independent Director	Steve Ruey-Long Chen	3	2	60%	Note1
Independent Director	Fu-Hsiung Hu	4	0	100%	Note2

Note 1: Directors Hui-Ming Cheng and Tung-Yi Chan and Independent Director Steve Ruey-Long Chen were released from their position on May 29, 2020.

Note 2: Directors Andrew Hsia and Pei-Ming Chen and Independent Director Fu-Hsiung Hu were newly appointed as the Company's directors of the 19<sup>th</sup> term.

#### 2. The attendance records for Independent Directors are as follows:

✓: Attended in Person; ⊙: Attended by Proxy; x: Absent

18 <sup>th</sup> Term	18 <sup>th</sup> Meeting January 10, 2020	19 <sup>th</sup> Meeting February 27, 2020	20 <sup>th</sup> Meeting March 20, 2020	21 <sup>st</sup> Meeting April 10, 2020	22 <sup>nd</sup> Meeting May 7, 2020
Chen, Steve Ruey-Long	✓	✓	✓	⊙	⊙
Ming-Ling Hsueh	✓	✓	✓	✓	✓
King-Ling Du	✓	✓	✓	✓	✓
Shiang-Chung Chen	✓	✓	✓	✓	✓

19 <sup>th</sup> Term	1 <sup>st</sup> Meeting May 29, 2020	2 <sup>nd</sup> Meeting August 4, 2020	3 <sup>rd</sup> Meeting November 13, 2020	4 <sup>th</sup> Meeting November 20, 2020
Ming-Ling Hsueh	✓	✓	✓	✓
King-Ling Du	✓	✓	✓	✓
Shiang-Chung Chen	✓	✓	✓	✓
Fu-Hsiung Hu	✓	✓	✓	✓

Other details that need to be recorded in meeting minutes:

- In the event of the occurrence of any of the following scenarios with the operation of the Board of Directors, the dates of meetings, session number, resolution, opinions of all Independent Directors and the Company's subsequent action in response to these opinions shall be clearly stated:

(1) Matters and items stipulated in Article 14-3 of the Securities and Exchange Act.

December 31, 2020

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
18 <sup>th</sup> Term 18 <sup>th</sup> Meeting January 10, 2020	Proposal: Proposal for the replacement of CPAs due to internal rotation mechanism of Deloitte Taiwan, and the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the capital injection into a subsidiary of the Company, Walsin Nickel Industrial Indonesia, for building a nickel pig iron plant and a power plant at PT Indonesia Morowali Industrial Park. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to purchase a two-year US\$178.5 million corporate bond issued by Golden Harbour International Pte., to start the business of sourcing raw materials for nickel pig iron and stainless steel. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to lend US\$250 million to a subsidiary of the Company, Walsin Nickel Industrial Indonesia. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the loan of funds by Walsing International Investment Co., Ltd. and Walsin Lihwa Holdings Limited to the	None	None	None

December 31, 2020

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
	Company, in a total amount of US\$582 million and RMB1,127 million. Resolution: Proposal passed.			
	Proposal: Proposal to approve the sale of the real property held by Walsin Lihwa (Changzhou) Investment Co., Ltd. to Nanjing Walsin Property Management Co. and the liquidation of Changzhou Investment Co. Resolution: Proposal passed with certain revisions.	None	None	None
	Proposal: Proposal to approve the liquidation of the Company's BVI holding company, Energy Pilot Limited. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to review manager's performance as well as 2019 bonuses and compensation. Resolution: Proposal passed.	None	None	None
	Proposal: Advice on Chairman's and Vice Chairman's 2019 performance bonus. Resolution: Proposal passed. Recusal: Yu-Lon Chiao, Patricia Chiao	None	None	None
18 <sup>th</sup> Term 19 <sup>th</sup> Meeting February 27, 2020	Proposal: Advice on Company's distributions for 2019 director and employee remunerations. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the change of the Company's Chief Audit Executive. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to amend the Company's Compensation Committee Charter and Meeting Procedures. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to prepare the Company's management's reports on the internal control system for 2019. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to amend the Company's Audit Committee Charter and Meeting Procedures. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to lift the non-competition ban for the Company's Directors of 19 <sup>th</sup> term. Resolution: Proposal passed. Recusal: Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Yu-Lon Chiao, Yu-Cheng Chiao,	None	None	None

December 31, 2020

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
	Yu-Heng Chiao, Wei-Shin Ma, and Tung-Yi Chan			
	<p>Proposal: Proposal to approve the investment of PT. Walsin Lippo Industries in constructing a medium and high voltage cable factory in the amount of around US\$27 million.</p> <p>Resolution: Due to re-plan schedule, all the directors present and acting on behalf of the directors agreed to replace the case after consultation by the chairman.</p>	None	None	None
	<p>Proposal: Proposal to acquire shares in HannStar Display Corporation in an amount not exceeding NTD540 million.</p> <p>Resolution: Proposal passed.</p> <p>Recusal: Wei-Shin Ma</p>	None	None	None
18 <sup>th</sup> Term Meeting 20 <sup>th</sup> Meeting March 18, 2020	<p>Proposal: Proposal to repurchase 40 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase.</p> <p>Resolution: Due to the rapid changes in the market, this proposal has been postponed for further discussion in the best interest of the Company.</p>	None	None	None
	<p>Proposal: Proposal to approve the investment to be made by a subsidiary of the Company, Walsin Nickel Industrial Indonesia, in building a nickel pig iron plant and a power plant in Indonesia, in the amount of US\$350 million.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: Proposal to lift the non-competition ban for the Company's Directors of 19<sup>th</sup> term.</p> <p>Resolution: Proposal passed.</p>	None	None	None
18 <sup>th</sup> Term Meeting 21 <sup>st</sup> Meeting April 10, 2020	<p>Proposal: Proposal to amend the Company's Procedures for Financial Derivatives Transactions.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: Proposal to repurchase 40 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase.</p> <p>Resolution: Proposal passed.</p>	None	None	None
19 <sup>th</sup> Term Meeting 2 <sup>nd</sup> Meeting August 4,	<p>Proposal: In response to the reorganization of the Board of Directors, it is proposed to appoint four independent directors, Mr.</p>	None	None	None

December 31, 2020

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
2020	Ming-Ling Hsueh, Mr. King-Ling Du, Mr. Shiang-Chung Chen and Mr. Fu-Hsiung Hu, as members of the Compensation Committee of the Company of the fourth term for the period from August 4, 2020 to May 28, 2023 (the date of expiration of the current term of the Board of Directors). Resolution: Proposal passed.			
	Proposal: Proposal to amend the Company's Compensation Committee Charter. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to engage the Company's Sustainable development committee members of the second term in response to the reorganization of the Company's Board of Directors. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 2 <sup>nd</sup> Meeting August 4, 2020	Proposal: Proposal to amend the Company's internal control system of financing cycle - internal control principles of stock services. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the loan of funds from Walsin Lihwa (China) Investment Co., Ltd. to Hangzhou Walsin Power Cable & Wire, in the amount of RMB 80 million for the period of one year. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the loan of funds from the Company to Walsin Nickel Industrial Indonesia in the form of a US\$250 million three-year non-revolving facility and a US\$70 million one-year revolving facility. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the change of the Company's Head of Finance. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to repurchase 60 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 3 <sup>rd</sup> Meeting November 13, 2020	Proposal: Proposal to formulate the Company's 2021 Audit Plan. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to amend the Company's Rules for Suggestions and Complaints from	None	None	None

December 31, 2020

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
	Related Parties. Resolution: Proposal passed.			
	Proposal: Proposal to reduce the capital of Walsin Specialty Steel Holding Co., Ltd. by US\$54 million. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 3 <sup>rd</sup> Meeting November 13, 2020	Proposal: Proposal to the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a NT\$130 million non-revolving facility. Resolution: Proposal passed.	None	None	None
	Proposal: In order to establish a vertically integrated cable smart base and logistics center, it is proposed to establish a new low-voltage wire and cable production line for construction use and a three-dimensional automatic warehouse at its Yangmei Plant, and to build a factory and purchase equipment. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 4 <sup>th</sup> Meeting November 20, 2020	Proposal: Proposal to conduct a share swap by issuing new shares as the consideration for the assumption of newly issued shares of TECO Electric and Machinery Co., Ltd. Resolution: Proposal passed.	None	None	None

(2) In addition to the foregoing, there were other matters to be resolved by directors board meetings about which an independent director expressed objections or reservations that had been included in records or stated in writing: Not applicable

2. Director recusals due to conflicts of interests totaled 3 times.

December 31, 2020

No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
1	18 <sup>th</sup> Term 18 <sup>th</sup> Meeting January 10, 2020	Yu-Lon Chiao, Patricia Chiao	Advice on Chairman's and Vice Chairman's 2019 performance bonus	Personally interested	Recused as provided by law
2	18 <sup>th</sup> Term 19 <sup>th</sup> Meeting February 27, 2020	Yu-Lon Chiao, Yu-Cheng Chiao, Yu-Heng Chiao, Wei-Shin Ma, Tung-Yi Chan, Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Proposal to lift the non-competition ban for the Company's Directors according to Article 209 of the Company Act	Personally interested	Recused as provided by law



No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
3	18th Term 19th Meeting February 27, 2020	Wei-Shin Ma	Proposal to acquire shares in HannStar Display Corporation in an amount not exceeding NTD540 million.	Personally interested	Recused as provided by law

3. Frequency, period, scope, method, and items of self-evaluation of the Board of Directors:

Frequency	Period	Scope	Method	Item
Once every year	2020/01/01 ~ 2020/12/31	Board of Directors	Internal self-evaluation of the Board of Directors	<ol style="list-style-type: none"> <li>1. Involvement in the operation of the Company.</li> <li>2. Improve the quality of Board decisions.</li> <li>3. Composition and structure of the board of directors.</li> <li>4. Selection and Continuing Education of Directors.</li> <li>5. Internal control.</li> </ol>
Once every year	2020/01/01 ~ 2020/12/31	Functional Committees (including Compensation Committee, Audit Committee and Sustainable development committee)	Internal self-evaluation of the functional committees	<ol style="list-style-type: none"> <li>1. Involvement in the operation of the Company.</li> <li>2. Awareness of responsibilities of the functional committees.</li> <li>3. Improve the quality of decision making in the functional committees.</li> <li>4. Composition and selection of functional committee members.</li> <li>5. Internal control.</li> </ol>
Once every year	2020/01/01 ~ 2020/12/31	Each director	Self or peer performance evaluation of board members	<ol style="list-style-type: none"> <li>1. Understanding of the company's objectives and tasks.</li> <li>2. Awareness of directors' responsibilities.</li> <li>3. Involvement in the operation of the Company.</li> <li>4. Internal relationship management and communication.</li> <li>5. Professional and continuing education of directors.</li> <li>6. Internal control.</li> </ol>
Once every 3 years	2017/08/01 ~ 2018/07/31	Board of Directors and each functional committee	Evaluation by an external organization	Eight aspect of evaluation of the Board of Directors: composition, guidance, authorization, supervision, communication, internal control and risk management, self-regulation, and others.

4. Evaluation of achievement of enhancing the Board's performance (e.g. establishing an Audit Committee and increasing information transparency):

- (1) Formulation of regulations related to the corporate governance: In addition to explicitly stating the powers and duties of the Board of Directors in the company's articles of incorporation, the Company also follows rules and regulations including the "Board of Directors Procedural Regulations", "Guidelines for the Ethical Conduct of Directors and Supervisors", "Procedures for the Processing of Critical Internal Information", "Corporate Governance Principles and Practice", "Corporate Management Integrity Principles", "Behavioral Guidelines and Operation Procedures for Honest Practices", "Guidelines for the Ethical Conduct of Employees", "Rules for Suggestions and Complaints from Related Parties", "Practical Guidelines for Corporate Social Responsibility" and "Corporate Social Responsibility Policies" in order to strengthen operations of the Board of Directors as well as corporate governance. In addition, in accordance with the latest laws and regulations, the "Corporate Governance Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Board of Directors Meeting Regulations", "Ethical Conduct Guidelines for Directors of the Board and Managerial Officers", "Practical Guidelines for Corporate Social Responsibility", "Rules for Suggestions and Complaints from Related Parties" and "Regulations for the Evaluation of the Board of Directors' Performance" were amended and approved by the Board of Directors in 2020.
- (2) Evaluation of the Performance of the Board of Directors: To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, the Rules of Performance Evaluation of the Board of Directors (these "Rules") were established pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and shall apply to the Board of Directors, functional committee and individual directors. These Rules were established on October 28, 2015, and the most recent amendment to them was approved by the Board of Directors on November 13, 2020. Each agenda working group shall provide a questionnaire for the board members to complete in each December and provide the completed attachments and information related to performance evaluation for the board members' reference.

The overall performance self-evaluation of our Board of Directors should cover at least the following five major aspects:

- I. Regarding external evaluation, in November 2018, the Company appointed the Taiwan Corporate Governance Association ("TCGA") to conduct an evaluation of the effectiveness of the Board of Directors for the period from August 1, 2017 to July 31, 2018. The association and its executive committee members had no business dealings with the Company and conduct such evaluation based on eight aspects of evaluation of the Board of Directors, including composition, guidance, authorization, supervision, communication, internal control and risk management, self-regulation and others, as well as on-site interviews with relevant members with reference to the implementation of the 38 indicators provided by the Company. On November 28, 2018, TCGA issued an evaluation report on the effectiveness of the Board of Directors. The Company's unit-in-charge reported the evaluation results to the Board of Directors on January 21, 2019 and posted the same on the Company's website.

The implementations of the recommendations of the external evaluation institution in 2020 are as follows:

Recommendations of External Evaluation Institution		Implementations
Composition of the Board of Directors	Establishment of Corporate Governance and Nominating Committee	In June 2019, the Company set up and appointed Sherry Ho, Head of Legal Affairs, as Head of Corporate Governance, to enhance corporate governance and strengthen the functions of the Board of Directors. In 2020, the Company will execute the business of the Secretary of the Board of Directors



Recommendations of External Evaluation Institution		Implementations
		and strengthen corporate governance. However, the Company has not yet established a nomination committee. Since, according to the corporate governance blueprint announced in 2020, the project will be the 2021 corporate governance evaluation target, and the competent authorities continue to study the feasibility of compulsorily establishing such a body in the future for listed companies, the establishment of a nomination committee before the next director re-election is advisable.
Internal Control and Risk Management	Designating a dedicated unit to track and manage and report on the Company's senior executive training and succession plans	In respect of the executive training and succession plans, Chairman expresses and exchanges ideas with the Directors from time to time, and discusses the succession plans with them.
Board Meeting Supporting System, etc.	Orientation system designed for new Directors	On May 26, 2020, the Board of Directors of 19 <sup>th</sup> was given a briefing on the Company's business, operations and their duties as a director.
Board Oversight	Periodic review of the developments of interested parties for the Board to keep abreast of and respond to	Stakeholders' opinions in 2020 were collected and reported to the Board of Directors on November 13, 2020.

II. Annual internal evaluation for 2020:

The 2020 Board of Directors' performance self-evaluation results go as follows:

1. Board of Directors' overall average score 4.89 points (full score: 5 points)
2. 2Board members' overall average score 4.88 points (full score: 5 points).

In December 2020, the Company conducted an internal annual board performance evaluation of the board of directors, individual board members and functional committees in accordance with the evaluation indicators and evaluation procedures specified in these Rules, and compiled and scored the data after the questionnaires were collected, and made recommendations for improvement in 2020. This year, the Company has made recommendations for improvement in the level of Directors' participation in the Company's operations, as well as the follow-ups on the recommendations made by an external evaluation institution in 2018, both of which were consolidated and reported to the Compensation Committee on January 13, 2021 and the Board of Directors' meeting on January 22, 2010, the details of which were disclosed on the Company's website.

- (3) Implementing the performance evaluation of the functional committees: In accordance with the "Regulations for the Evaluation of the Performance of the Board of Directors (including Functional Committees) and their Remunerations" formulated by the Compensation Committee based on the latest version published by the Competent Authority, our functional committees' members in December every year evaluate themselves by the assessment indicators to measure the corporate leadership strategic directions and oversee the corporate operational performance in an effort to improve shareholders' long-term value. The Company's Regulations for the Evaluation of the Performance of the Board of Directors was amended by the resolution of the board meeting dated May 6, 2019 and will be implemented in 2020. The Company's Audit Committee, Compensation Committee, and Sustainable development committee conducted their own evaluation in accordance with the evaluation indicators in December 2020, and the Board of Directors reported the evaluation results on January 22, 2021 and disclosed them on the Company's website.
- (4) Actively participating in corporate governance: In recent years, the Company has actively participated in the promotion of the corporate governance and the transparency in information disclosure. Walsin Lihwa was listed as the top 5% outstanding companies by four consecutive times of Corporate Governance Evaluation from 2017 to 2020. The Company will continue making efforts to maintain among the top with respect to the Corporate Governance Evaluation Results. The Company not only will continue to strive to actively participate in the corporate governance evaluation, but also has formed a project to improve corporate governance matters and enhance corporate governance capabilities.
- (5) Enhancing the board's functions and decision-making quality: In order to bring into play the functions and decision-making quality of the Board of Directors, our company regularly holds strategic meetings on a quarterly basis to enable the directors to understand our financial and business conditions and the formulation of major business strategies and the implementation of related plans. In addition, quarterly operational meetings are also held to help directors understand the operational content through reporting by operating units, so as to improve the performance of the Board of Directors. In the meantime, the directors may provide their effective guidance out of their expertise and experience to the operating units during such meetings.
- (6) Heavy reliance on the independent directors' functions: Authorizing independent directors to utilize their own expertise and regularly participate in our company's investment assessment projects and matters relevant to corporate governance. The Audit Committee was formally established by all independent directors after the shareholders' meeting on May 26, 2017, and the Audit Committee of the second term was formed by all independent directors on May 29, 2020; the Compensation Committee of the fourth term was established on August 4, 2020, with all independent directors acting as its members. On November 1, 2019, the Board of Directors resolved to establish the Sustainable development committee, with the Chairman, Vice Chairman and all independent directors serving as its members. On August 4, 2020, the Chairman, Vice Chairman and all independent directors were appointed as members of the Sustainable development committee of the second term of the Company. These three functional committees continue to assist the Board of Directors in its oversight responsibilities.
- (7) Raising the transparency of corporate data: On the MOPS and our official website, we voluntarily disclose the related law and regulations which we follow, the important resolutions adopted at Board meetings and the relevant information to help shareholders understand our activities and to raise transparency in our corporate information.



## (II) Operation of the Audit Committee

### 1. The major matters reviewed by the Audit Committee include:

- (1) Adoption of or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption of or amendment to procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of loans to others, or endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- (4) Matters bearing on the personal interest of a director.
- (5) Material asset or derivatives transactions.
- (6) Material loans, endorsements, or provision of guarantees.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The engagement or dismissal of a CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial reports signed or sealed by the Chairman, manager and accounting officer.
- (11) Any other material matter so required by the Company or the Competent Authority.

### 2. Audit Committee's Annual Work Summary:

- (1) Agenda arrangement (for Audit Committee meetings and communication meetings)
- (2) Handling matters related to the meeting of the Audit Committee in accordance with the law (meeting notice, proceedings)
- (3) Follow-ups and execution of improvements requested by the Audit Committee
- (4) Providing company information required by independent directors to assist them in fully exercising their powers
- (5) Annual self-assessment of the Audit Committee
- (6) Establishing and revising the organizational regulations and relevant operating procedures
- (7) Announcement of relevant matters concerning the Audit Committee pursuant to law (organizational regulations and operational status)
- (8) Whether any employee, manager and director has entered into related-party transactions and possible conflicts of interest in such transactions
- (9) Suggestions and complaints from interested parties
- (10) Management of exchange rate risks
- (11) Information Security
- (12) Work safety/environmental protection and legal compliance

### 3. The Audit Committee of the first term started on May 26, 2017 and ended on May 25, 2020. The meetings were held a total of 6 times in 2020, and the attendance of the independent directors in 2020 is as follows:

Title	Name	Personally Attended	Attended by Proxy	Attendance rate (%)	Remarks
Convener	Ming-Ling Hsueh	6	0	100%	
Member	Chen, Steve Ruey-Long	4	2	67%	Dismissed on May 25, 2020
Member	King-Ling Du	6	0	100%	
Member	Shiang-Chung Chen	6	0	100%	

The Audit Committee of the second term started on May 29, 2020 and ended on May 28, 2023. The meetings were held 5 times in 2020, and the attendance of the independent directors in 2020 is as follows:

Title	Name	Personally Attended	Attended by Proxy	Attendance rate (%)	Remarks
Convener	Ming-Ling Hsueh	5	0	100%	
Member	King-Ling Du	5	0	100%	
Member	Shiang-Chung Chen	5	0	100%	
Member	Fu-Hsiung Hu	5	0	100%	Newly appointed on May 25, 2020

## 4. Other matters that need to be recorded in meeting minutes:

(1) If any of the following circumstances occurs during the operation of the Audit Committee, the Board meeting date, meeting number, the proposal contents, the resolution of the Audit Committee and our company's handling of the Audit Committee's opinions shall be clearly described.

## A. Items listed in Article 14-5 of the Securities and Exchange Act:

December 31, 2020

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Audit Committee Member's Opinion
1 <sup>st</sup> Term 22 <sup>nd</sup> Meeting January 8, 2020	18 <sup>th</sup> Term 18 <sup>th</sup> Meeting January 10, 2020	Proposal: Approval for the Company's 2020 annual business plan. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal for the replacement of CPAs due to internal rotation mechanism of Deloitte Taiwan, and the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to approve the capital injection into a subsidiary of the Company, Walsin Nickel Industrial Indonesia, for building a nickel pig iron plant and a power plant at PT Walsin Nickel Industrial Indonesia. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to purchase a two-year US\$178.5 million corporate bond issued by Golden Harbour International Pte., to start the business of sourcing raw materials for nickel pig iron and stainless steel. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to lend US\$250 million to a subsidiary of the Company, Walsin Nickel Industrial Indonesia. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. and Walsin Lihwa Holdings Limited to the Company, in a total amount of US\$582 million and RMB1,127 million. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to approve the sale of the real property held by Walsin Lihwa (Changzhou) Investment Co., Ltd. ("Changzhou Investment Co.") to Nanjing Walsin Property Management Co. and the liquidation of Changzhou Investment Co. Resolution: Proposal passed.	Directors approved the proposal unanimously. At specific conditions, the third parties have first priority.
		Proposal: Proposal to approve the liquidation of the Company's BVI holding company, Energy Pilot Limited. Resolution: Proposal passed.	Directors approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Audit Committee Member's Opinion
1 <sup>st</sup> Term 23 <sup>rd</sup> Meeting February 17, 2020	18 <sup>th</sup> Term 19 <sup>th</sup> Meeting February 27, 2020	Proposal: Approval for the Company's 2019 business report, balance sheet, income statement, statement of changes in equity and statement of cash flows. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Approval for the Company's 2019 consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Approval for the affiliates' 2019 consolidated business report and financial statements. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Approval for the Company's 2019 profit distribution plan. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Approval for the Company's 2019 declaration of internal control system. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to amend the Company's Audit Committee Charter and Meeting Procedures. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to lift the non-competition ban for the Company's Directors of 19 <sup>th</sup> term. Resolution: Proposal passed. Recusal: Ming-Ling Hsueh, Juei-Lung Chen, King-Ling Du, Shiang-Chung Chen recused themselves respectively	Except Mr. Ming-Ling Hsueh, Juei-Lung Chen, King-Ling Du, and Shiang-Chung Chen recused because of personally interested, all the other members approved the proposal unanimously.
		Proposal: Proposal to approve the investment of Walsin Lippo in constructing a medium and high voltage cable factory in the amount of around US\$27 million. Resolution: Proposal passed.	Due to re-plan schedule, all the directors present and acting on behalf of the directors agreed to replace the case after consultation by the chairman.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Audit Committee Member's Opinion
1 <sup>st</sup> Term 24 <sup>th</sup> Meeting February 27, 2020	18 <sup>th</sup> Term 19 <sup>th</sup> Meeting February 27, 2020	Proposal: Approval for the affiliates' 2018 consolidated business report and financial statements. Proposal passed. Resolution:	Directors approved the proposal unanimously.
		Proposal: Approval for the Company's 2018 profit distribution plan. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Approval for the Company's 2018 declaration of internal control system. Resolution: Proposal passed.	Directors approved the proposal unanimously.
		Proposal: Proposal to amend the Company's Audit Committee Charter and Meeting Procedures. Proposal passed. Resolution:	Directors approved the proposal unanimously.
		Proposal: Proposal to lift the non-competition ban for the Company's Directors of 19 <sup>th</sup> term. Resolution: Proposal passed. Recusal: Ming-Ling Hsueh, Steve Ruey-Long Chen, King-Ling Du, and Shiang-Chung Chen recused themselves respectively	Except that Mr. Ming-Ling Hsueh, Mr. Steve Ruey-Long Chen, Mr. King-Ling Du, and Mr. Shiang-Chung Chen recused themselves because they had a personal interest in this proposal, all the other directors approved the proposal unanimously.
		Proposal: Proposal to approve the investment of PT. Walsin Lippo Industries ("Walsin Lippo") in constructing a medium and high voltage cable factory in the amount of around US\$27 million. Resolution: Proposal passed.	Directors approved the proposal unanimously.
1 <sup>st</sup> Term 25 <sup>th</sup> Meeting March 18, 2020	18 <sup>th</sup> Term 20 <sup>th</sup> Meeting March 18, 2020	Proposal: Proposal to repurchase 40 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase. Resolution: Proposal passed.	Due to the rapid changes in the market, this proposal has been postponed for further discussion in the best interest of the Company.
1 <sup>st</sup> Term 26 <sup>th</sup> Meeting April 10, 2020	18 <sup>th</sup> Term 21 <sup>st</sup> Meeting April 10, 2020	Proposal: Proposal to approve the investment to be made by a subsidiary of the Company, Walsin Nickel Industrial Indonesia, in building a nickel pig iron plant and a power plant in Indonesia, in the amount of US\$350 million. Proposal passed. Resolution:	Directors approved the proposal unanimously.
		Proposal: Proposal to repurchase 40 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase. Resolution: Proposal passed.	Directors approved the proposal unanimously.



Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Audit Committee Member's Opinion
		<p>Proposal: Proposal to lift the non-competition ban for the Company's Directors of 19<sup>th</sup> term.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
		<p>Proposal: Proposal to amend the Company's Procedures for Financial Derivatives Transactions.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
2 <sup>st</sup> Term 2 <sup>nd</sup> Meeting July 27, 2020	19 <sup>th</sup> Term 2 <sup>nd</sup> Meeting August 4, 2020	<p>Proposal: Proposal to amend the Company's internal control system of financing cycle - internal control principles of stock services.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
		<p>Proposal: Proposal to approve the loan of funds from Walsin Lihwa (China) Investment Co., Ltd. to Hangzhou Walsin Power Cable &amp; Wire, in the amount of RMB 80 million for the period of one year.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
		<p>Proposal: Proposal to approve the loan of funds from the Company to Walsin Nickel Industrial Indonesia in the form of a US\$250 million three-year non-revolving facility and a US\$70 million one-year revolving facility.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
2 <sup>st</sup> Term 3 <sup>rd</sup> Meeting August 4, 2020	19 <sup>th</sup> Term 2 <sup>nd</sup> Meeting August 4, 2020	<p>Proposal: Proposal to approve the change of the Company's Head of Finance.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
		<p>Proposal: Proposal to repurchase 60 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase.</p> <p>Resolution: Proposal passed.</p>	Except that Ms. Wei-Shin Ma recused herself because she had a personal interest in this proposal, all the other directors approved the proposal unanimously.
2 <sup>st</sup> Term 3 <sup>rd</sup> Meeting August 4, 2020	19 <sup>th</sup> Term 2 <sup>nd</sup> Meeting August 4, 2020	<p>Proposal: Proposal to formulate the Company's 2021 Audit Plan.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
		<p>Proposal: Proposal to reduce the capital of Walsin Specialty Steel Holding Co., Ltd. by US\$54 million.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.
		<p>Proposal: Proposal to the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a NT\$130 million non-revolving facility.</p> <p>Resolution: Proposal passed.</p>	Directors approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Audit Committee Member's Opinion
2 <sup>st</sup> Term 4 <sup>th</sup> Meeting October 27, 2020	19 <sup>th</sup> Term 3 <sup>rd</sup> Meeting November 13, 2020	Proposal: In order to establish a vertically integrated cable smart base and logistics center, it is proposed to establish a new low-voltage wire and cable production line for construction use and a three-dimensional automatic warehouse at its Yangmei Plant, and to build a factory and purchase equipment. Proposal passed. Resolution:	Directors approved the proposal unanimously.
2 <sup>st</sup> Term 5 <sup>th</sup> Meeting November 20, 2020	19 <sup>th</sup> Term 4 <sup>th</sup> Meeting November 20, 2020	Proposal: Proposal to conduct a share swap by issuing new shares as the consideration for the assumption of newly issued shares of TECO Electric and Machinery Co., Ltd. Resolution: Proposal passed.	Directors approved the proposal unanimously.

B. Except for the foregoing items, the items that were not approved by the Audit Committee but were resolved by more than two-thirds of all directors: No such situation.

(2) Independent directors recusing themselves from conflicts of interest:

December 31, 2020

No.	Term/Meeting Date	Name	Proposal	Reason for Recusal	Participated in Vote or Not
1	1 <sup>st</sup> Term 23 <sup>rd</sup> Meeting February 17, 2020	Ming-Ling Hsueh, Juei-Lung Chen, King-Ling Du, Shiang-Chung Chen	Approval for lifting the non-competition ban for the Company's Directors according to Article 209 of the Company Act.	Personally interested	Recused as provided by law
2	1 <sup>st</sup> Term 24 <sup>th</sup> Meeting February 17, 2020	Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen	Approval for lifting the non-competition ban for the Company's Directors according to Article 209 of the Company Act.	Personally interested	Recused as provided by law

(3) Communication between independent directors, the chief internal auditor and CPAs (which should include major events, methods, results, etc. as regards our Company's financial and business conditions):

A. Communication policy between independent directors, chief internal auditor and CPAs:

- (A) The CPAs are invited to attend Audit Committee meetings at least twice a year and to report to the Audit Committee on the review or audit results of our Company's and its affiliates' financial statements and the internal control audit status. The CPA shall fully communicate any material adjustments to entries or any amendments to laws and regulations.
- (B) If necessary, a communication meeting may be called at any time with the CPAs.
- (C) The chief internal auditor shall meet with the independent directors regularly in Audit Committee meetings at least once a quarter to report on the internal audit implementation of our Company and the internal control operations. In case of major irregularities, the meeting may be called at any time.
- (D) The convener of the Audit Committee shall discuss the internal audit operation with the chief internal auditor every quarter non-periodically aside from the above regular meetings.

B. Summary of previous communications between independent directors and CPAs for 2020:

Independent directors have good communication with CPAs.

Date	Communication Highlights	Directors' Recommendation	Execution Result
Audit Committee Meeting 2020/1/8	The independent directors evaluate and discuss the annual compensation of the CPAs and the independence and suitability thereof.	None.	The annual appointment and evaluation of the CPAs was approved by the Audit Committee and proposed for discussion at the 18 <sup>th</sup> meeting of the Board of Directors of 18 <sup>th</sup> term on January 10, 2020.
Audit Committee Meeting 2020/2/17	The CPAs have provided a description of the key audits of the stand-alone and consolidated financial statements for the year 2019 and the results of the audit.	None.	The stand-alone and consolidated financial statements for the year 2019 were approved by the Audit Committee and submitted for discussion at the 19 <sup>th</sup> meeting of the Board of Directors of 18 <sup>th</sup> term on February 27, 2020.
Audit Committee Meeting 2020/7/27	The CPAs provide an explanation of the audit results of the consolidated financial statements for the second quarter of 2020.	None.	The consolidated financial statements for the second quarter of 2020 were approved by the Audit Committee and reported to the second meeting of the Board of Directors of 19 <sup>th</sup> term on August 4, 2020.
Communication Meeting 2020/12/9	<ol style="list-style-type: none"> <li>The CPAs explained the scope, method and discovery of the annual audit for 2020 and discussed with the Audit Committee members on the key audit matters.</li> <li>The independent directors assessed and discussed the independence and competency of the CPAs.</li> </ol>	<ol style="list-style-type: none"> <li>Directors requested the CPAs to communicate with the internal auditor about the internal control related issues.</li> <li>Directors requested the CPAs to provide updates on significant legal changes.</li> </ol>	<ol style="list-style-type: none"> <li>Key audit matters for the 2020 financial statements were confirmed.</li> <li>The engagement and assessment of the CPAs was submitted to the sixth meeting of the Audit Committee of second term on January 13, 2021 for discussion.</li> </ol>

C. Summary of previous communications between independent directors and the chief internal auditor for 2020:

Date	Communication Highlights	Directors' Recommendation	Execution Result
Audit Committee Meeting 2020/1/8	1.The chief audit reported to the independent directors on "communication between the Independent Directors and the chief internal auditor for 2019".	None.	The communication has been disclosed on the Company's website.
Audit Committee Meeting 2019/2/17	1.The implementation of the audit for the fourth quarter of 2019 was reported. 2.Regular review of the Company's risk management policies and procedures on a regular basis.	1.Compliance in each department should be factored in the performance assessment of relevant department heads, with relevant disciplinary actions being taken accordingly in case of any repeated and/or severe violations. 2.Ethical business management practices should be communicated to our suppliers on a regular basis to establish a job rotation mechanism. 3.Risks management should be incorporated into audit planning, with the annual audit report being submitted to the Audit Committee and the board of directors.	1. Any violation found by internal auditors should be factored in the performance assessment of the individual department heads, with necessary disciplinary actions being taken accordingly. 2. The Business Integrity Center should draft an annual plan to continue promoting business integrity to our suppliers and the avoidance of conflicts of interest associated with sensitive positions. 3.Risk assessment results have been incorporated into the annual audit plan and will be reported to the board of directors.
Audit Committee Meeting 2020/2/27	Change of the Chief Audit Executive.	None.	The proposal to change the Chief Audit Executive has been passed by the Audit Committee and submitted to the board of directors for approval.
Audit Committee Meeting 2020/4/30	The implementation of the audit for the first quarter of 2020 was reported.	None.	Report on audit implementation in the 1st quarter of 2020 has been passed by the Audit Committee and reported to the board of directors.
Audit Committee Meeting 2020/7/27	The implementation of the audit for the first quarter of 2020 was reported.	1. Compliance with the standard operating procedures should be strictly demanded. 2. Work safety management operations should be reinforced and implemented	1. Effective inspection and removal of potential safety hazards on a regular basis and regular follow-ups for improvement. 2. Drafting specific rules for disciplinary actions to clarify the management



Date	Communication Highlights	Directors' Recommendation	Execution Result
		throughout plant sites.	responsibilities. 3. Establishment of the consciousness of work safety disciplines among all employees.
Audit Committee Meeting 2020/10/27	<ol style="list-style-type: none"> <li>1. The implementation of the audit for the third quarter of 2020 was reported.</li> <li>2. Discussion of 2021 annual audit plan.</li> <li>3. Revision of Guidelines for Suggestions and Complaints by Stakeholders.</li> </ol>	<ol style="list-style-type: none"> <li>1. None.</li> <li>2. None.</li> <li>3. None.</li> </ol>	<ol style="list-style-type: none"> <li>1. Report on audit implementation in the 3rd quarter of 2020 has been passed by the Audit Committee and reported to the board of directors.</li> <li>2. 2021 annual audit plan has been passed by the Audit Committee and submitted to the board of directors for discussion.</li> <li>3. Guidelines for Suggestions and Complaints by Stakeholders have been passed by the Audit Committee and submitted to the board of directors for discussion.</li> </ol>

## (3) Differences between our corporate governance and the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies and reason(s):

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
1. Has the company set and disclosed the principles for practicing corporate governance according to the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies?	Yes		The Company has formulated the Corporate Governance Principles and Practice according to the "Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies", which were amended as approved by the Board of Directors in 2020 and were disclosed on the Company's website. <a href="https://www.walsin.com/walsin/userfiles/file/rule09_TC20200428.pdf">https://www.walsin.com/walsin/userfiles/file/rule09_TC20200428.pdf</a>	In line with the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies
2. The Company's ownership structure and shareholders' equity				
(1) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	Yes		(1) Our Shareholders Service & Contact Office is in charge of handling various shareholder recommendations, queries and disputes. The Company also provides related contact details on the Company's website and in the annual report and has set up a stakeholder mailbox to collect stakeholders' questions and suggestions.	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.
(2) Has the company had a list of major shareholders who actually control the company or a list of ultimate controller of such shareholders?	Yes		(2) The Company periodically discloses the list of ultimate controllers of its principal shareholders pursuant to the laws and regulations.	
(3) Has the company established and implemented risk control/management and firewall mechanisms between the company and its affiliated firms?	Yes		(3) 1. The Company has drafted rules governing the supervision of its subsidiaries, which have been approved by the Board. 2. All of the Company's affiliates are subsidiaries; the Company directly or indirectly retains at least 50% of their shares. Business dealings with affiliates are treated as transactions with third parties. 3. The Company has drawn up rigorous rules governing the lending, the endorsement/ guarantees as well as the management of disposal/acquisition of assets and derivatives transactions to/for/with its affiliates.	
(4) Has the company set internal regulations that prohibit the company's personnel from taking	Yes		(4) In order to establish an effective handling and disclosure mechanism for major internal information processing operations, so that unauthorized information leakage can be avoided, consistency and accuracy of	



Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
<p>advantage of information that has not been disclosed to the public to purchase or sell securities?</p>			<p>information disclosed by the Company to the public can be maintained and insider trading can be prevented, the Company has established the "Procedures for Major Internal Information Processing Operations," for observation by all. In addition, the Company has made available copies of such procedures to the Company's Directors, incorporated them in the Company's internal regulations and uploaded an electronic copy to the Company's electronic bulletin board for the perusal by all managerial officers and employees at any time. The Company's Directors' and Managerial Officers' Code of Ethical Conduct was amended on August 4, 2020. Such codes are regulations pertaining to the prohibition of insider trading pursuant to the Company's internal regulations and the Securities and Exchange Act. These codes are incorporated in the Company's internal regulations and uploaded as an electronic copy to the Company's electronic bulletin board for the perusal by relevant personnel.</p> <p>In December 2020, the Company conducted educational training and awareness-raising for directors and managers (and other managers above such levels) on "education on insider trading prevention", which strengthened directors' and managers' compliance with the regulations prohibiting insider trading; in addition, some educational and awareness-raising articles on compliance with the regulations prohibiting insider trading were published on the Company's internal education and training platform "Walsin Liwha College", so that all managers may read and understand information related to ethical management. Such information has been disclosed on the Company's website.</p>	
<p>3. The composition and duties of the Board</p> <p>(1) Has the Board of Directors devised a plan for a more diverse composition of the Board? If so, has the plan been implemented?</p>	Yes		<p>(1) The Company's "Corporate Governance Guidelines and Practices" already includes clear guidelines for diversifying the Board of Directors. When the Company re-elected its board members in 2020, it followed this principle of diversity and elected not only shareholders, but also industry elites and financial/accounting experts. In order to promote and realize gender equality, increase the number of</p>	<p>In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.</p>

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			<p>women participating in the decision-making process, as well as to enhance the composition of the Board of Directors, we also have women on our Board of Directors.</p> <p>The Company has a total of 11 Directors, including 4 Independent Directors (36%). Independent Directors were re-elected for fewer than 3 terms. Among the Directors, 4 are aged 65 years and older, 5 are aged 55 to 64, and 2 are under 55 years old. In order to implement Taiwan's gender equality policy, increase women's participation in decision-making and improve the structure of the Board of Directors, the Company's Board of Directors also includes two female directors (18%).</p> <p>In terms of the Company's board members, one of whom, Director Mr. Andrew Hsia, comes from the diplomatic system, has an international perspective and has a good grasp of the Southeast Asian markets, and therefore may fully assist the Company in making relevant investment decisions. There are two female members on the board; besides, Director Wei-Shin Ma specializes in technological leadership, operational judgment and operational management; Director Patricia Chiao specializes in operational management, investment judgment and human resources. Furthermore, all of the Company's Independent Directors have industry knowledge and international market perspectives; among them, Ming-Ling Hsueh, specializes in finance, accounting and corporate governance; in addition to his financial and securities trading expertise, Fu-Hsiung Hu has a strong talent for information technology; King-Ling Du is familiar with the Company's stainless steel industry and its patterns, and has participated in important investment projects and provided important advice on investment decisions; Shiang-Chung Chen specializes in technological leadership and is familiar with the Company's stainless steel industry, and provided industry-related decision-making advice.</p> <p>The Company attaches importance to the diversity of the composition of the Board of Directors. The target</p>	





Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?	Yes		<p>of more than 15% of directorships being held by women is currently 18%; therefore, the implementation thereof exceeds the target. The target number of independent directors is three in accordance with the law; however, the Company values corporate governance and thus has four independent directors (one in excess of the statutory target), accounting for 36% of all directors of the Company.</p> <p>The elite directors of the Company were selected from the industry to participate in major investment projects related to the Company's business, assist the Company's financial, accounting and corporate governance businesses according to their expertise, and assist the Company in making favorable decisions through their diverse experience, which gives rise to extensive and professional advice. The average age target for future re-elections of directors shall be reduced by 5% of the average age of the original directors when the Company's Board of Directors was formed, and the Company moves towards a younger age target for future directors. In the future, the Company will continue to invite suitable candidates to join the Board of Directors based on the above objectives in order to strengthen the balance of the Board of Directors in light of the Company's development strategy and changes in the internal and external environment.</p> <p>Diversification of the Board of Directors' members has been implemented as shown in Note 3.</p>	
			(2) In addition to the committee established according to the laws, the Company's 7th session of the 17th Board of Directors on April 29, 2015 further set up the CSR Committee and the Integrity Management Committee. On November 1, 2019, the 17th meeting of the Board of Directors of the 18th term resolved to establish the Sustainable Development Committee, in which the Chairman, Vice-Chairman and all Independent Directors act as members, and to transform the committees on corporate social responsibility, ethical management, environmental safety and health management, green operations, customer service and	

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
(3) Has the company established methods for appraising the performance of the Board of Directors as well as actual procedures for executing the appraisals? If so, has the company executed appraisals of the performance of the Board annually? Are the results of the performance evaluations reported to the Board of Directors and used as a reference for individual directors' remuneration and nomination for reappointment?	Yes		<p>suppliers-employee relations and social care into a promotion center, which is audited, monitored and tracked by the Sustainable Development Committee.</p> <p>(3) To improve our corporate governance, on October 28, 2015, the 10th session of the 17th Board of Directors approved the proposal of the Compensation Committee to amend and divide the "Regulations Governing the Performance Appraisal and Remunerations for the Board of Directors (Including Functional Committees)" into the "Regulations for the Board of Directors' Performance Appraisal" and the "Regulations for the Payment of Remunerations to Directors and Members of Functional Committees". In accordance with the latest regulations, the Company's Board members in December of each year evaluate their own performance based on established indicators regarding the leadership in strategy direction and supervision of the Company's operation/management in an effort to improve shareholders' long-term value.</p> <p>In accordance with the "Regulations for Board Performance Evaluation " amended by the Board of Directors in 2018, the Company engaged the Taiwan Corporate Governance Association to evaluate the effectiveness of the Company's Board of Directors, and the Company obtained professional, objective evaluation results and suggestions through the guidance of, and idea exchanges with, the evaluation members. Such results and suggestions then have been reported to the Board of Directors on January 21, 2019, and used as a reference in the compensation of individual directors and nominations for reappointment.</p> <p>In accordance with the latest laws and regulations, the Company amended its "Regulations for Board Performance Evaluation" at the 3rd meeting of the Board of Directors of the 19th term on November 13, 2020. The Board of Directors, Audit Committee and Compensation Committee also conducted their own evaluation in December 2020 and reported to the Board of Directors on January 22, 2021. Subsequently, the Sustainable Development Committee conducted its own evaluation in February 2020, which will be</p>	



Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
(4) Has the company periodically evaluated the level of independence of the CPA?	Yes		<p>published on the Company's website after being reported to the Board of Directors, and the results of these evaluations will be used as a reference in individual directors' compensation and nominations for reappointment.</p> <p>(4) Before we appoint a new CPA annually, its independence and competency shall be examined by the Audit Committee and Board of Directors for approval by resolution. In addition, we request the CPA to provide an "Impartiality and Independence Statement" each year. We have to confirm that except for the expenses paid to the CPA for certifying our financial statements and for handling certain financial, tax affairs, we have no other business dealings with the CPA and that their family members have not violated the independence requirements. Only after such confirmation, will we consider the CPA's appointment and the relevant expenses. Items for assessment of the CPA's independence are shown as Note 4.</p>	
4. Has the TWSE- or TPEX-listed company designated a proper number of competent staff in charge of the corporate governance-related affairs (including but not limited to providing information for the Directors and Supervisors to execute their duties, assisting the Directors and Supervisors with legal compliance, handling the affairs related to the Board meetings and the Shareholders Meeting as prescribed by law, preparing the minutes of the Board meetings and the Shareholders Meeting, etc.)?	Yes		<p>The Company appointed a Head of Corporate Governance as resolved by the Board of Directors on June 12, 2019. The key responsibilities of the Head of Corporate Governance include the meeting affairs in connection with board meetings, preparation of such meetings' minutes, assistance for Directors with the onboarding and continuing education, provision of information required for the business execution by Directors, assistance for Directors with legal compliance and other matters set out in the Articles of Incorporation of the Company or contracts. The Company has also designated the Head of Legal Affairs, Ms. Sherry Ho, as the Head of Corporate Governance to enhance corporate governance and strengthen the functions of the Board of Directors. Ms. Sherry Ho has more than three years of experience as a legal director of a public company and is qualified to be the Head of Corporate Governance.</p> <p>On January 22, 2021, the Board of Directors approved the change of the Head of Corporate Governance, appointing the Vice President of the Company, Ms. Hueiping Lo, as the Head of Corporate Governance, and dismissing the Head of Legal Affairs, Ms. Sherry Ho, as the Head of Corporate</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			<p>governance. Vice President Hueiping Lo has more than three years of experience as a financial officer of a public company and meets the statutory qualifications as the head of corporate governance.</p> <p>On June 12, 2019, the Company's Board of Directors also approved the "Standard Operating Procedures for Handling Directors' Requests", through the establishment of which the Directors have appropriate operating procedures for handling information necessary for the performance of their business.</p> <p>The business execution for the year 2020 are explained as follows:</p> <ol style="list-style-type: none"> <li>i. Arranging board meetings (board, strategy and operation meetings).</li> <li>ii. Coordinating the reporting time and content of each committee (the Corporate Social Responsibility and Integrity Management Committee).</li> <li>iii. Handling matters related to the meetings of the board in accordance with law: Notifying the Directors of the proposed board meeting agenda 7 days in advance, calling the meeting, providing the meeting information, and preparing the minutes of the board meeting within 20 days after the meeting.</li> <li>iv. Following up on and executing the matters that need improvement as requested by the Board of Directors.</li> <li>v. Providing company information required by the Directors to assist them in the full exercise of their authority.</li> <li>vi. Self-assessment of the Directors and the Board of Directors.</li> <li>vii. Assisting directors and independent directors in drawing up annual advanced study plans and arranging advanced study courses based on the characteristics of the Company's industry and the background of directors' education and experiences (Note 6).</li> <li>viii. Giving regular feedback to interested parties as required by law and corporate governance</li> <li>ix. Operating the Corporate Governance Team and conducting corporate governance evaluations.</li> </ol>	



Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			<ul style="list-style-type: none"> <li>x. Assisting Directors and each Committee with legal compliance: Reporting to the Board of Directors, independent directors and the Audit Committee on the governance and operation of the Company, and confirming whether the convening of the Company's shareholders' meeting and the Board of Directors meeting are in compliance with the relevant laws and corporate governance rules.</li> <li>xi. Directors' legal registration and reporting matters as well as the management of corporate-governance-related disclosure.</li> <li>xii. The members of the Board of Directors and functional committees are provided at the time of their inauguration and are regularly updated on the latest legal and regulatory developments in the field of the Company's operations and corporate governance.</li> </ul>	
5. Has the company established channels for communicating with interested parties (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a dedicated interested parties area on the company's website, as well as appropriately responded to important CSR issues that interested parties are concerned about?	Yes		<ol style="list-style-type: none"> <li>1. The Company has been maintaining open communication channels with interested parties that include customers, shareholders, banks it has business dealings with, employees, suppliers, communities, competent authorities, or persons so connected with the Company. Communication channels can be found on the Company's internal and external websites as well as in its annual reports, to facilitate understanding of the Company's CSR issues that interested parties are concerned about, so that appropriate responses can be made.</li> <li>2. The Company has established, and the Board of Directors has amended in 2020, the "Procedures for Interested Parties to Submit Complaints and Recommendations to the Supervisory Unit", through which interested parties can communicate with the Company's supervisory unit directly, propose constructive advice and file complaints. The Company has a contact channel on its website designated to stakeholders; a mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions and file complaints to the Company. Information received shall be handled by the Auditing Office.</li> <li>3. The Company regularly reports to the Board of Directors on its communications with various interested parties on an annual basis starting from 2019. The communications in 2020 have been reported to the Board of Directors at</li> </ol>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			the board meeting on November 13, 2020 Details of both communications were disclosed on the Company's website: <a href="https://www.walsin.com/walsin/userfiles/file/SustainableDevelopmentConnect_2020v2_pdf.pdf">https://www.walsin.com/walsin/userfiles/file/SustainableDevelopmentConnect_2020v2_pdf.pdf</a>	
6. Has the company appointed a professional shareholders service agency to handle affairs related to the Shareholders Meeting?		No	The Company has handled such affairs by itself since March 1993.	Such matters are handled by the Company's shareholder service. Matters related to shareholders' meetings are conducted in accordance with the Company's Articles of Incorporation and laws and regulations, so that shareholders' meetings are convened in a legal, valid and safe fashion.
7. Information disclosure (1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance statuses? (2) Has the company adopted other ways to disclose information (e.g., maintaining an English-language website, appointing responsible people to handle corporate information collection and disclosure, appointing spokespersons,	Yes  Yes		(1) Please visit Walsin Lihwa Corporation's Chinese/English website: <a href="http://www.walsin.com">http://www.walsin.com</a>  (2) The Company has a dedicated department for collecting its information and periodically updating its website. The Company has implemented one-spokesperson policy, with one or more deputy spokespersons. It has also established the "Procedures for Major Internal Information Processing Operations" that requires management as well as employees to properly keep financial as well as business secrets. We also require that personnel follow the "Corporate Governance Principles and Practices". Any change of our spokesperson or deputy spokespersons shall	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.



Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
<p>webcasting investor's conferences, etc.)?)</p> <p>(3) Does the Company announce and report its annual financial report within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial report and operations for each month well in advance of the required deadline?</p>	Yes		<p>immediately be made public.</p> <p>The Company's website regularly discloses major announcements, transactions with key stakeholders and investors conferences at:  <a href="http://www.walsin.com/walsin/page.do?menuId=65">http://www.walsin.com/walsin/page.do?menuId=65</a></p> <p>(3) 1. In order for investors to obtain adequate and accurate financial information in a timely manner, the Company's annual financial report is submitted to the Audit Committee and the Board of Directors for approval within two months after the end of the year, and the financial report is announced on the Market Observation Post System on the date of approval by the Board of Directors; the financial report for the first, second and third quarter is submitted to the Audit Committee and the Board of Directors for approval one week before the statutory announcement deadline, and the financial report is announced on the Market Observation Post System on the date of report to the Board of Directors.</p> <p>2. The Company's operations for each month are also fully disclosed on the Company's website and the Market Observation Post System before the statutory deadline.</p>	
<p>8. Has the company had other information that is helpful for understanding the status of corporate governance (including but not limited to employee rights and interests, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?</p>	Yes		<p>1. Please read "(5) Implementation of Corporate Social Responsibility" of this year's Annual Report for information concerning the Company's systems, measures, implementation of employee rights and interests, investor relations, supplier relations and rights of interested parties.</p> <p>2. Please read "III. Corporate Governance Report-4. Status of Corporate Governance (8) Other important information helpful for improving understanding of the governance of the company," "VII. Financial Condition and Review and Analysis of Financial Performance and Risks 6. Risk matters should be analyzed and assessed for the most recent year and up to the date of printing of the annual report as follows," and "III. Corporate Governance Report- 4. Status of Corporate Governance (6) Fulfillment of ethical management and differences between our ethical management and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reason(s)</p>	<p>In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.</p>

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
<p>9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.</p> <p>1. With respect to the 2020 Corporate Governance Evaluation results, our improvements in 2021 are as follows: Appointed a Head of Corporate Governance .Quarterly institutional investor meetings were held to increase the level of information disclosure and certification of annual carbon dioxide or other greenhouse gas emissions.</p> <p>2. Matters to be prioritized and measures: Strengthen the certainty of the meeting date of the board of directors to ensure the financial report disclosure schedule and enhance information transparency.</p>				

Note 1: The Company shall provide explanations in the summary description box, regardless of whether actual governance is ticked "Yes" or "No."

Note 2: The corporate governance self-evaluation report mentioned here refers to the corporate governance evaluation conducted and explained by the company itself and is a report on how the company enforces corporate governance.

Note 3: Diversification of the Board of Directors' members has been implemented as follows.

Title	Name	Gender	Diversification items								
			Administrative management	Industry knowledge	Economic and financial law	Industrial technology	Marketing	Procurement	International Commerce and Trade	Information technology	Renewable energy and environmental protection
Chairman	Yu-Lon Chiao	M	✓	✓		✓	✓				
Vice Chairman	Patricia Chiao	F	✓	✓			✓	✓			
Director	Yu-Cheng Chiao	M	✓	✓		✓				✓	
Director	Yu-Heng Chiao	M	✓	✓		✓				✓	
Director	Andrew Hsia	M	✓	✓	✓				✓		
Director	Pei-Ming Chen	M	✓	✓		✓	✓			✓	
Director	Wei-Shin Ma	F	✓	✓			✓				
Independent Director	Ming-Ling Hsueh	M	✓	✓	✓						
Independent Director	King-Ling Du	M	✓	✓		✓	✓	✓			✓
Independent Director	Shiang-Chung Chen	M	✓	✓			✓			✓	
Independent Director	Fu-Hsiung Hu	M	✓	✓	✓				✓		





Note 4: Items for assessment of the CPA's independence

Appraisal Items	Results	Compliant with Independence?
1. The CPA and/or any of his/her family members has/have no direct or indirect significant financial interest in the Company.	True	Yes
2. The CPA and/or any of his/her family members has/have no financing or guarantee act with the Company or its directors.	True	Yes
3. The CPA and/or any of his/her family members has/have no commercial relations with the Company, its directors and managers, which affects the CPA's independence.	True	Yes
4. Currently or in the most recent two years, the CPA does/did not hold any posts in the Company, such as the director, manager or any post which significantly influences the auditing work, neither did company promise its CPA any foregoing post.	True	Yes
5. During the audit period, no family member of the CPA held the posts in the Company, such as the director, managers or any post which directly and significantly influences the audit work.	True	Yes
6. During the audit period, none of the CPA's direct blood relations, direct relations by marriage, or collateral blood relations within the second degree of kinship acts as the Company's directors, managers or any position that has a direct and material effect on the audit work.	True	Yes
7. The CPA did not receive from the Company or its directors, managers, or major shareholders any offer or gift, the value of which exceeds the usual social etiquette standards.	True	Yes
8. The CPA's audit team has implemented the necessary procedures regarding independence/conflicts of interests without any violation of the independence or any unsettled conflict of interests.	True	Yes
<p>Note: Family members: They mean the CPA's spouse (or cohabitant), minors or other dependents.            Audit period: It usually begins from the date on which the members of the audit team start auditing and ends on the date when the audit report is issued. If the audit case is cyclical, the cycle period belongs to the audit period.</p>		

Note 5: No more than 1% of the earnings of the Company for a given year may be distributed to its directors and managers as their remuneration for such year in accordance with Paragraph 1, Article 25 of the Company's Articles of Incorporation. In order to regularly assess the remuneration of directors and managers, directors and managers are remunerated according to their degree of participation in the Company's operations and personal performance, and in accordance with the Company's "Rules Governing the Compensation of Directors and Functional Members" and "Rules Governing the Evaluation of Manager's Performance and Management of Compensation". Such remuneration will be further calculated and reasonably paid in a proportion of such earnings by taking into consideration the evaluation items specified therein, such as the directors' individual professional input and performance, the manager's business strategy and medium- and long-term strategic plans, and how the policy plans and performance indicators at all levels are carried out in accordance with the current year's operating objectives. In addition, the director and manager remuneration system will be reviewed from time to time based on the actual operating status and relevant laws and regulations.

Note 6: The further education received by Independent Directors and other Directors is disclosed in "(VIII) Other important information helpful for improving understanding of the governance of the company" under "4. Corporate Governance Status" in this report.

## (4) Composition, duties and operation of the Compensation Committee:

On 2011/09/27, the Company established the Compensation Committee and drew up the "Regulations Governing the Organization of the Compensation Committee". The Compensation Committee of the fourth term is comprised of four members, who currently all are Independent Directors. The Committee is aimed at helping the Board establish and periodically review the performance appraisal of Directors and managers and the remuneration policy, system, standards and structure, as well as periodically review and determine the remunerations for Directors and managers.

## 1. Information of the members of the Compensation Committee

Identity	Name	Criteria	Whether Possessing at least 5 Years of Work Experience and the Following Specialized Qualifications			Meet the independence criteria (Note)										Number of Other Public Companies in which the Member also Serves as an on the Compensation Committee	Remarks
			An instructor or higher position in the department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate	Having work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	King-Ling Du	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Ming-Ling Hsueh	Yes	Yes	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Shiang-Chung Chen	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Fu-Hsiung Hu	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: If the member meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" in the corresponding box.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minors and shares held under others' names, exceeds 1% of the total number of outstanding shares of the company, or ranks in the top ten shareholders of the company.
- (4) Not managerial officer listed in (1), neither is a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of any of the persons in (2) and (3) above.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, Paragraph 1 or 2 of the Company Act (the same does not apply to independent directors appointed in



accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).

- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company (the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution (the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent)..
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (the same does not apply to any specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company where independent directors are appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

## 2. Information on Operation of the Compensation Committee

The Company's Compensation Committee operates in accordance with the Company's Compensation Committee Charter and holds at least two regular meetings each year. In 2020, the members attended the meetings as follows:

There are 3 members of the Compensation Committee of the third term, and their term of office started on May 26, 2017 and ended on May 25, 2020. The Compensation Committee met 3 times in 2020. The attendance records of the committee members are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Rate (%)
Convener	King-Ling Du	3	0	100%
Member	Ming-Ling Hsueh	3	0	100%
Member	Shiang-Chung Chen	3	0	100%

There are 4 members of the Compensation Committee of the fourth term, and their term of office started on August 4, 2020 and will end on May 28, 2023. The Compensation Committee met twice in 2020 (including the preparatory meeting on August 4, 2020). The attendance records of the committee members are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Rate (%)
Convener	King-Ling Du	2	0	100%
Member	Ming-Ling Hsueh	2	0	100%
Member	Shiang-Chung Chen	2	0	100%
Member	Fu-Hsiung Hu	2	0	100%

(4) The matters for discussion and resolution by the Compensation Committee and the Company's handling of the opinions of the members of the Compensation Committee:

Compensation Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Compensation Committee Member's Opinion
3 <sup>rd</sup> Term 13 <sup>th</sup> Meeting January 8, 2020	18 <sup>th</sup> Term 18 <sup>th</sup> Meeting January 10, 2020	Proposal: Approval for the Company's 2019 Manager performance evaluation and bonus and compensation. Resolution: After consultation and discussion with the members present by the Chairman about the change to the corporate performance ratings, the proposal passed and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.
		Proposal: Approval for the Company's 2019 Chairman and Vice Chairman performance bonus. Resolution: After consultation and discussion with the members present by the Chairman, the proposal passed with unanimous consent and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.
		Proposal: Approval for the 2020 objectives set by the managers. Resolution: After consultation and discussion with the members present by the Chairman, the proposal passed with unanimous consent and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.
		Proposal: Approval for the amendment to the Company's Management Rules for Managerial Officer's Performance Evaluation and Compensation. Resolution: After consultation and discussion with the members present by the Chairman, the proposal passed with certain amendments and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.
3 <sup>rd</sup> Term 14 <sup>th</sup> Meeting February 17, 2020	None.	Proposal: Approval for the distribution of director compensation and manager/employee compensation for 2019. Resolution: After consulting with the members present, the Chairman discussed and confirmed that the director compensation is based on their professionalism, participation in the Company's affairs and the results of their personal self-assessment; the manager compensation is based on their performance and contribution to the Company. This proposal was passed and sent to the Board of Directors for approval.	Due to the adjustment of the amount of profit, the amount of compensation to be allocated was discussed separately and the amount so resolved was not sent to the Board of Directors for approval.

Compensation Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Compensation Committee Member's Opinion
3 <sup>rd</sup> Term 14 <sup>th</sup> Meeting February 17, 2020	18 <sup>th</sup> Term 19 <sup>th</sup> Meeting February 27, 2020	Proposal: Approval for the amendment to the Company's Compensation Committee Charter. Resolution: After consultation and discussion with the members present by the Chairman, the proposal passed with unanimous consent and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.
3 <sup>rd</sup> Term 15 <sup>th</sup> Meeting February 27, 2020	18 <sup>th</sup> Term 19 <sup>th</sup> Meeting February 27, 2020	Proposal: Re-discussion on the distribution of director compensation and manager/employee compensation for 2019. Resolution: After consulting with the members present, the Chairman discussed and confirmed that the director compensation is based on their professionalism, participation in the Company's affairs and the results of their personal self-assessment; the manager compensation is based on their performance and contribution to the Company. This proposal was passed and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.
4 <sup>th</sup> Term 1 <sup>st</sup> Meeting October 27, 2020	19 <sup>th</sup> Term 3 <sup>rd</sup> Meeting November 13, 2020	Proposal: Approval for the amendment to the Company's Rules for Evaluating the Performance of the Board of Directors. Resolution: Directors. The Chairman consulted with the members present and adjusted certain contents of Schedule II, Schedule III and Schedule IV. The rest of the amendment was approved without objection and sent to the Board of Directors for approval.	Directors passed the proposals with unanimous consent.

Other details that need to be recorded:

Decisions made by the Compensation Committee for which certain committee members were against or had reservations that were recorded or expressed via written statements: None

### 3. Scope of Duties of the Compensation Committee

The Compensation Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

- (1) Periodically reviewing the Compensation Committee Charter and making recommendations for amendments.
- (2) Establishing and periodically reviewing the annual and performance goals for the directors and managers of the Company and the policies, systems, standards, and structure for their compensation, as well as disclosing the standards for evaluating their performance in the annual report.
- (3) Periodically assessing the degree to which performance goals for the directors and managers of the Company have been achieved, and setting the types and amounts of their individual compensation, as well as disclosing the director and manager compensation in the annual report.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- (1) Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talents.
- (2) Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, as well as the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
- (3) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the risk appetite of the Company.
- (4) For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
- (5) Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors, supervisors, and managerial officers are set. It is not advisable for decisions on the compensation of the directors, supervisors, and managerial officers to run counter to financial performance to a material extent. It is not advisable for said compensation to be higher than that in the preceding year in the event of a material decline in profits or of long-term losses. If it is still higher than that in the preceding year, the reasonableness shall be explained in the annual report and reported at a shareholders' meeting.
- (6) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors and managerial officers as set out in the Regulations Governing Information to be published in Annual Reports of Public Companies.

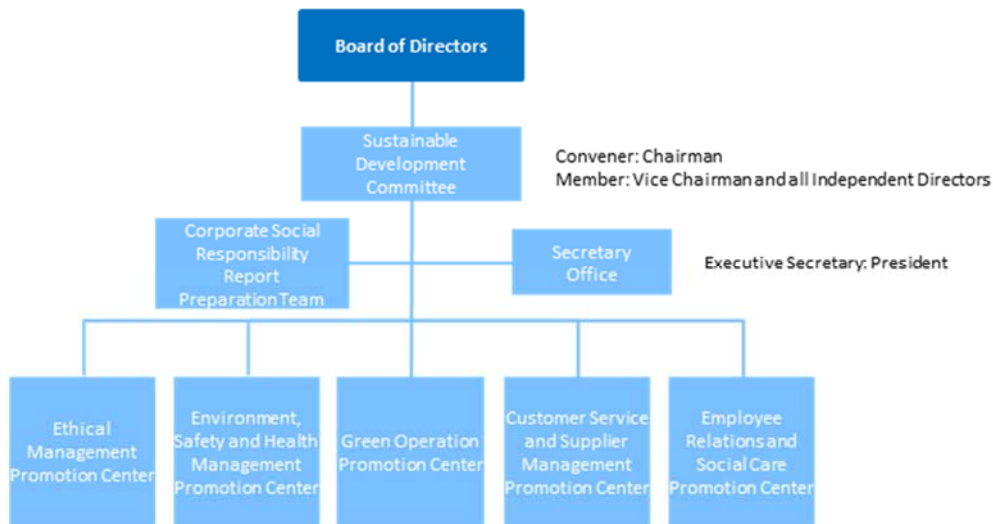
If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the Company, the Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

- (7) The Committee shall explain at the meeting the remuneration of any of its members that is to be discussed at such meeting. Such members shall not join the discussion and vote if it may do harm to the interests of the Company, and shall recuse themselves from the discussion and voting, and shall not exercise their voting rights on behalf of other members.

(5) Fulfillment of social responsibility and differences between our corporate social responsibilities and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reason(s)

The Company established the Corporate Social Responsibility Committee in April 2015 and the Sustainable Development Committee in November 2019 by merging the existing Corporate Social Responsibility Committee and Ethical Management Committee. The Sustainable Development Committee is responsible for formulating corporate sustainability strategies and visions and promoting and managing CSR-related work.

The relevant matters under charge and the organizational structure of the Sustainable Development Committee go as follows:



Duties of the Committees

Department	Responsibility and function
Sustainable Development Committee	It is our highest-levelled CSR organization which establishes our corporate sustainable development vision and strategy, reviews the overall operational directions of the Group and each promotion center through regular meetings and oversees the implementation results. It reports the annual CSR results to the Board of Directors in the following year.
Ethical Management Promotion Center	It is responsible for formulating and promoting policies and systems related to ethical management, integrating integrity and ethical values into the Company's business strategies, and assisting the Board of Directors and the senior management in checking and evaluating the effectiveness of the preventive measures established to implement ethical management.
Environment, Safety and Health Promotion Center	It is responsible for formulating our environmental protection, safety and health policies, implementing related plans, overseeing and reporting on the implementation performance. Being composed of the heads of cross-business units and related departmental cadres, it carries out the interdepartmental integration and implementation promotion on related issues.
Green Operation Promotion Center	It is responsible for formulating the green operation strategy and identifying green products and services with future value based on the implementations of CSR, including product design, material procurement, manufacturing, and sales and service systems, which are all green oriented.
Customer Service and Supplier Management Promotion Center	It is responsible for formulating policies and implementation plans for the improvement of customer service quality and supplier management, overseeing and reporting on the implementation performance. Being composed of the heads of cross-business units and

Department	Responsibility and function
	related departmental cadres, it carries out the interdepartmental integration and implementation promotion on related issues.
Employees Relations and Social Care Promotion Center	It is responsible for promoting and building a safe and healthy working environment for employees to fully utilize their talents for reasonable compensation and benefits. It also develops social care policies to actively participate in the public welfare, social cares and CSR education, so as to pay back to society with concrete, continuous action.
Secretary Office	It is a staff unit established under the Sustainable Development Committee and is responsible for assisting the Committee in exercising its responsibilities, tracking resolution issues and coordinating the integration of the operations of the various promotion centers.
Report Preparation Team	It is responsible for the preparation of CSR reports and the disclosure of CSR-related information and the CSR promotion.

Assessment items	Actual governance (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary description (Note 2)	
i. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality? (Note 3)	Yes		<p>In order to ensure the sound operation and sustainable development of the Company, the "Rules for Risk Management Policies and Procedures" were approved by the 19<sup>th</sup> meeting Board of Directors of the 18<sup>th</sup> term in February 2020 to establish an overall risk management system.</p> <p>For the purpose of reducing the impact and influence of internal and external risks, the Company's Sustainable Development Committee, President's Office, and other risk management units have identified risks related to environmental, social and corporate governance issues and planned relevant management and control measures in accordance with the principle of materiality, the business and operational characteristics of the Company. Management policies, strategies or mechanisms for each risk category are summarized in Note 4.</p> <p>In 2020, the Company introduced a risk assessment tool for the risk of dishonest behavior and conducted risk analysis of seven major types of dishonest behavior for the three functions of sales, safety and environmental protection, and procurement. The assessment results and related handling mechanism were reported to the Board of Directors in November 2020. (For the report, please refer to <a href="https://www.walsin.com/walsin/userfiles/file/RiskManagementReport2020.pdf">https://www.walsin.com/walsin/userfiles/file/RiskManagementReport2020.pdf</a>)</p>	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.





Assessment items	Actual governance (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary description (Note 2)	
ii. Has The Company Established A Dedicated Or Non-Dedicated Department For Fulfilling CSR, With The Board Of Directors Authorizing High-Ranking Managers To Handle Such Efforts And Report The Relevant Progress To The Board Of Directors?	Yes		The Company's 7 <sup>th</sup> meeting of the Board of Directors of the 17 <sup>th</sup> term approved the establishment of the "Corporate Social Responsibility Committee" in April 2015, and the 17 <sup>th</sup> meeting of the Board of Directors of the 18 <sup>th</sup> term in November 2019 approved the establishment and organization of the "Sustainable Development Committee" by merging the existing "Corporate Social Responsibility Committee" and "Ethical Management Committee". The Sustainable Development Committee is responsible for developing corporate sustainability strategies and visions to promote CSR-related work and management. The Committee is composed of the Chairman as convener, and the Vice Chairman and all independent directors as members. The Committee has five promotion centers, including the Ethical Management Promotion Center, the Environment, Safety and Health Management Promotion Center, the Green Operation Promotion Center, the Customer Service and Supplier Management Promotion Center, and the Employee Relations and Social Care Promotion Center. It has reported to the Board of Directors on 11th January 2020 on the implementation of CSR in 2019 and the 2020 implementation plan. It has reported to the Board of Directors on 22th January 2021 on the implementation of CSR in 2020 and the 2021 implementation plan.	
III. Environmental Issues (1) Has the Company established a proper environmental management system based on the characteristics of its industry?	Yes		(1) The environmental management of the Company's domestic and overseas plants has been carried out in accordance with government regulations and international environmental protection conventions. The plants in Taiwan (Hsinchuang Plant 1, Hsinchuang Plant 2, Yangmei Copper Wire Plant, Taichung Plant and Yanshui Plant) and China (Shanghai Power Plant, Jiangyin Plant, Yantai Plant and Changshu Plant) have all received the "Environmental Management System" certification (ISO 14001:2015). The Company will also continue to improve and refine our environmental management performance.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Has the company made efforts to improve the efficiency of	Yes		(2) The Company mainly produces wire and cable and stainless steel. After these two types of	

Assessment items	Actual governance (Note 1)		Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	
resources utilization and use recycled materials which have a low impact on the environment?			<p>products have gone through the stages of production, use and disposal, they can be recycled and reused to return to their life cycle, which is in line with the concept of recycling for new products in a circular economy. In addition to using recycled stainless steel and carbon steel as raw materials, Walsin also uses recycled pallets, iron frames, and iron (wood) shafts as packaging materials for copper wire and cable, accounting for 44.52% of recycled steel materials and 63.7% of recycled packaging materials in 2020.</p> <p>Please refer to 2020 CSR Report 3.2 (Green Operations) for the above specific results.</p>
(3) Has the company assessed the current and future potential risks and opportunities of climate change for the business and taken measures to address climate related issues?	Yes		<p>(3) The Company has formulated its risk management policies and procedures to incorporate climate change and environmental risks into its management in accordance with its business operations and operating characteristics. The Company also introduced the TCFD framework to identify the risks and opportunities caused by climate change, and further developed strategies in response based on the significant risks and opportunities, so as to establish relevant indicators and a governance framework for climate change according to such strategies. For relevant details, please refer to the Company's website on "Climate Change Risks and Opportunities Management" page under "Corporate Social Responsibility" section (<a href="https://www.walsin.com/csr/cht/index.html">https://www.walsin.com/csr/cht/index.html</a>).</p>
(4) Has the Company compiled statistics on greenhouse gas (GHG) emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, GHG reduction, water consumption reduction or other waste management?	Yes		<p>(4) The Company's Environmental, Health and Safety Promotion Center under the Sustainable Development Committee has set targets for energy saving and carbon reduction, water management and waste reuse in accordance with Walsin Lihwa Environmental, Health and Safety Policy, including a 10% carbon reduction by 2025 compared to 2014, a 15% reduction in water use in 2030 compared to 2014, and capital expenditures to replace production equipment, develop green processes, and promote source improvement.</p>



Assessment items	Actual governance (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary description (Note 2)	
			<p>Our annual statistics on greenhouse gas emissions, water consumption and total waste volume indicate total greenhouse gas emissions of 538,538 metric tons of CO<sub>2</sub>e, total water consumption of 16,292 million liters and total waste of 245,439 metric tons in 2020, a decrease by 9.1%, 5.85% and 3.0%, respectively, compared to 2019.</p> <p>Please refer to Chapter 5 (Low Carbon Environmental Protection and Energy Saving) of the CSR Report for the above specific results.</p>	
IV. Social Issues				
(1) Has the Company established its management policies and procedures in accordance with relevant laws, regulations, as well as international conventions regarding human rights?	Yes		(1) The Company complies with the laws and regulations of each of its global operating locations, commits itself to protecting the basic human rights of its employee, supports and complies with the internationally recognized human rights conventions and guidelines such as United Nations Universal Declaration of Human Rights, United Nations Global Compact and International Labor Organization Convention, establishes the spirit of fair, reasonable, friendly treatment of and respect for all employees with dignity, including regular staff, temporary staff, expatriate staff, interns, and contractors, and extends this spirit to our partners.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Has the company established and implemented reasonable employee benefit measures (including compensation, vacation and other benefits) and properly reflected operating performance or results in employee compensation?	Yes		(2) The Company attaches importance to the physical and mental health and welfare of our employees and provides comprehensive and diversified welfare measures. It has work rules and related management regulations, which cover basic wages, working hours, annual leaves more than what is provided in the Labor Standards Act, subsidies for transportation/communication/meal, group insurance and health check-ups, and the provision of staff restaurants, dormitories, transportation vehicles, parking spaces, etc. A staff welfare committee has also been set up and elected by the employees to handle various welfare matters, including subsidies for wedding, funeral, celebrations, childbirth, travel and club activities, three festival bonus/Labor's Day bonus, birthday money gift, children's scholarships, interest-free loans, and	

Assessment items	Actual governance (Note 1)		Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	
			hospitalization grants.
(3) Has the company provided a safe and healthy work environment for employees and provided education on safety and health for employees on a regular basis?	Yes		<p>The Company conducts regular market salary surveys to ensure that its overall compensation is competitive in the labor market; it also provides performance bonuses and production bonuses based on the Company's operational performance, the achievement of team goals and the individual performance of its employees. We also pay our employees at a rate of not less than 1% of our current year's profit to motivate those who have performed well.</p> <p>(3) The Company has had a safety &amp; health management organization and management personnel, established safety work guidelines, standards for the safe operation of machinery and equipment and periodically inspected various machines and relevant training in an effort to provide the employees with safety education and health examinations. In addition, workshops are held periodically to share safety knowledge with employees.</p> <p>The Company has established the ISO 45001 occupational safety and health management system at each of its plant in 2020, and the Occupational Safety and Health Committee and the Environmental, Safety and Health Management Committee regularly review the implementation of workplace safety regulations. In terms of employee health, in addition to the regular health checkups that are superior to those specified in the laws and regulations, various health promotion activities such as health seminars and consultation with clinical physicians are conducted by the nursing staff of each of our plants in Taiwan to improve a safe and friendly workplace.</p>
(4) Has the company established an effective career development and capability training program for its employees?	Yes		(4) The company has developed a training system and learning blueprint according to each level and profession, so that employees can follow them in learning and improving their abilities. The Company provides appropriate training resources and plans budgets for them every year, depending on the current job



Assessment items	Actual governance (Note 1)		Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of its products and services, and has it formulated relevant policies and complaint procedures to protect consumer rights?	Yes		<p>requirements and career development needs of employees. At the same time, in the first and second half of each year, during the implementation of performance appraisal, in addition to conducting the annual work review in conjunction with colleagues, supervisors understand the potentials of colleagues, professions and areas to be improved based on their implementation of their work, and jointly formulate development plans for training, rotation and participation in projects.</p> <p>(5) Our products and services are marketed and clearly labeled in accordance with local and international regulations and standards or pursuant to the requirements of our customers. In order to protect business information and customer privacy, the Company establishes a code of ethical conduct for employees and information security policies and relevant regulations (Note 5) to prevent any unauthorized access to, alteration to, or improper disclosure of any information that may infringe on customer privacy and rights.</p> <p>In addition to providing its latest information, product information, and the telephone numbers and e-mail addresses of the persons-in-charge of each business on its website, the Company has established communication channels through which interested parties can make complaints or communicate with the Company. Upon receipt of a communication from an interested party, the Company will transfer the case to a dedicated person for him/her to initiate operational procedures, in order to complete the case and reply to the interested party within the time limit.</p> <p>We have not violated any laws or regulations regarding customer health and safety, customer privacy, marketing and labeling of our products and services in 2020.</p> <p>For the latest information, product information, contact phone numbers and emails, please refer to</p>

Assessment items	Actual governance (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary description (Note 2)	
(6) Does the company have a supplier management policy requiring suppliers to comply with relevant regulations governing environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?	Yes		<p><a href="https://www.walsin.com/walsin/page.do?menuId=7">https://www.walsin.com/walsin/page.do?menuId=7</a></p> <p>(6) In order to strengthen and implement the sustainable management of its suppliers, the Company has established a supply chain sustainability policy, and requires suppliers to comply with environmental protection, occupational safety and health or labor human rights regulations in purchase orders and contracts. Key suppliers and new suppliers, in addition to signing the "Supplier Management Commitment Letter", also need to conduct self-assessments through the Supplier Sustainability Assessment Questionnaire, and the Company also carries out on-site interviews with them, in order to comply with CSR-related regulations along with the partnering suppliers and ensure that the supply chain fulfills its CSR commitments and implements the Principles for Supplier CSR Performance Assessment.</p>	
V. Did the Company make reference to international standards or guidelines for the preparation of reports in preparing its corporate social responsibility reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party certification agency's confirmation or assurance opinion on said reports?	Yes		<p>Since 2014, we have been compiling CSR reports with reference to the Global Reporting Initiative's (GRI) G4 Standards, and since 2017, the report structure has followed the core options of the latest GRI Standards. In 2020, we introduced the Sustainability Accounting Standards Board (SASB) Industry Standard and the Task Force on the Climate-related Financial Disclosures (TCFD) framework to provide stakeholders with more complete and transparent ESG information. Since 2015, we have engaged Deloitte Taiwan to perform third-party assurance checks on our reports and have obtained the CPA Statement of Limited Assurance. The third-party assurance checks are performed in accordance with the standards set forth in Statement of Standard on Assurance No. 1, "Assurance Cases Other Than Audits or Reviews of Historical Financial Information" and "Rules for the Preparation and Reporting of Corporate Social Responsibility Reports by Public Companies." As of the date of publication, the 2020 Annual Corporate Social Responsibility Report is being under assurance checks by Deloitte Taiwan, which is expected to issue a statement of assurance in May 2021.</p>	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.



Assessment items	Actual governance (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary description (Note 2)	
VI.			<p>If your company has established CSR principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe differences between the principles and their implementation:</p> <p>In December 2014, the Company has established, based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", CSR principles which has also been approved by the Board of Directors. In January 2018, the Board of Directors approved the first revision of the Company's "Corporate Social Responsibility Best Practice Principles", and also in April 2020, the second revision thereof, in accordance with the revision of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". The "Corporate Social Responsibility Best Practice Principles" serves as the guidelines to establish and to execute related policies related to corporate governance, ESH management, customer service and supplier management, green operation, employee relations and social care. There are no discrepancies between the principles and actual practice.</p>	
VII.			<p>Other key information useful for explaining the status of CSR practices:</p> <ol style="list-style-type: none"> <li>(1) With regard to developing a sustainable environment, please refer to "Operating Status, Environmental Protection Expenditure Status" in the annual report.</li> <li>(2) With regard to the Company's observing relevant labor regulations by safeguarding the lawful rights and interests of its employees and providing a safe and healthy work environment for its employees, please refer to "Operating Status, Labor-Management Relations" in the annual report.</li> <li>(3) "Growth and integration with the local communities" is the philosophy in the social care of Walsin Lihwa. It is a continuous implementation focused in four directions: "Minority Support", "Environment Conservation", "Community Development", and "Corporate Citizen". These include: <ul style="list-style-type: none"> <li>• "Illuminating the Corners of Taiwan": The Company has initiated the 5-year sponsorship project "Illuminating the Corners of Taiwan" in the end of 2016 to give back to society. The projects hopes to pay it forward by offering 5 elementary and junior high schools in rural Taiwan with relatively low resources more comprehensive faculty, environment and equipment and to develop characteristic physical and musical education.</li> <li>• "Elementary and Junior High School Newspaper Reading Project": Starting from 2014, this partnership between Mandarin Daily News sponsors newspapers for primary/junior high schools in the counties and cities in Taiwan where our plants located. The school teachers led students to understand the subjects of newspaper reports, and through interactive discussions, expanded their horizons and laid the foundation for their language skills. In 2020, we sponsored 79 classes in 16 schools in New Taipei City, Taoyuan City, Taichung City, Tainan City and Kaohsiung City, benefiting 1,180 students. Since 2019, Walsin, together with the Walsin Technology Foundation and Mandarin Daily News, has launched a bilingual reading education program. In 2020, we promoted this program in 893 classes in a total of 39 junior high schools in Taoyuan City and Kaohsiung City, benefiting a total of 24,145 students. With the advantage of the English and Chinese bilingual texts in "Junior High School Student Daily" offered by Mandarin Daily News, students' listening, speaking, reading and writing skills in both Chinese and English improved and their interests in the world and reading were opened. In addition, we also cooperated with Yingge Elementary School, Yingge District, New Taipei City and Ren-Kuan Elementary School, Yanshui District, Tainan City to organize newspaper reading games and activities, where 37 colleagues volunteered to play with the schoolchildren, with the view to inspiring children's interest in learning through educational entertainment and visualization of knowledge.</li> <li>• "Baoshan Vegetation Project": To promote cultivation of talents for conservation, collection and management of aboriginal Taiwan plant resources, Walsin Lihwa cooperated with College of Agriculture and Natural Resources, National Chung Hsing University to install a screen-house and an outdoors nursery, cultivate seedlings for afforestation applications and, environmental education and promotion for conservation, and protect Taiwan's diverse protected animal and plant resources. In order to focus on the contribution to and implementation of the project, starting from 2018, the Company and Winbond Electronics Corporation cooperated to incorporate Huabao Seed Breeding Co., Ltd., responsible for promoting Taiwan's forest germplasm conservation and indigenous plants revegetation projects. In 2020, we implemented the related planning and training progress according to the plan</li> </ul> </li> </ol>	

Assessment items	Actual governance (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary description (Note 2)	
<ul style="list-style-type: none"> <li>Sponsorship for the Heavy Particle Cancer Treatment Center of Taipei Veterans General Hospital: In 2019, Walsin Lihwa, Winbond Electronics Corporation, business groups of Walsin Technology and HannStar Display Corporation within the Walsin Group made a joint two-year donation of a total of NT\$50 million for the purchase of state-of-the-art medical equipment, including heavy-particle and advanced medical equipment, in order to bring the Group's spirit of public welfare into full play and to unite more social forces to improve medical standards for the benefit of the people of Taiwan. Installation testing of equipment commenced in June 2020 after completion of the Treatment Center Building and the base. Another new cutting-edge technology for cancer treatment is expected to be available to the nation by the end of 2021.</li> <li>Supporting Traditional Chinese Opera and Cross-Cultural Activities: In order to support the passing down of traditional Chinese opera culture, Walsin has continuously sponsored the Wei Hai-Ming Beijing Opera Arts Cultural Education Foundation in 2020 to support the preservation of traditional Beijing Opera culture so that more people can understand the beauty of the art of Chinese opera. In October 2020, in support of the arts and cultural activities, we hosted on the building plaza in our headquarters the "2020 Chinese Opera Season - Sukkot Autumn Collection Cultural Celebration", featuring the declaration artwork "Glass Hut" by artist Leon Fenster. On the day of the festival, there were also performances by artists from various countries, which added an artistic atmosphere to the regional development.</li> </ul> <p>(4) In 2020, Walsin Lihwa was listed as the top 5% outstanding companies as published by the Taiwan Stock Exchange in the 7th "Corporate Governance Evaluation." The Company was awarded the "National Performance Health Workplace - Health Care Award" by the National Health Administration, Ministry of Health and Welfare (Hsinchuang Plant), the first place in the Taichung City Workplace Health Promotion Competition Program - Workplace Walking Promotion Competition (Taichung Plant), and the Sports Enterprise Certification by the Sports Administration, Ministry of Education (Yanshui Plant). The Company was also awarded the "Model Donation for Education" by the Yilan County Government for the "Light Up the Corners of Taiwan" project, and Performance Award and Platinum Report Award of Top 50 Taiwan Corporate Sustainability Award from TCSA.</p> <p>(5) For details on the Company's other CSR related operations, please go to the Walsin Lihwa website CSR section (<a href="http://www.walsin.com/csr/cht/index.html">http://www.walsin.com/csr/cht/index.html</a>) and read our 2020 CSR report.</p>				

Note 1: If "Yes" is checked, please explain the important policies, strategies, measures and their implementation; if "No" is checked, please explain the reasons and the plans to adopt the relevant policies, strategies and measures in the future.

Note 2: If the company has prepared the CSR report, the execution description may just instead indicate the method to consult such report and the corresponding index page numbers.

Note 3: The principle of materiality refers to the environmental, social and corporate governance issues that have a material impact on investors and other interested parties of the Company.

Note 4:

Issues	Risk Category	Management Policies, Strategies or Mechanisms
Corporate Governance and Economic Issue	<ul style="list-style-type: none"> <li>Strategy and Operations</li> <li>Legal</li> </ul>	<ul style="list-style-type: none"> <li>Business units regularly report strategic issues to the Directors and therefore reduce strategic risks through the participation, advice and supervision of board members.</li> <li>The Company's culture of "Ethical Management" emphasizes that all business activities must be conducted in accordance with local laws and regulations. We also require our employees to comply with laws and regulations, corporate rules and procedures, and guide them to conduct themselves in accordance with laws and regulations and ethical standards</li> </ul>





Issues	Risk Category	Management Policies, Strategies or Mechanisms
	<ul style="list-style-type: none"> <li>• Capital Expenditure</li> <li>• Information Security</li> <li>• Changes in Interest Rates</li> <li>• Changes in Exchange Rates</li> <li>• Raw Material Prices and Supply Chains</li> <li>• Technology Risks</li> </ul>	<p>through education, internal audit, internal control and other management measures.</p> <ul style="list-style-type: none"> <li>• Major capital expenditures shall be reported to the Audit Committee and the Board of Directors for review and approval.</li> <li>• The Company continuously introduces advanced information security solutions, establishes data protection mechanisms, organizes education and training, promotes new information security knowledge and raises staff awareness of information security.</li> <li>• The Company monitors changes in the interest rate markets, controls existing long and short term borrowing positions and uses market instruments to lock in interest rate costs in a timely manner.</li> <li>• The Company develops a hedging strategy and carries out exchange rate hedging in conjunction with relevant hedging instruments such as spot rate trading and forward rate trading. Control of risks associated with foreign currency exchange rates and related hedging operations are performed with respect to major capital expenditures and capital transfers that may cause changes in foreign currency positions.</li> <li>• The Company carries out market risk management of its raw materials-related operations. It also prudently evaluates and actively develops new material sources to avoid monopoly by a few suppliers. In addition, we establish a safe inventory of raw materials and purchase some raw materials in stock to allow for flexibility.</li> <li>• We deeply understand the needs of customers and end-use applications, and accelerate the technical development of product materials manufacturing processes and applications, in order to strengthen our technical capabilities to respond to rapid changes in the external environment.</li> </ul>
Environmental Issues	Climate Change and Environmental Risks	<ul style="list-style-type: none"> <li>• The Company's environment, safety and health and energy policy is "Green Manufacturing, Happy Enterprise and Sustainable Development" and is committed to "Compliance with Regulations, Risk Control, Pollution Prevention, Energy Saving and Waste Reduction and Performance Enhancement."</li> <li>• We promote energy management systems to establish energy management performance indicators, so as to facilitate long-term energy efficiency control. We also Invest in green electricity and gradually build up a product carbon footprint, in order to improve carbon reduction performance and prepare for carbon rights operations in advance. Besides, we continuously identify and develop waste reuse technologies to improve resource recycling efficiency.</li> </ul>
Social Issues	• Management Risks	<ul style="list-style-type: none"> <li>• Employees are Walsin's most important asset and major driving force. Walsin cares about its employees, their families and their lives, listens to their voices and strengthens the communication channels between employees and employers to promote harmonious relationships. We also ensure that the existing human resources management procedures and related</li> </ul>

Issues	Risk Category	Management Policies, Strategies or Mechanisms
	<ul style="list-style-type: none"> <li data-bbox="505 369 659 431">• Occupational Safety Risks</li> <li data-bbox="505 645 695 707">• Corporate Image Risks</li> </ul>	<p data-bbox="776 335 1382 362">administrative practices comply with the laws and regulations.</p> <ul style="list-style-type: none"> <li data-bbox="748 369 1390 638">• We maintain the consistency of the environment, safety and health management systems in all plants through ESH education and training, and implement operational risk factor checks and regulations to reduce the incidence of occupational safety incidents. We also require contractors to sign an Environment, Safety and Health Policy Commitment to jointly comply with the requirements of the environment, safety and health law and to reduce occupational safety hazards.</li> <li data-bbox="748 645 1365 707">• The Company has established a crisis management response mechanism for risks that may affect its image.</li> </ul>

For more information on the implementation of risk management, please refer to 1.3 Management Policy Disclosure, 2.4.3 Risk Management and related sections in the Company's 2020 CSR Report (<https://www.walsin.com/csr/cht/download.html>)

Note 5: Information security policies and relevant regulations include rules for information security organization management, information asset management, personnel security management, physical and environmental security management, communication and operation management, access control management, information system acquisition, development and maintenance management standards, information security incident management, business continuity management, and compliance management.



(6) Fulfillment of ethical management and differences between our ethical management and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reason(s)

Assessment items	Implementation status		Summary	Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No		
<p>I. Establishment of ethical management policies and solutions</p> <p>(I) Has the Company formulated its ethical management policies approved by the Board of Directors and stated its ethical management policies and practices in its internal rules and external documents? Do the Board of Directors and senior management actively fulfill their commitment to ethical management polices?</p>	Yes		<p>(I) The Company has always insisted on honest business practices. We abide by the laws set forth by the government, implement our corporate governance principles and make our utmost effort to fulfill our corporate responsibilities. Our Board passed our "Ethical Corporate Management Best Practice Principles" and our "Procedures for Ethical Management and Guidelines for Conduct" as the Company's policies for ethical management practices. The full texts are also disclosed in electronic form on the Company's website to showcase our commitment to implementing and overseeing ethical management policies.</p> <p>In accordance with the latest laws and regulations, the Company amended the Procedures for Ethical Management and Guidelines for Conduct by the Board of Directors in 2020 and published it on the Company's website in electronic format. The directors and senior executives signed a Statement of Ethical Management to demonstrate their determination to operate with integrity. At the same time, information related to ethical management was published on the corporate website and internal website for the directors' reference to convey the importance of operating with integrity and to actively implement and monitor the implementation of the ethical management policy.</p>	<p>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>(II) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate business activities with a higher risk of unethical conduct in its scope of business, and formulated a plan based on such analysis and evaluation to prevent unethical conduct,</p>	Yes		<p>(II) 1. The Company's prevention plan and scope of Article 6 of the Ethical Corporate Management Best Practice Principles have specifically covered the business activities with higher risk of dishonest behavior or other activities specified in each paragraph of Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. The Company has strengthened the relevant preventive measures through the establishment</p>	

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
which should cover at least the preventive measures under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?			<p>of internal rules and regulations and practices, education and training, daily promotion, contractual agreements and inclusion in the employee performance evaluation.</p> <p>2. On February 27, 2020, the Board of Directors approved the establishment of the "Risk Management Policies and Procedures" as the highest guiding principle for the Company's risk management. The Company will regularly assess the risks on an annual basis and formulate and implement management policies for each risk, which cover management objectives, organizational structure, attribution of authority and responsibility and risk management procedures, so as to effectively identify, measure and control the Company's risks and control the risks arising from business activities within an acceptable range.</p> <p>The Company's risk management includes:</p> <ul style="list-style-type: none"> <li>(1) Risks of interest rate changes</li> <li>(2) Risks of exchange rate changes</li> <li>(3) Climate change and environmental risks</li> <li>(4) Occupational safety risks</li> <li>(5) Raw material prices and supply chain risks</li> <li>(6) Information security risks</li> <li>(7) Strategic and operational risks</li> <li>(8) Capital expenditure risks</li> <li>(9) Legal risks</li> <li>(10) Technology risks</li> <li>(11) Management risks</li> <li>(12) Corporate image risks</li> </ul> <p>3. In respect of the Company's risk management in 2020, each risk management unit and audit unit will carry out the Company's risk environment management and countermeasures, and President will organize and oversee the implementation and coordination of risk management. The risk control measures and risk management operations will be reported to the Board of Directors in case of material risk events.</p> <p>4. The Company included a risk-related course in 2020 as mandatory onboarding training for new recruits to enhance risk culture awareness and</p>	



Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Has the Company defined and implemented the operating procedures, conduct guidelines, disciplinary and complaint systems for non-compliance in its unethical conduct prevention program, and regularly reviewed and revised the foregoing program?	Yes		<p>knowledge, in line with the globalization policy.</p> <p>5. In 2020, the Company established a risk assessment mechanism for dishonest acts and used the six types of dishonest acts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies as the scope of assessment to promote the assessment of dishonest acts, and based on the assessment results, prepared a prevention and treatment plan and reported to the Audit Committee on November 20, 2020 (Note 1).</p> <p>(III) 1. In accordance with the Company's Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, it has established punishment policies and a complaint filing system for employees who violate relevant regulations, which is integrated with the employee performance evaluation.</p> <p>2. In 2020, the Company reviewed and cooperated with the latest ethical management policies, as well as amended the Director Code of Ethical Conduct, Employee Code of Ethical Conduct and Regulations Governing the Handling of Business by Employees, to ensure that we must behave honestly and uprightly to our stakeholders in compliance with the ethical management policies. These regulations also stipulate that when performing their duties, employees shall not accept bribes or other improper benefits from companies, customers, competitors and suppliers, or bribe others. All of the above regulations have been implemented in the employees' daily operations.</p> <p>3. The company has strengthened the implementation of prevention programs through internal education and training, daily promotion, contractual agreements and inclusion in employee performance assessment.</p>	

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
<p>2. Ensuring ethical business practice</p> <p>(I) Has the Company evaluated the ethical management practices records of the companies it does business with as well as explicitly included ethical management practices clauses in the contracts?</p>	Yes		<p>(I) 1. The Company prevents transacting with companies with unethical management practice records by adopting the following approaches:</p> <p>(1)When selecting a business partner, the Company reviews the partner's past trading history and credit record. When inviting bids, suppliers shall be informed of the principle of a fair, open and transparent supplier selection policy.</p> <p>(2)Entities we are selling to: Except for procurement projects from the government, the Company shall track the long-term credit information of distributors, with the reputation of new distributors obtained through credit reference agencies and other companies in the industry.</p> <p>2. Including honest practice provisions in contracts:</p> <p>(1)Procurement contracts: We have either had honest business practices clauses added to the contracts or have the supplier sign an honest business practices statement.</p> <p>(2)Sales contracts: Honest business practices clauses have been added to all such contracts.</p> <p>3. The Company also non-periodically holds supplier conventions for suppliers of different plants to advocate for the integrity management of suppliers.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(II) Has the company established a dedicated or non-dedicated department under the Board of Directors to ensure honest business practices? Does this department periodically report their status of implementation to the Board of Directors?</p>	Yes		<p>(II) Pursuant to Article 16 of our "Principles for Honest Business Practices", the Board of Directors resolved and set up an "Honest Business Practice Committee" in 2015. The Committee is responsible for establishing the integrity management policies and misconduct prevention programs and supervising the implementation thereof. It periodically meets at least once a quarter and regularly reports its implementation status to the Board of Directors annually.</p> <p>The Company resolved at its 17<sup>th</sup> meeting of the Board of Directors of the 18<sup>th</sup> term on November 1, 2019 to establish the Sustainable</p>	



Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
			<p>Development Committee, where all Independent Directors act as committee members, and change into promotion centers and merge into the Sustainable Development Committee its Corporate Social Responsibility, Ethical Corporate Management, Environment, Safety and Health Management, Green Operation, Customer Service and Supplier Management, and Employee Relations and Social Care Committees, which are to be reviewed, supervised and tracked by the Sustainable Development Committee. The committee meets twice a year, and reports regularly to the Board on its implementation.</p> <p>The Company's Ethical Management Promotion Center is the responsible unit for formulating and overseeing the implementation of the Company's ethical management policies and preventive measures. It is mainly put in charge of the following matters and shall regularly report to the Sustainable Development Committee and the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Assisting to integrate honesty and ethical values into the Company's operating strategies, as well as formulating related measures against corruption to ensure honest business practices.</li> <li>2. Formulating programs to guard against dishonest behavior, as well as formulating related standard operating procedures and behavioral guidelines for work and business operations within each program.</li> <li>3. Making plans for internal departments, organization and functions; installing a mechanism for mutual supervision and check &amp; balance for business activities within the operating scope with higher risks of dishonest behavior.</li> <li>4. Setting in motion and coordinating the promotion and training for honest policies.</li> <li>5. Making plans for a complaint filing system while ensuring the effectiveness of implementation.</li> <li>6. Assisting the Board of Directors and the management to examine and evaluate whether or not preventive measures to ensure</li> </ol>	

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
			<p>the implementation of honest business practices have been working effectively; compiling regular reports based on the compliance assessment of related business procedures.</p> <p>The Company's Ethical Management Promotion Team members are introduced as follows (with different functions):</p> <ol style="list-style-type: none"> <li>1. Secretary Office (Legal Division): Responsible for the operation of the Ethical Management Promotion Team, the establishment and revision of the Code of Business Integrity Practice and its operating procedures and guidelines, ensuring compliance with laws and regulations as well as legal and effective implementation of its regulations, and compiling regular reports based on the compliance assessment of related business procedures.</li> <li>2. Promotion and Education (Human Resources Division and Legal Division): Promoting and highlighting the importance of integrity.               <ol style="list-style-type: none"> <li>(1) HR: Training and education on the integrity culture and conduct.</li> <li>(2) Legal: Training and education on legal compliance.</li> </ol> </li> <li>3. Reward and punishment (Human Resources Division): Establishing a clear and effective disciplinary system as basis for performance evaluation.</li> <li>4. Supervision and management (Auditing Office)               <ol style="list-style-type: none"> <li>(1) Offering suggestions for the supervision and check and balance mechanism.</li> <li>(2) Making plans for a complaint filing system.</li> </ol> </li> <li>5. Execution Units (Division Heads/Controllers/Function Heads):               <ol style="list-style-type: none"> <li>(1) Cooperating with the execution and implementation of the operation of, and matters relating to, the Ethical Management Promotion Team.</li> <li>(2) Regularly being supervised and audited.</li> <li>(3) Formulating relevant operating rules for specific preventive measures.</li> </ol> </li> </ol> <p>The Ethical Management Promotion Team (Committee) held a total of four meetings during</p>	





Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Has the company established policies to prevent conflicts of interest, implemented such policies and provided adequate channels of communication?	Yes		<p>2020.</p> <p>The ethical management promotions and educational training implemented by the Promotion Team in 2020 is disclosed in this annual report (V) Explanations for Educational Training on Ethical Management.</p> <p>(III) The Company has established the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to regulate Directors, managers and employees in terms of obligations to the Company, external business activities, pecuniary transactions, avoidance of conflicts of interest and the management of classified information. The Company has a contact channel on its website that provides a means for filing complaints about violation of honest business practice, a mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions to the Company. Information received shall be handled by the Auditing Office.</p>	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, and has its internal audit unit drawn up an audit plan based on the results of the assessment of the risk of unethical conduct, in order to verify compliance with such plan for prevention of unethical conduct, or has it engaged a CPA firm to perform the audit?	Yes		<p>(IV) The Company actively works to ensure ethical business practices. The Auditing Office (or hired CPA, when necessary) shall regularly audit relevant compliance statuses according to accounting policies, internal control policies, as well as other relevant regulations. The Auditing Office will periodically report its auditing results during Board meetings.</p>	
(V) Does the Company regularly conduct internal and external educational training on ethical management?	Yes		<p>(V) During new-employee training, the Company periodically states its principles towards ethical management practices. It also periodically holds courses on corporate governance as well as ethical management practices and asks employees to participate. The Company's Procurement Department also informs suppliers of our ethical management practices principles in</p>	

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation				
	Yes	No	Summary					
			<p>order to prevent unethical business practices.</p> <ol style="list-style-type: none"> <li>1. A dedicated section for ethical management was set up on the employee portal website on May 15, 2017, where educational materials regarding compliance are posted and the most updated internal policies and regulations of the Company from its internal platforms are gathered, allowing all employees to read and comprehend related information on ethical management practices.</li> <li>2. In April and May of 2020, we held a meeting on compliance with the integrity management regulations at each plant (Note 1).</li> <li>3. In June 2020, we published the "Promotion for Ethical Management" and "Antitrust Law You Should All Know" on our internal platform "Ethical Management" and promoted "Competition and Cooperation - The Boundaries of Joint Actions" to our directors and senior executives in June of the same year.</li> <li>4. In October 2020, we published several educational articles on compliance, such as Legal Education and Ethical Management - Commercial Bribery, for our relevant business units, allowing all employees to read and comprehend related information on ethical management practices.</li> <li>5. The Company is committed to building a firm and stable Walsin culture (from the company side, to the affiliates, suppliers and counterparties). In order to implement the specific practices of the ethical management policy and the project to prevent unethical conduct (including anti-corruption), the Company actively carried out complete training on relevant topics such as ethical management and legal compliance for staff in all plants in 2020: (1 hours per training session)</li> <li>6. In addition, the Company actively promoted the concept of ethical management and intellectual property rights (including anti-corruption) in different plants in 2020: (3 hours per training session)</li> </ol> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Plant</th> <th>No. of Participating</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Plant	No. of Participating			
Plant	No. of Participating							



Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation						
	Yes	No	Summary							
			<table border="1"> <tr> <td></td> <td>Suppliers</td> </tr> <tr> <td>Yanshui and Taichung Plants</td> <td>33</td> </tr> <tr> <td>Hsinchuang and Yangmei Plants</td> <td>48</td> </tr> </table>		Suppliers	Yanshui and Taichung Plants	33	Hsinchuang and Yangmei Plants	48	
	Suppliers									
Yanshui and Taichung Plants	33									
Hsinchuang and Yangmei Plants	48									
<p>3. Status of the Company's reporting mechanism</p> <p>(I) Has the Company established concrete reporting and rewards systems, set up convenient reporting channels and appointed any appropriate, dedicated staffer to deal with the person who has been reported?</p> <p>(II) Has the Company established standard operating procedures for investigation of and related information confidentiality mechanisms for complaints?</p> <p>(III) Has the company adopted any measure to protect the informers lest they be inappropriately treated?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(I) The Company's website provides a "Reporting Violations of Ethical Management Practices" area, which allows people to file complaints about violations against ethical management practices. There is also a "company mailbox" on the employee portal website, providing internal and external personnel with a means to file complaints. The Auditing Office is responsible for handling related recommendations and violations. If the violations are verified, disciplinary action shall be taken in accordance with the Company's regulations.</p> <p>(II) The Company has formulated the "Measures for Stakeholder Recommendations and Complaints," thereby protecting the identity as well as data of those who provide suggestions or feedback.</p> <p>(III) All reported cases are filed under the classified category, with a case opened to handle the issue. In addition, dedicated personnel are appointed to handling related tasks and issues in order to ensure the privacy of reporter and avoid unfair revenge or treatment.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.						
<p>4. Improved Information Disclosure</p> <p>Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles as well as related implementation results on its website and the MOPS?</p>	Yes		The Company has established a Corporate Governance page on its website to disclose its ethical management-related information; it also discloses the implementation status and execution results of its ethical management practice in the annual CSR report and also the Company's Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Director Code of Ethical Conduct, and Employee Code of Ethical Conduct on the MOPS.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.						
5. If the company has established its ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE- and TPEX-listed Companies", please state the difference between such principles and implementation: In line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."										
6. Other key information useful for explaining the status of the implementation of honest business practices: (Such as										

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
			<p>the status of the Company's efforts to review and correct its Ethical Corporate Management Best Practice Principles):</p> <p>In order to encourage R&amp;D, protect technology and R&amp;D achievements, optimize processes, promote product innovation, upgrade and smart manufacturing through the intellectual property rights system, thereby achieving a high-value transformation strategy for the Company's growth, the Company introduced the Taiwan Intellectual Property System (TIPS) in 2020 and reported the implementation status and annual plan at the board of directors' meeting on November 13, 2020. On December 2, 2020, the Company was certified by TIPS and the certificate is valid until December 31, 2021 (Note 2).</p>	

Note 1: Report on the implementation of the Company's ethical management risk assessment mechanism:

<https://www.walsin.com/walsin/userfiles/file/RiskManagementReport2020.pdf>

Note 2: The operation of the Company's intellectual property rights management:

[https://www.walsin.com/walsin/userfiles/file/intellectual\\_property\\_management2020.pdf](https://www.walsin.com/walsin/userfiles/file/intellectual_property_management2020.pdf)

- (7) If the company has formulated corporate governance principles as well as other related regulations, it should disclose how they can be looked up: Our Company's corporate governance principles as well as relative regulations can be looked up on our Company website.



(8) Other important information helpful for improving understanding of the governance of the company:

**1. Further education on themes encompassing corporate governance the Company's Directors have received in the most recent year:**

As of December 31, 2020

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Year Total
Chairman	Yu-Lon Chiao	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
Vice Chairman	Patricia Chiao	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
Directors	Yu-Cheng Chiao	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	18
		2020/04/23	2020/04/23	Taiwan Corporate Governance Association	Augmented Reality Technology and Smart Manufacturing; Experience Sharing of Growth of Sino-America Silicon Group (formerly, Globalwafers) through Mergers and Acquisitions	3	
		2020/08/06	2020/08/06	Taiwan Corporate Governance Association	AI Embarks on an Evolutionary Path: Evolutionary Calculation; Multi-Generational Leadership in Pursuit of Communion	3	
		2020/08/06	2020/08/06	Taiwan Corporate Governance Association	The New Digital Reality in the Post-COVID Era; The Latest Development Trend of AIoT and Its Application in Smart Manufacturing	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-Strait Situation	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence; Managers' Responsibilities	3	
Directors	Yu-Heng Chiao	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	12
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-Strait Situation	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence; Managers' Responsibilities	3	
Director	Andrew Hsia	2020/09/21	2020/09/21	Taiwan Stock Exchange Corporation/Taipei Exchange	Agenda of the "Corporate Governance 3.0 - A Blueprint for Sustainable Development" Summit	3	15
		2020/10/16	2020/10/16	Intellectual Property Management and Corporate Management Risk	Intellectual Property Management and Corporate Management Risk	3	
		2020/10/21	2020/10/21	Securities and Futures Institute	2020 Annual Briefing on Prevention of Insider Trading and Insider Equity Trading	3	
		2020/11/03	2020/11/03	Taiwan Corporate Governance Association	Civil and Criminal Liability of Directors of Public Companies	3	
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
Director	Wei-Shin Ma	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Year Total
Representative of Corporate Director	Pei-Ming Chen	2020/08/06	2020/08/06	Taiwan Corporate Governance Association	AI Embarks on an Evolutionary Path: Evolutionary Calculation; Multi-Generational Leadership in Pursuit of Communion	3	15
		2020/08/06	2020/08/06	Taiwan Corporate Governance Association	The New Digital Reality in the Post-COVID Era; The Latest Development Trend of AIoT and Its Application in Smart Manufacturing	3	
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-Strait Situation	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence; Managers' Responsibilities	3	
Independent Director	Ming-Ling Hsueh	2020/04/29	2020/04/29	Taiwan Corporate Governance Association	The Trend of Global Corporate Sustainability - Strategic Thinking on Connecting to SDGs and Promoting Circular Economy	3	28
		2020/06/02	2020/06/02	Taiwan Securities Association	Risk Management Mechanism in the Financial Industry in View of the Loss of Issuance of Warrants by Securities Firms	3	
		2020/07/07	2020/07/07	Taiwan Securities Association	Money Laundering Prevention Trends and Policy Development after the Third Round of Mutual Evaluation	3	
		2020/09/01	2020/09/01	Taiwan Securities Association	The Financial Consumer Protection Act and the Fair Dealing Principle	3	
		2020/09/09	2020/09/09	Taiwan Corporate Governance Association	The Role of Independent Directors in Corporate Management and Governance (1)	1	
		2020/09/09	2020/09/09	Taiwan Corporate Governance Association	The Role of Independent Directors in Corporate Management and Governance (2)	1	
		2020/10/21	2020/10/21	Taiwan Corporate Governance Association	Ethical Management and ISO37001	3	
		2020/10/30	2020/10/30	Taiwan Corporate Governance Association	Legal Issues Related to Material Internal Corporate Information	3	
		2020/12/02	2020/12/02	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit-Corporate Governance Moving Forward - Corporate Governance Blueprint 3.0, Planning and Practice of Sustainable Development Blueprint, Independent Directors and Management Rights Competition, Supervision of Audit Committee and Board of Directors on Internal Control and Risk Management, Supervision of Audit Committee and Board of Directors on Mergers and Acquisitions and Public Takeover Cases	6	
		2020/12/22	2020/12/22	Taiwan Corporate Governance Association	The Role of Independent Directors in Corporate Management and Governance(3)	1	
2020/12/31	2020/12/31	Taiwan Corporate Governance Association	Strategies for Companies to Leverage the Capital Market in Today's Environment	1			
Independent Director	King-Ling Du	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	9
		2020/04/29	2020/04/29	Securities and Futures Institute	Corporate Sustainability Accelerators-CSRs, ESGs and SDGs	3	
		2020/07/29	2020/07/29	Taiwan Corporate Governance Association	Management Rights Competition and Case Studies	3	
Independent Director	Shiang-Chung Chen	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
Independent	Fu-Hsiung	2020/05/14	2020/05/14	Securities and Futures Institute	analysis of corporate financial information and its use for decision making	3	21



Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Year Total
Director	Hu	2020/05/20	2020/05/20	Securities and Futures Institute	Employee Compensation Strategies and Tools	3	
		2020/07/02	2020/07/02	Securities and Futures Institute	Money Laundering Prevention and Counter Terrorism Practice	3	
		2020/07/09	2020/07/09	Securities and Futures Institute	New Version of Corporate Governance and the Guidelines for Exercise of Powers by the Board of Directors	3	
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/08	2020/12/08	Taiwan Academy of Banking and Finance	Corporate Governance Seminar - ESG and Sustainable Governance	3	
		2020/12/22	2020/12/22	Taiwan Academy of Banking and Finance	Operation Management Model by Emerging Technologies	3	

2. For the attendance of Board meetings by Directors, please refer to "Corporate Governance Report. 4. Status of Corporate Governance (1), (2)."

3. Further education in corporate governance participated by the Company's managers (including President, Vice President, Managers of BUs, Accounting head, Finance head, etc.) in 2020:

As of December 31, 2020

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Year Total
President	Fred Pan	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	12
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-Strait Situation	3	
		2020/12/17	2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence; Managers' Responsibilities	3	
Executive Vice President & Vice President of Finance	C.C. Chen	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
President of Stainless Steel BG	Kevin Niu	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
President of Insulated Wire & Cable BG	Jin-Renn Leu	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	3
President of Commodity BG	Josh Chia	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	6
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
Head of	Sherry	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data	3	12

Title	Name	Date		Organizer	Course name	Hours	
		Start Date	End Date			On this date	Year Total
Corporate Governance	Ho				Auditing to Risk Intelligence Dashboard		
		2020/10/16	2020/10/16	Taiwan Corporate Governance Association	Group Tax Management Trends in the Post-COVID Era	3	
		2020/10/22	2020/10/22	Securities and Futures Institute	2020 Annual Briefing on Prevention of Insider Trading and Insider Equity Trading	3	
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
Director of Accounting	Richard Wu	2020/04/10	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	9
		2020/11/13	2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/3	2020/12/4	Accounting Research and Development Foundation	Continuing Education Course for Accounting Supervisors of Issuer, Securities Firms and Stock Exchanges	3	





## (9) Implementation Status of Internal Control System

### 1. Statement on Internal Control

Walsin Lihwa Corporation  
Statement on Internal Control System

Date: February 26, 2021

In 2020, the Company conducted an internal examination in accordance with its Internal Control Regulations and hereby declares as follows:

1. The Company is aware that it is the Board's and managers' responsibility to establish, implement and maintain an internal control system, and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance and protection of assets) of the Company's operations, compliance with relevant laws and regulations and that its financial statements are reliable, up to date and easily accessible.
2. Internal control systems have their inherent limitations. No matter how well they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, an internal control system's effectiveness may change as the environment and circumstances change. The internal control system of the Company features a self-monitoring mechanism. Once identified, the Company will take actions to rectify any deficiency.
3. The Company determines whether the design and implementation of its internal control system is effective by referring to the criteria stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations"). The Regulations provides measures for judging the effectiveness of the internal control system. There are five components of an internal control system, as specified in the Regulations, which are broken down based on the management-control process, namely: (1) control environment, (2) risk evaluation, (3) control operation, (4) information and communication and (5) monitoring. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to determine whether the design and implementation of its internal control system is effective.
5. After an evaluation of the Company's internal control system based on the above criteria, the Company is of the opinion that, as of December 31, 2020, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law and that its financial reporting is reliable, up to date and easily accessible.
6. This statement shall become a principal part of the Company's annual report and prospectus and be made available to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved on February 26, 2021 by the Board, with none of the 11 Directors present opposing it.

Walsin Lihwa Corporation

Chairman: Yu-Lon Chiao

President: Fred Pan

2. If CPAs are engaged to review the internal control system, their report shall be disclosed: None.

(10) Where the Company and its personnel have been penalized according to the law, or the Company has penalized its personnel for having violated its internal control system (and if the result of the penalty is likely to have a material impact on shareholders' interests or the price of securities) as of the day when the annual report was prepared in the most recent year, the contents of such penalty, major deficiencies and corrective actions shall be specified: None.

(11) In the most recent year, resolutions passed at the AGM and board meetings, as of the day the annual report was prepared.

The Company hosted its 2019 AGM on May 24, 2019 at the 1st Floor Multimedia Conference Room, No.15, Alley 168, Xingshan Road, Neihu District, Taipei City. The following decisions, with implementation details, were made during the meeting:

Matters for Approval and Discussion :

Proposal No. 1

Description: Acknowledgement of the Company's 2018 Business Report, Balance Sheet, Consolidated Income Statement, Changes in Equity Statement and Cash Flow Statement.

Resolution: According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.

Implementation: This was announced as an important resolution on the day of the Shareholders Meeting.

Status:

Proposal No. 2

Description: Acknowledgement of the Company's 2018 Profit Distribution Table.

Resolution: According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.

Implementation: June 24, 2019 was the ex-dividend record date and the dividends were paid out on July 17, 2019. (Cash dividend of NT\$1.2 was paid per share.)

Proposal No. 3

Description: Amendments to the Company's Regulations Governing Acquisition or Disposal of Assets.

Resolution: According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.

Implementation: Relevant operations were handled in accordance with the amended procedures and the revised articles were disclosed on our official website.

Proposal No. 4

Description: Amendments to the Company's Procedures for Financial Derivatives Transactions.

Resolution: According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.

Implementation: Relevant operations were handled in accordance with the amended procedures and the revised articles were disclosed on our official website.

Proposal No. 5

Description: Amendments to the Company's Procedures for Lending Capital to Others and Procedures for Endorsements and Guarantees.

Resolution: Relevant operations were handled in accordance with the amended procedures and the revised articles were disclosed on the MOPS as well as our official website.



Implementation Relevant operations were handled in accordance with the amended procedures and the  
Status: revised articles were disclosed on the MOPS as well as our official website.

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#### Proposal No. 6

Description: Amendments to the Company's Methods of Election of Directors of the Board.  
Resolution: 7 Directors: Yu-Lon Chiao, Patricia Chiao, Yu-Cheng Chiao, Yu-Heng Chiao, Andrew Hsia, Wei-Shin Ma and Chin-Xin Investment Co., Ltd.  
4 Independent Directors: Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen and Fu-Hsiung Hu  
Implementation Relevant operations were handled in accordance with the amended procedures and the  
Status: revised articles were disclosed on the MOPS as well as our official website.

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#### Proposal No. 7

Description: Lifting the non-competition ban on directors imposed by Article 209 of the Company Act.  
Resolution: According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.  
Implementation This was announced as a piece of material information on the day of the Shareholders'  
Status: Meeting.

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#### Important resolutions adopted by 2020 Board meetings as of the day of this annual report

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##### 2020/01/10 (18<sup>th</sup> Meeting of the 18<sup>th</sup> Term)

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Important Proposal for the replacement of CPAs due to internal rotation mechanism of Deloitte Taiwan, and  
Resolution: the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs.  
Results: Proposal passed.

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Important The Company intends to increase the capital of its subsidiary, Walsin Nickel Industrial Indonesia, to  
Resolution: construct a nickel pig iron plant and power plant at PT Indonesia Morowali Industrial Park, Indonesia. Please review and approve the same.  
Result: Proposal Passed.

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Important The Company intends to purchase two-year US\$178.5 million corporate bonds issued by Golden  
Resolution: Harbour International Pte. Ltd. to develop nickel iron and stainless steel raw material procurement business. Please review and approve the same.  
Result: Proposal Passed.

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Important The Company intends to extend a loan to Walsin Nickel Industrial Indonesia in the amount of  
Resolution: US\$250 million. Please review and approve the same.  
Result: Proposal Passed.

---

Important Proposal to approve the loans from Walsin International Investment and Walsin Lihwa Holding  
Resolution: Limited to the Company and its subsidiaries in a total of US\$582 million and RMB1,127 million.  
Result: Proposal Passed.

---

Important Proposal to sell the real estate held by Walsin Lihwa (Changzhou) Investment Co., Ltd. to Nanjing  
Resolution: Walsin Property Management Co., Ltd. and liquidate Walsin Lihwa (Changzhou) Investment Co.,  
Result: Ltd.  
Proposal Passed. (Under specific conditions, the third parties have first priority.)

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Important Proposal to liquidate Energy Pilot Limited, a BVI holding company.  
Resolution:

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Result:	Proposal Passed.
Important Resolution:	Proposal to review managers' performance evaluation as well as bonuses and compensation for 2019.
Result:	Proposal Passed.
Important Resolution:	Proposal for the distribution of the performance bonus for Chairman and Vice Chairman for 2019.
Result:	Proposal Passed.
Recusal:	Yu-Lon Chiao and Patricia Chiao

#### 2020/02/27 (19<sup>th</sup> Meeting of the 18<sup>th</sup> Term)

Important Resolution:	Distribution of remuneration to directors and employees for 2019.
Result:	Proposal Passed.
Important Resolution:	Proposal to change the internal audit manager.
Result:	Proposal Passed.
Important Resolution:	Proposal of the 2019 Profit Distribution Table.
Result:	Proposal Passed.
Important Resolution:	Proposal of the 2019 Internal Control System Statement.
Result:	Proposal Passed.
Important Resolution:	Amendments to the Company's Articles of Incorporation.
Result:	Proposal Passed.
Important Resolution:	Proposal to lift the non-competition ban for the Company's Directors of the 19 <sup>th</sup> term
Result:	Proposal Passed.
Recusal:	Related directors recused themselves according to their potential conflict of interest.
Important Resolution:	Approval for holding the 2020 AGM regularly.
Result:	Proposal Passed.
Important Resolution:	PT. Walsin Lippo Industries intends to invest about US\$27 million to build a medium and high voltage cable plant.
Result:	This proposal was withdrawn after the Chairman obtained the consent of all of the directors present and acting by proxy because it was proposed to plan the timetable again.
Important Resolution:	Proposal to acquire new shares in HannStar Color Co. in an amount not exceeding NT\$540 million.
Result:	Proposal Passed.
Recusal:	Wei-Shin Ma

#### 2020/03/18 (20<sup>th</sup> Meeting of the 18<sup>th</sup> Term)

Important Resolution:	It is proposed to advance the bankruptcy consortium's expenses in the bankruptcy proceedings of Powtec ElectroChemical Corporation in the amount not exceeding NT\$150 million.
Result:	Proposal passed.

#### 2020/04/10 (21<sup>st</sup> Meeting of the 18<sup>th</sup> Term)



Important	Proposal to lift the non-competition ban for the Company's Directors of 19 <sup>th</sup> term.
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend the Company's Corporate Social Responsibility Best Practice Principles.
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend certain provisions of the Company's Corporate Governance Best Practice Principles.
Resolution:	Principles.
Result:	Proposal passed.
Important	Proposal to amend certain provisions of the Company's Procedures for Ethical Management and Guidelines for Conduct.
Resolution:	Guidelines for Conduct.
Result:	Proposal passed.
Important	Proposal to amend the Company's Procedures for Financial Derivatives Transactions.
Resolution:	
Result:	Proposal passed.
Important	Proposal to add an agenda of the 2020 AGM of the Company.
Resolution:	
Result:	Proposal passed.
Important	Proposal to change the Company's managerial officers.
Resolution:	
Result:	Proposal passed.
Important	Proposal to approve the investment to be made by a subsidiary of the Company, Walsin Nickel Industrial Indonesia, in building a nickel pig iron plant and a power plant in Indonesia, in the amount of US\$350 million.
Resolution:	Industrial Indonesia, in building a nickel pig iron plant and a power plant in Indonesia, in the amount of US\$350 million.
Result:	Proposal passed.
Important	Proposal to repurchase 40 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase.
Resolution:	market and to register the cancellation of such shares within six months from the date of repurchase.
Result:	Proposal passed.
2020/05/29 (1 <sup>st</sup> Meeting of the 19 <sup>th</sup> Term)	
Important	Election of the Chairman and Vice Chairman of the Company.
Resolution:	
Result:	Proposal passed.
2020/08/04 (2 <sup>nd</sup> Meeting of the 19 <sup>th</sup> Term)	
Important	In response to the reorganization of the Board of Directors, it is proposed to appoint four independent directors, Mr. Ming-Ling Hsueh, Mr. King-Ling Du, Mr. Shiang-Chung Chen and Mr. Fu-Hsiung Hu, as members of the Compensation Committee of the Company of the fourth term for the period from August 4, 2020 to May 28, 2023 (the date of expiration of the current term of the Board of Directors).
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend the Company's Compensation Committee Charter.
Resolution:	
Result:	Proposal passed.
Important	Proposal to engage the Company's Sustainable development committee members of the second term in response to the reorganization of the Company's Board of Directors.
Resolution:	
Result:	Proposal passed.

Important Resolution: Result:	Proposal to amend certain provisions of the Company's Board of Directors Meeting Regulations.  Proposal passed.
Important Resolution: Result:	Proposal to amend certain provisions of the Company's Ethical Conduct Guidelines for Directors of the Board  Proposal passed.
Important Resolution: Result:	Proposal to amend the Company's internal control system - Internal Control System for Stock Service Office.  Proposal passed.
Important Resolution: Result:	Proposal to change the Company's managerial officers.  Proposal passed.
Important Resolution: Result:	Proposal to set a record date for cancellation of the Company's twenty-fourth share repurchase of 40 million shares for the capital reduction.  Proposal passed.
Important Resolution: Result:	Proposal to approve the loan of funds from Walsin Lihwa (China) Investment Co., Ltd. to Hangzhou Walsin Power Cable & Wire in the amount of RMB 80 million for the period of one year.  Proposal passed.
Important Resolution: Result:	Proposal to approve the loan of funds from the Company to Walsin Nickel Industrial Indonesia in the form of a US\$250 million three-year non-revolving facility and a US\$70 million one-year revolving facility.  Proposal passed.
Important Resolution: Result:	The Company intends to apply for an overseas investment facility of NT\$1.2 billion from the Export-Import Bank of the Republic of China.  Proposal passed.
Important Resolution: Result:	Proposal to repurchase 60 million shares of the Company's stock on the centralized exchange market and to register the cancellation of such shares within six months from the date of repurchase.  Proposal passed.
<b>2020/11/13 (3<sup>rd</sup> Meeting of the 19<sup>th</sup> Term)</b>	
Important Resolution: Result:	Proposal to amend the Company's Rules for Suggestions and Complaints from Related Parties.  Proposal passed.
Important Resolution: Result:	Proposal to amend the Rules for Board of Directors' Performance Evaluation and their related schedules.  Proposal passed.
Important Resolution: Result:	Proposal to set a record date for cancellation of the Company's twenty-fifth share repurchase of 60 million shares for the capital reduction.  Proposal passed.
Important Resolution: Result:	In order to establish a vertically integrated cable smart base and logistics center, it is proposed to establish a new low-voltage wire and cable production line for construction use and a three-dimensional automatic warehouse at its Yangmei Plant, and to build a factory and purchase equipment.  Proposal passed.
Important Resolution: Result:	Proposal to lift the non-competition ban on the Company's managerial officers.  Proposal passed.



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Important	Proposal to reduce the capital of Walsin Specialty Steel Holding Co., Ltd. by US\$54 million.
Resolution:	
Result:	Proposal passed.

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Important	Proposal to the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a
Resolution:	NT\$130 million non-revolving facility.
Result:	Proposal passed.

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#### 2020/11/20 (4<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

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Important	Proposal to conduct a share swap by issuing new shares as the consideration for the assumption of
Resolution:	newly issued shares of TECO Electric and Machinery Co., Ltd.
Result:	Proposal passed.

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#### 2021/01/22 (5<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

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Important	Proposal to evaluate the annual compensation of the CPAs and the independence and suitability
Resolution:	thereof.
Result:	Proposal passed.

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Important	Proposal to approve the loans from the subsidiary to the Company and its other subsidiaries in a
Resolution:	total of US\$682 million and RMB1,127 million.
Result:	Proposal passed.

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Important	The Company intends to acquire additional shares of TECO Electric and Machinery Co., Ltd. for not
Resolution:	more than NT\$1.8 billion.
Result:	Proposal passed.

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Important	Proposal to review managers' performance evaluation as well as bonuses and compensation for
Resolution:	2020.
Result:	Proposal Passed.

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Important	Proposal for the distribution of the performance bonus for Chairman and Vice Chairman for 2020.
Resolution:	
Result:	Proposal Passed.
Recusal:	Yu-Lon Chiao and Patricia Chiao

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#### 2021/02/26 (6<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

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Important	Distribution of remuneration to directors and employees for 2020.
Resolution:	
Result:	Proposal passed.

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Important	Proposal of the 2020 Profit Distribution Table.
Resolution:	
Result:	Proposal passed.

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Important	Proposal of the 2020 Internal Control System Statement.
Resolution:	
Result:	Proposal passed.

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Important	Amendments to the Company's Articles of Incorporation.
Resolution:	
Result:	Proposal passed.

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Important	Amendments to the Company's Shareholder Meeting Regulations.
Resolution:	
Result:	Proposal passed.

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Important	Proposal to lift the non-competition ban for the Company's Directors according to Article 209 of
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Resolution:	the Company Act.
Result:	Proposal passed.
Recusal:	Yu-Lon Chiao and Wei-Shin Ma
Important	Approval for holding the 2021 AGM regularly.
Resolution:	
Result:	Proposal passed.
Important	Proposal to inject a capital of US\$45 million from Walsin Lihwa Holding Co., Ltd. to Walsing International Investment Co., Ltd.
Resolution:	International Investment Co., Ltd.
Result:	Proposal passed.
Important	Proposal to approve the loan of funds by Walsing International Investment Co., Ltd. and to the Company, in a total amount of US\$45 million.
Resolution:	Company, in a total amount of US\$45 million.
Result:	Proposal passed.
Important	The Company intends to issue domestic secured corporate bonds for the purpose of enhancing its medium- and long-term working capital and strengthening its financial structure.
Resolution:	medium- and long-term working capital and strengthening its financial structure.
Result:	Proposal passed.
Important	Walsin Lihwa Holding Co., Ltd., a subsidiary of the Company, proposes to transfer all of its shares of Borrego Solar Systems, Inc. to the Company at fair value, and to reduce its capital by the same amount.
Resolution:	Borrego Solar Systems, Inc. to the Company at fair value, and to reduce its capital by the same amount.
Result:	Proposal passed.
Important	Walsin Specialty Steel Holding Co., Ltd., a subsidiary of the Company, proposes to transfer all of its shares of Walsin Precision Technology Sdn. Bhd., Inc. to the Company at fair value, and to reduce its capital by the same amount.
Resolution:	shares of Walsin Precision Technology Sdn. Bhd., Inc. to the Company at fair value, and to reduce its capital by the same amount.
Result:	Proposal passed.
Important	Jiangying Walsin Steel Cable Co., Ltd., a subsidiary of the Company, proposes to sell all of its real estate to Jiangyin Walsin Specialty Alloy Materials Co., Ltd. at a transaction price of RMB62.57 million.
Resolution:	estate to Jiangyin Walsin Specialty Alloy Materials Co., Ltd. at a transaction price of RMB62.57 million.
Result:	Proposal passed.

- (12) In the most recent year, as of the day the annual report was prepared, directors held different opinions (on record or with written statement) about important resolutions passed at Board meetings and the major contents are: None.
- (13) In the most recent year, as of the day the annual report was prepared, any of Chairman, President, accounting manager, financial manager, internal audit manager, corporate governance manager and R&D manager resigned or was discharged:

As of March 30, 2021

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Chief Audit Executive	Yi-Chen Feng	2013/08/12	2020/04/01	Position Adjustment
Financial Manager	Josh Chia	2019/06/12	2020/08/04	Position Adjustment
Head of Corporate Governance	Sherry Ho	2019/06/12	2021/01/22	Position Adjustment



## 5. Information on CPAs' fees

### (I) CPA fee schedule

Name of CPA firm	CPA name		Period of the Audit	Remarks
Deloitte Touche Tohmatsu Limited	Wen-Ya Hsu	Kuan-Chung Lai	2020/1/1 ~ 2020/12/31	None

Unit: NT\$ thousands

Fee schedule		Item	Audit fees	Non-audit fees	Total
1	Less than 2,000				
2	2,000 (inclusive) ~ 4,000				
3	4,000 (inclusive) ~ 6,000				
4	6,000 (inclusive) ~ 8,000				
5	8,000 (inclusive) ~ 10,000				
6	10,000 (inclusive) and above		14,100	11,151	25,251

### (II) Paying at least one-fourth of non-audit fees to the certifying CPA, the certifying CPA firm and its affiliates:

Unit: NT\$1,000

Name of CPA firm	CPA name	Audit fees	Non-audit fees					CPA audit period	Remarks
			System design	Business registration	Human Resources	Others	Sub-total		
Deloitte Touche Tohmatsu Limited	Wen-Ya Hsu	14,100	7,612	40	-	3,499	11,151	2020/01/01 ~ 2020/12/31	Other non-audit fees: CSR consulting, CSR reports, agreed-upon procedures result reports and public statements
	Kuan-Chung Lai								

(III) Change of CPA firm and the audit fees paid in the year of the change are less than those paid in the previous year: Not applicable.

(IV) Audit fees paid in the current year are at least 10% less than those paid in the previous year: Not applicable.

## 6. Information on the replacement of CPAs:

(I) About the previous CPAs:

Date of replacement	January 10, 2020		
Reason for the replacement and explanation	Organizational changes of Deloitte Touche Tohmatsu Limited		
Explain whether the appointer terminates or CPA refuses to accept appointment	Contracting parties		Appointer
	Situation	Accountants	Appointer
	Voluntarily terminates appointment	Not applicable.	Not applicable.
	Refuses to accept (continued) appointment	Not applicable.	Not applicable.
Signing an audit report other than without reservation in the most recent two years and the reason	In 2019 and 2018 respectively, the CPAs signed an unmodified opinion with other matter paragraph because the opinion expressed by the CPAs adopted the audit report of other CPAs.		
Do they have opinions different from the issuer?	Yes		Accounting principles or practice
			Disclosure in financial statements
			Audit scope or process
			Other
	None	✓	
	Description: None.		
Other disclosures	None.		

(II) About the succeeding CPAs:

Name of CPA firm	Deloitte Touche Tohmatsu Limited
CPA name	Wen-Ya Hsu and Kuan-Chung Lai
Date of appointment	January 10, 2020
Before appointment, any consultations and results that may be reported on the accounting methods or principles on specific transactions	None.
Succeeding CPAs' written opinions that are different from those of the previous CPAs	None.

(III) Previous CPAs' letter in reply: Not applicable.

## 7. Chairman, President, or managers responsible for financial or accounting affairs who worked for the firm to which the certifying CPA belongs or its affiliate in the most recent year: None.

## 8. Transfer and pledge of shares of the directors, managers and shareholders holding more than 10% of the company's shares

(I) Changes to the shares of the directors, managers and shareholders holding more than 10% of the company's shares:

Title	Name	2020		Current fiscal year up to March 30, 2021	
		No. of shares held Increase (decrease)	Shares pledged Increase (decrease)	No. of shares held Increase (decrease)	Shares pledged Increase (decrease)
Chairman	Yu-Lon Chiao	0	(5,000,000)	1,200,000	0
Vice Chairman	Patricia Chiao	0	20,000,000	1,200,000	20,000,000
Director	Yu-Cheng Chiao	0	0	1,152,890	0
Director	Yu-Heng Chiao	2,610,000 (200,000)	(5,000,000)	870,000	0
Director	Hui-Ming Cheng (Note 1)	(270,000)	0	0	0
Director	Andrew Hsia (Note 2)	0	0	0	0
Director	Wei-Shin Ma	0	0	0	0
Director	Chin-Xin Investment Co., Ltd.	10,000,000	0	0	0
	Representative: Tung-Yi Chan (Note 1)	0	0	-	-
	Representative: Pei-Ming Chen (Note 2)	0	0	0	0
Independent Director	Ming-Ling Hsueh	0	0	0	0
Independent Director	King-Ling Du	0	0	0	0
Independent Director	Shiang-Chung Chen	0	0	0	0
Independent Director	Steve Ruey Long Chen (Note 1)	0	0	0	0
Independent Director	Fu-Hsiung Hu (Note 2)	0	0	0	0
President and Senior General Manager of Real Estate BG	Fred Pan	0	0	0	0
Executive Vice President & Vice President of Finance	C.C. Chen	0	0	0	0
President of Insulated Wire & Cable BG	Jin-Renn Leu	0	0	0	0
President of Stainless Steel BG	Kevin Niu	20,000	0	0	0
President of Commodity BG	Josh Chia	0	0	0	0
Head of Corporate Governance	Hueiping Lo (Note 3)	0	0	0	0
Head of Accounting Dept.	Richard Wu	0	0	0	0
Vice President	Steve Ruey Long Chen (Note 3)	0	0	0	0
Senior General Manager of Stainless Steel BU	Tain-Rong Chen (Note 4)	0	0	0	0
Senior General Manager of Copper Wire BU	Witty Liao (Note 4)	0	0	0	0
Chief Information Officer	David Liou (Note 4)	0	0	0	0
Chief of Staff and Head of Human Resources Department	Allen Hsu (Note 4)	0	0	0	0
Head of Corporate Governance	Sherry Ho (Note 5)	0	0	0	0
Shareholders holding over 10% of outstanding shares	None	-	-	-	-

Note 1: Those directors were dismissed due to expiry of their term of office on May 29, 2020, and the change to the shares held by them was calculated until such date.

Note 2: Those directors were newly appointed on May 29, 2020, and the change to the shares held by them was calculated commencing from such date.

Note 3: Ms. Hueiping Lo was newly appointed on January 22, 2021; the change to the shares held by her was calculated commencing from such date.

Note 4: Those officers transferred to other posts effective from April 1, 2020, and the change to the shares held by them was calculated until such date.

Note 5: Ms. Sherry Ho transferred to other post effective from January 22, 2021; the change to the shares held by her was calculated until such date.

(2) Information on change in the number of shares retained:

Name	Reason for Share Transfer	Transaction Date	Counterparty	Relationship between counterparty and the Company, Directors, and shareholders who hold more than 10% of all shares	Number of Shares	Transaction Price
Yu-Heng Chiao	Disposal: Gift	2020/7/29	Zi-Rui Chiao	Son	50,000	13.9
Yu-Heng Chiao	Disposal: Gift	2020/7/29	Zi-Jun Chiao	Son	50,000	13.9
Yu-Heng Chiao	Disposal: Gift	2020/7/29	Zi-Yu Chiao	Son	50,000	13.9
Yu-Heng Chiao	Disposal: Gift	2020/7/29	Zi-Yue Chiao	Son	50,000	13.9

(3) Information on Share Pledges: None



**9. Information on relationships amongst the top ten shareholders and their relationships with spouses or relatives within the second degree of kinship**

As of March 30, 2021

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	247,025,000	7.20%	-	-	-	-	-	-	Note 2
Winbond Electronics Corporation	222,000,000	6.47%	-	-	-	-	Chin-Xin Investment Co., Ltd	Its chairman is the same as the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Representative of Winbond Electronics Corporation : Yu-Cheng Chiao-	40,661,551	1.19%	19,032,428	0.55%	0	0.00%	Chin-Xin Investment Co., Ltd	Its chairman is the same as the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	Second degree of kinship with the chairman of	-

As of March 30, 2021

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
								the said institutional shareholder	
Chin-Xin Investment Co., Ltd	220,011,000	6.41%	-	-	-	-	Winbond Electronics Corporation	Its chairman is the same as the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Representative of Chin-Xin Investment Co., Ltd : Yu-Cheng Chiao	40,661,551	1.19%	19,032,428	0.55%	-	-	Winbond Electronics Corporation	Its chairman is the same as the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-

As of March 30, 2021

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
TECO Electric and Machinery Co., Ltd.	205,332,690	5.98%	-	-	-	-	None	None	-
Huali Investment Co., Ltd.	100,000,000	2.91					Winbond Electronics Corporation	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Huali Investment Co., Ltd. Representative: Yu-Chi Chiao-	51,635,470	1.50%	2,814,471	0.08%			Winbond Electronics Corporation	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Rong Jiang Co., Ltd.	98,294,000	2.86%	-	-	-	-	None	None	-
Patricia Chiao	93,169,006	2.72%					Winbond Electronics Corporation	Its chairman is a second-degree relative of said shareholder	-
							Chin-Xin Investment	Its chairman is a second-degree	-

As of March 30, 2021

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
							Co., Ltd	relative of said shareholder	
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of said shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of said shareholder	-
Yu-Heng Chiao	61,072,197	1.78%	13,065,390	0.38%	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of said shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of said shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of said shareholder	-
							Patricia Chiao	He is a second-degree relative of said shareholder	-
Investment Account of Banque Pictet & CIE SA under the custody of HSBC	56,078,000	1.63%	-	-	-	-	-	-	Note 2
Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	56,072,360	1.63%	-	-	-	-	-	-	Note 2

Note 1: Disclosure of relationship pursuant to rules indicated on the issuer's financial statement.

Note 2: The shareholder was a foreign fund account and inquiries have been made of its representative with relevant information requested: None.



10. The number of shares of the same investee held by the Company, its directors, managers and which the Company controls directly or indirectly, with the aggregate shareholding percentages

As of December 31, 2020; Units: Shares; %

Re-Investment Companies (Note)	Investment by the Company		Investment of directors, managers or enterprises under their direct or indirect control.		Combined Investment	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Walsin Lihwa Holdings Limited	483,230,393	100.00	-	-	483,230,393	100.00
Walsin Specialty Steel Corp.	285,903,187	100.00	-	-	285,903,187	100.00
Ace Result Global Limited	44,739,988	100.00	-	-	44,739,988	100.00
Min Maw Precision Industry Corp.	26,565,000	100.00	-	-	26,565,000	100.00
Chin-Cherng Construction Co.	515,699,455	99.22	-	-	515,699,455	99.22
Hua Tuo Green Resources Co., Ltd.	1,000,000	100.00	-	-	1,000,000	100.00
Walsin Info-Electric Corp.	29,854,246	99.51	-	-	29,854,246	99.51
PT. Walsin Lippo Industries	10,500	70.00	-	-	10,500	70.00
PT. Walsin Lippo Kabel	1,050,000	70.00	-	-	1,050,000	70.00
Joint Success Enterprises Limited	36,058,184	49.05	37,461,816	50.95	73,520,000	100.00
Chin-Xin Investment Co., Ltd	179,468,270	37.00	49,313,317	10.16	228,781,587	47.16
HannStar Color Co. Ltd.	49,831,505	33.97	12,070,677	8.23	61,902,182	42.20
Concord Venture Capital Group	26,670,699	26.67	1,934,486	1.94	28,605,185	28.61
Winbond Electronics Corporation	883,848,423	22.21	363,155,417	9.12	1,247,003,840	31.33
Walton Advanced Engineering, Inc.	109,628,376	21.65	12,970,805	2.56	122,599,181	24.21
Walsin Technology Corporation	88,902,325	18.30	16,659,774	3.43	105,562,099	21.73
Powertec Electronic Chemical Material Corp.	318,522,792	22.46	-	-	318,522,792	22.46
PT. Walsin Nickel Industrial Indonesia	500,000	50.00	-	-	500,000	50.00

Note: Equity method used.

## IV Fundraising Overview

### 1. The Company's Capital and Shares

#### (1) Sources of Share Capital

##### 1. Historical Sources of Share Capital

MM/YY	Issuance Price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Paid with property other than cash	Other
11/02	10	6,500,000,000	65,000,000,000	3,512,976,276	35,129,762,760	Treasury stock capital decreased by 100,000,000 shares	No	Note 1
06/03	10	6,500,000,000	65,000,000,000	3,412,976,276	34,129,762,760	Treasury stock capital decreased by 100,000,000 shares	No	Note 2
11/03	10	6,500,000,000	65,000,000,000	3,366,067,276	33,660,672,760	Treasury stock capital decreased by 46,909,000 shares	No	Note 3
01/04	10	6,500,000,000	65,000,000,000	3,266,067,276	32,660,672,760	Treasury stock capital decreased by 100,000,000 shares	No	Note 4
04/04	10	6,500,000,000	65,000,000,000	3,174,491,276	31,744,912,760	Treasury stock capital decreased by 91,576,000 shares	No	Note 5
07/04	10	6,500,000,000	65,000,000,000	3,078,236,276	30,782,362,760	Treasury stock capital decreased by 96,255,000 shares	No	Note 6
08/04	10	6,500,000,000	65,000,000,000	3,079,012,601	30,790,126,010	Bond conversion entitlement certificates converted to common shares	No	None
05/05	10	6,500,000,000	65,000,000,000	3,006,294,601	30,062,946,010	Treasury stock capital decreased by 72,718,000 shares	No	Note 7
08/05	10	6,500,000,000	65,000,000,000	3,310,913,261	33,109,132,610	Capital increased by earnings recapitalization	No	Note 8
04/06	10	6,500,000,000	65,000,000,000	3,244,314,261	32,443,142,610	Treasury stock capital decreased by 66,599,000 shares	No	Note 9
11/08	10	6,500,000,000	65,000,000,000	3,194,314,261	31,943,142,610	Treasury stock capital decreased by 50,000,000 shares	No	Note 10
02/09	10	6,500,000,000	65,000,000,000	3,179,200,422	31,792,004,220	Treasury stock capital decreased by 27,124,000 shares and overseas convertible bonds converted to 12,010,161 common shares	No	Note 11
09/09	10	6,500,000,000	65,000,000,000	3,119,200,422	31,192,004,220	Treasury stock capital decreased by 60,000,000 shares	No	Note 12
11/09	10	6,500,000,000	65,000,000,000	3,069,200,422	30,692,004,220	Treasury stock capital decreased by 50,000,000 shares	No	Note 13
12/10	10	6,500,000,000	65,000,000,000	3,609,200,422	36,092,004,220	Cash capital increased by 540,000,000 shares	No	Note 14
01/11	10	6,500,000,000	65,000,000,000	3,614,890,804	36,148,908,040	Overseas convertible bonds converted to 5,690,382 shares	No	None
04/11	10	6,500,000,000	65,000,000,000	3,616,000,258	36,160,002,580	Overseas convertible bonds converted to 1,109,454	No	None
06/13	10	6,500,000,000	65,000,000,000	3,576,000,258	35,760,002,580	Treasury stock capital decreased by 40,000,000 shares	No	Note 15
05/15	10	6,500,000,000	65,000,000,000	3,516,000,258	35,160,002,580	Treasury stock capital decreased by 60,000,000 shares	No	Note 16
10/16	10	6,500,000,000	65,000,000,000	3,396,000,258	33,960,002,580	Treasury stock capital decreased by 120,000,000 shares	None	Note 17
06/17	10	6,500,000,000	65,000,000,000	3,366,000,258	33,660,002,580	Treasury stock capital decreased by 30,000,000 shares	None	Note 18
08/18	10	6,500,000,000	65,000,000,000	3,326,000,258	33,260,002,580	Treasury stock capital decreased by 40,000,000 shares	None	Note 19
09/20	10	6,500,000,000	65,000,000,000	3,286,000,258	32,860,002,580	Treasury stock capital decreased by 40,000,000 shares	None	Note 20
12/20	10	6,500,000,000	65,000,000,000	3,226,000,258	32,260,002,580	Treasury stock capital decreased by 60,000,000 shares	None	Note 21
01/11	10	6,500,000,000	65,000,000,000	3,431,332,948	34,313,329,480	Share swap of 205,332,690 shares	None	Note 22



Note 1: Approval letter Tai-Cai-Zheng (3) No. 0910155823, dated 2002.10.16	Note 12: Letter Jin-Guan-Zheng (Jiao) No. 0980027679, dated 2009.06.06
Note 2: Approval letter Tai-Cai-Zheng (3) No. 0920110106, dated 2003.03.25	Note 13: Letter Jin-Guan-Zheng (Jiao) No. 0980050862, dated 2009.09.21
Note 3: Approval letter (2001) Tai-Cai-Zheng (3) No. 101196, dated 2001.02.08	Note 14: Letter Jin-Guan-Zheng (Fa) No. 0990051578, dated 2010.09.28
Note 4: Approval letter Tai-Cai-Zheng (3) No. 0920159026, dated 2003.12.15	Note 15: Letter Jin-Guan-Zheng (Jiao) No. 0990025440, dated 2010.05.12
Note 5: Approval letter Tai-Cai-Zheng (3) No. 0930110000, dated 2004.03.24	Note 16: Letter Jin-Guan-Zheng (Jiao) No. 1050021717, dated 2016.05.27
Note 6: Approval letter Tai-Cai-Zheng (3) No. 0930125152, dated 2004.06.03	Note 17: Letter Jin-Guan-Zheng (Jiao) No. 1050040371, dated 2016.10.03
Note 7: Approval letter Jin-Guan-Zheng (3) No. 0940110778, dated 2005.03.30	Note 18: Letter Jin-Guan-Zheng (Jiao) No. 1030014322, dated 2014.04.17
Note 8: Approval letter Jin-Guan-Zheng (1) No. 0940124111, dated 2005.06.16	Note 19: Letter Jin-Guan-Zheng (Jiao) No. 1040026231, dated 2015.07.08
Note 9: Approval letter Jin-Guan-Zheng (3) No. 0950105881, dated 2006.02.20	Note 20: Letter Jin-Guan-Zheng (Jiao) No. 1090341078, dated 2020.05.05
Note 10: Letter Jin-Guan-Zheng (3) No. 09700511511, dated 2008.09.24	Note 21: Letter Jin-Guan-Zheng (Jiao) No. 1090359858, dated 2020.09.29
Note 11: Letter Jin-Guan-Zheng (3) No. 0970065169, dated 2008.11.28	Note 22: Letter Jin-Guan-Zheng (Fa) No. 1090377120, dated 2015.07.08

## 2. Types of Shares

As of March 30, 2021

Types of Shares	Authorized Capital			Remarks
	Shares Issued and Outstanding (Note 1)	Unissued Shares	Total	
Common Shares	3,431,332,948	3,068,667,052	6,500,000,000	(Note 2)

Note 1: Publicly-traded shares.

Note 2: The Company's capital includes NT\$8,000,000,000 for the issuance of share warrants, corporate bonds with share warrants or preferred shares with share warrants, up to eight hundred million shares at a par value of NT\$10 per share, which may be issued in separate tranches.

## 3. Information on Shelf Registration: None.

### (2) Shareholder Structure

As of March 30, 2021

Shareholders Numbers	Government Institutions	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Individuals	Total
Number	3	42	280	151,842	326	152,493
No. of Shares Held	8,954,054	41,670,274	1,133,616,187	1,450,894,709	796,197,724	3,431,332,948
Shareholding	0.26%	1.22%	33.04%	42.28%	23.20%	100%

Note 1: Ratio of shares held by investors in China: 0%.

## (3) Distribution of Shareholders

## 1. Distribution of Common Shares:

As of March 30, 2021

Shareholding	Number of shareholders	Shares Held (Note)	Shareholding
1 to 999	62,393	14,230,173	0.42%
1,000 to 5,000	59,379	136,015,083	3.96%
5,001 to 10,000	14,714	113,574,624	3.31%
10,001 to 15,000	4,959	62,456,463	1.82%
15,001 to 20,000	3,326	61,481,493	1.79%
20,001 to 30,000	2,750	69,786,078	2.03%
30,001 to 50,000	2,100	83,963,747	2.45%
50,001 to 100,000	1,559	113,533,399	3.31%
100,001 to 200,000	664	95,285,539	2.78%
200,001 to 400,000	319	87,020,543	2.54%
400,001 to 600,000	80	39,937,202	1.16%
600,001 to 800,000	42	29,207,765	0.85%
800,001 to 1,000,000	25	22,353,513	0.65%
1,000,001 and more	183	2,502,487,326	72.93%
Total	152,493	3,431,332,948	100%

## 2. Distribution of Preferred Shares: None.

## (4) List of Major Shareholders

As of March 30, 2021

Major Shareholders	Shares	Number of Shares Held	Shareholding (Note)
LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.		247,025,000	7.20%
Winbond Electronics Corporation		222,000,000	6.47%
Chin-Xin Investment Co., Ltd		220,011,000	6.41%
TECO Electric and Machinery Co., Ltd.		205,332,690	5.98%
Huali Investment Corp.		100,000,000	2.91%
Rong Jiang Co., Ltd.		98,294,000	2.86%
Patricia Chiao		93,169,006	2.72%
Yu-Heng Chiao		61,072,197	1.78%
Investment Account of Banque Pictet & CIE SA under the custody of HSBC		56,078,000	1.63%
Norges Bank Investment Fund under the custody of Citibank, Taipei Branch		56,072,360	1.63%

(5) Stock Price, Net Value, Earnings, Dividends and Related Information for the Past Two Years

Item		Year		
		2019	2020	Current Year up to March 30, 2021
Share Price (Note 1)	High	18.60	22.60	19.45
	Low	13.15	10.45	16.30
	Average	16.14	16.18	18.20
Net Value per Share (Note 2)	Basic	23.27	26.18	-
	Diluted	22.77	25.23	-
Earnings per Share	Weighted average shares	3,326,000,258	3,276,127,526	-
	Earnings per share	0.95	2.04	-
Dividend per Share	Cash dividend (Note 3)	0.50	0.90	-
	Stock Dividend	-	-	-
		-	-	-
	Accumulated unpaid dividend (Note 4)	-	-	-
Return Analysis	Price-earnings ratio (Note 5)	16.51	7.50	-
	Price-dividend ratio (Note 6)	31.36	16.99	-
	Cash dividend yield (Note 7)	0.03	0.06	-

\* If shares are distributed in connection with a capital increase out of earnings or capital reserves, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: The highest and lowest share prices for each year are provided, with the average price for the year computed based on each year's transaction amount and volume.

Note 2: Use the number of the outstanding issued shares at year's end and the distribution passed at the following year's shareholders' meeting to fill in.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.

Note 5: Price-earnings ratio = Average per share closing price for the year / earnings per share.

Note 6: Price-dividend ratio = Average per share closing price for the year / cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / average per share closing price for the year.

(6) Dividend Policy and Implementation Status

1. Dividends Policy Specified in the Company's Articles of Association

The Company has a variety of products in different stages of development. In order to promote sustainable development of the Company, the Company's dividend issuance policy is based on the Company's future plans, industry environment, cash-flow requirements, financial structure and profit status. Dividends will be issued on a conservative, sustainable basis. The Company shall reserve no lesser than 40% of the balance amount as shareholder's profit after offsetting its loss and tax payment in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

2. Dividends Distribution to be Proposed to the Shareholders' Meeting

According to the decision of the Company's 6<sup>th</sup> board meeting of the 19<sup>th</sup> term, cash dividends issued to shareholders in 2020 shall be NT\$3,088,199,653, averaging NT\$0.9 per share (which is calculated based on the Company's 3,431,332,948 issued and outstanding common shares).

This dividend issuance is approved by the 2021 AGM, which authorized the chairman of the board to determine the ex-dividend date and other details. In the future, if the Company repurchases shares, thereby influencing the amount of outstanding shares and changing the distributable cash dividend per share, it is

proposed that the shareholders meeting authorize the chairman of the board to adjust the number of outstanding stocks on the ex-dividend date.

The smallest unit of the cash dividend is NT\$1. Amounts smaller than NT\$1 will be rounded down; the Company will credit them as other income.

3. Explanation regarding expected major changes to dividend policy:

In order to ensure the stability of the Company's financial structure and the principle of equity for the Company's dividend policy, Paragraph 1 of Article 28-1 of the Company's Articles of Incorporation has been amended as follows in accordance with the letter issued by the Financial Supervisory Commission dated March 31, 2021 (Ref. No. Jin-Guan-Zheng-Fa-Zi-1090150022):

The share dividend policy of the Company should be stable for the purpose of sustainable operation and development. In case of any earnings on the final account, the Company shall allot as shareholder dividends no lesser than 40% of the balance of such earnings after offsetting its loss, paying income tax, setting aside the legal reserve, and setting aside the special reserve as adjusted based on the net decrease in other shareholders' equity as stipulated in Article 28 hereof. Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

To ensure the stability of the financial structure, and based on the principle of equitable dividend payout, if the Company has no earnings to distribute or has earnings but the amount of earnings is significantly less than the actual earnings distributed previously, the Company may distribute all or part of the reserves or the undistributed earnings in the previous period. If there is a non-recurring, material income in the Company's earnings for the year, all or a part of such income may be retained without being subject to the percentage limitation set forth in Paragraph 1 hereof.

(7) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share: Not applicable.

(8) Compensation for employees and directors:

1. The Company's Articles of Incorporation includes the amount and coverage of compensation for employees and directors

Article 25-1:

If the Company turns a profit in a year, no less than 1% of the profit should be distributed to its employees as compensation and no more than 1% to directors as compensation. The actual amount should be determined by a board meeting where no less than two-thirds of the directors are present and more than half of the directors present votes to approve the suggested amounts. The amounts should be reported to the shareholders meeting. However, if the Company still has accumulated deficit from previous terms, it should first reserve the amount needed to settle the outstanding balance.

Employee bonuses may be distributed by way of stock or cash dividends and the Company may issue bonuses to employees of parents or subsidiaries of the Company that meets the conditions set by the board of directors. The board of directors shall be authorized to determine the method of distribution.

The qualification requirements of or the distribution rules for the employees who are entitled to the treasury stock transferred, the employee warrants issued, subscription for new shares issued, and the restricted stock awards issued by the Company, including the employees of parents or subsidiaries of the company meeting certain specific requirements, shall be formulated by the board of directors as authorized.

2. Basis for estimates of compensations for employees and directors for this term, basis for calculating employee stock compensation and accounting procedures for when there is a discrepancy between the estimated and actual amount

(1) Basis for estimates of compensations for employees and directors for this term: Estimated by ratio of the pre-tax income as determined by the Articles of Incorporation.

(2) Basis for calculating employee stock compensation: Not applicable.

(3) Accounting procedures for when there is a discrepancy between the estimated and actual amount: Please find relevant accounting procedures in "Financial Overview: 4. Financial report of the most recent year 24 NET PROFIT (LOSS) FROM CONTINUING OPERATIONS" of this annual report for further explanation.

3. Information regarding board of directors' approval of employee compensation



- (1) Amount to be paid in the form of cash and stocks to employees and directors: The board has approved NT\$68,500,000 to be paid in cash to employees and NT\$34,050,000 to directors for 2020.
  - (2) Difference from estimated amount, reason and actions required: No difference.
  - (3) The amount of employee compensation in the form of stock and its percentage of the Company's after-tax income (as reported in the financial statement of this term) and total employee compensation: Not applicable.
4. Actual payment status (including stocks, cash and stock price) for employee and director compensation from the previous year; discrepancies (if any) between the actual payment and estimated amount, as well as the reasons for and actions required by the discrepancies
- (1) Cash and stock compensation for employees; compensation amount for directors: for 2019, the Company issued NT\$48,500,000 to employees and NT\$21,000,000 to directors.
  - (2) Differences between the estimated amount of compensation for employees and directors, as well as the reasons for and actions required by the discrepancies: No differences.
  - (3) Please find relevant accounting procedures in "Financial Overview: 4. Financial report of the most recent year 24 Profits from Continuing Operating Units" of this annual report for further explanation.
- (9) Share Repurchases:
- 1. Those having been executed:

No.	24 <sup>th</sup>	25 <sup>th</sup>
Purpose of Repurchase	Protecting the Company's Credit and Shareholders' Rights and Interests	Protecting the Company's Credit and Shareholders' Rights and Interests
Repurchase Period	April 13, 2020 to June 12, 2020 (Actual: April 13, 2020 to April 23, 2020)	August 5, 2020 to October 4, 2020 (Actual: August 5, 2020 to September 22, 2020)
Range of Repurchase Prices	NT\$10.5 to NT\$16.5 per share	NT\$11.5 to NT\$17.5 per share
Type and No. of Shares Repurchased	40,000,000 shares of common stock	60,000,000 shares of common stock
Amount of Repurchased Shares	NT\$518,191,997	NT\$981,916,409
Ratio of the Number of Repurchased Shares to the Number of Scheduled Repurchased Shares	100%	100%
No. of Shares Cancelled and Transferred	40,000,000 shares of common stock	60,000,000 shares of common stock
Cumulative Number of Shares Held by the Company	0	0
Ratio of the Cumulative Number of Shares Held by the Company to the Total Number of Shares in Issue	0	0

2. Those being executed: None.

**2. Issuance of Corporate Bonds: None.****3. Issuance of Preferred Shares: None.****4. Issuance of Global Depositary Receipts (GDRs)**

Item	Date of Issuance		
	October 3, 1995	November 9, 2010	
Place of issue and trading	Issued globally and traded on the Luxembourg Stock Exchange, Portal and London Stock Exchange		
Total amount	US\$121,800,000	US\$290,313,085	
Offer price per unit	US\$12.18	US\$5.38	
Total units issued	10,000,000 units	53,961,540 units	
Source of underlying security	Issuance of new common shares for cash capital increase	Issuance of new common shares for cash capital increase	
Underlying security	Common stocks: 100,000,000 shares	Common stocks: 539,615,400 shares	
Rights and obligations of depositary receipt holder	Conducted in accordance with the laws of the Republic of China and with the provisions of the Depositary Agreement. Refer to the Covenants of Depositary Agreement for the key terms and conditions.		
Trustee	None	None	
Depositary institution:	Deutsche Bank	Citibank	
Custodial bank	Mega International Commercial Bank	Citibank (Taiwan)	
Balance outstanding	2,224 units of global depositary receipts and 22,248 shares of securities represented.		
Distribution of fees incurred from issuance and the outstanding period of the GDRs	1. Issuance fees: The issuing company will be responsible for the entirety of this fee. 2. Fees during outstanding period: The issuing company will be responsible for this fee.		
Covenants of Depositary Agreement and Custodial Agreement	Omitted		
Market price per unit (Unit: US\$)	2020	High	7.37
		Low	3.60
		Average	5.17
	Current year as of March 30, 2021	High	6.93
		Low	5.87
		Average	6.43

**5. Exercise of Employee Stock Option Plan (ESOP): None.****6. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies:**





- (a) If the Company has completed any merger or acquisition or assumed new shares issued by other companies in the most recent year and up to the date of this annual report, the following should be disclosed:

The following is the assessment opinion of Yuanta Securities Co., Ltd., the lead securities underwriter, for the most recent quarter: Walsin Lihwa Corporation ("Walsin") issued new shares to acquire the newly issued common shares of TECO Electric and Machinery Co., Ltd. ("TECO") in 2020. This share swap has been reported to the Financial Supervisory Commission via the letter (Ref. No. Jing-Guan-Zheng-Fa-Zi-1090377120) dated December 16, 2020, and the change of corporate registration was completed on January 14, 2021, with January 6, 2021 as the record date for the share swap. In accordance with Subparagraph 8, Paragraph 1, Article 9 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, Walsin requested us, the lead securities underwriter, to issue an opinion on the impact of the issuance of new shares as the consideration of the assumption of shares of TECO on the finance, business and shareholders' equity of Walsin as of the first quarter of 2021.

**1. Impact on the issuer's business**

Among the core businesses of Walsin, the wire and cable business includes copper wires, power cables, communication cables and stainless steel materials produced by it are widely used in power transmission, telecommunication networks, transportation, industrial production and other infrastructure projects, while TECO's main businesses are various types of machinery and equipment, power generation and distribution machinery and electrical appliances for use in server rooms, renewable energy (including offshore wind power) and energy storage, integrated development projects, public works and transportation projects, medical biotechnology and factories. Both parties have their own niche and market segmentation in terms of product categories and sales channels. This strategic cooperation will not only cultivate the professional fields of both parties, but also enable the integration of group resources and cross-marketing to achieve complementary effects in customer marketing and product lines, provide more diversified and complete products and services to customers of both parties, enhance the market presence and brand value of both parties, and strive for more cooperation opportunities with major global manufacturers to improve overall competitiveness. Overall, the share swap will help enhance the business of both parties, and the various benefits are expected to lead to a good performance for both parties after the share swap.

**2. Impact on the issuer's finance**

The assumption of TECO's shares through the issuance of new shares by Walsin is intended to seek a long-term and stable partnership through mutual investment. It is expected that this alliance will combine the expertise of both parties through their long-standing experience in technology and understanding of the market, and provide integration of existing R&D resources to avoid excessive learning costs. By jointly using and sharing development resources and combining the strengths of both companies, they will be able to expand the market and enhance their overall operating performance and profitability. In addition, due to TECO's good operations and profitability, Walsin may receive dividend income by acquiring its equity interest through the share swap. Therefore, this share swap alliance should have positive financial benefits to Walsin.

**3. Impact on the issuer's shareholders' equity**

The strategic alliance between Walsin and TECO is a share swap to establish a close partnership, rather than a merger or acquisition, and they may still retain their respective areas of expertise so that they may continue to cultivate their vertical markets. In addition, with the complementary sharing of marketing resources and full cooperation, they will integrate the resources of each other's enterprises to give full play to the complementary effect of customer marketing and product lines and increase the economic scale benefits, which will expand the scale of their operation and enhance their overall operational

performance, strengthen the competitiveness of their industries, and create positive value for their shareholders. Overall, it is expected that this share swap will help to enhance the operations and profitability of both parties and create maximum corporate value for their shareholders, which should be conducive to creating competitive advantages for both parties and enhancing their shareholders' equity in the future.

#### **4. Whether the benefits of the assumption of shares are apparent**

The strategic alliance between Walsin and TECO is a share swap to establish a close partnership, and they may still retain their respective areas of expertise so that they may continue to cultivate their vertical markets. In addition, with the complementary sharing of marketing resources and full cooperation, they will integrate the resources of each other's enterprises to give full play to the complementary effect of customer marketing and product lines and increase the economic scale benefits, which should be conducive to their overall operational performance and profitability. The benefits of this share swap will gradually be realized as a result.

- (b) If the Board of Directors has resolved to issue new shares through merger, acquisition or assumption of shares of other companies in the most recent year and up to the date of this annual report, the implementation status and basic information of the merged or assumed companies should be disclosed.

#### **1. The implementation status of the issuance of new shares through merger or assumption of shares of other companies as resolved by the Board of Directors in the most recent year up to the date of this annual report**

The Company's assumption of new shares issued by TECO Electric and Machinery Co., Ltd. has been passed by resolution of the directors of the Company and TECO on November 20, 2020. On the record date for the share swap, January 6, 2021, the Company carried out a capital increase by issuing 205,332,690 shares of common stock with a par value of NT\$10 per share for a total amount of NT\$2,053,326,900 in exchange for 171,103,730 shares of common stock newly issued by TECO. The share swap ratio of 1 share of the Company's common stock for 0.8333 share of TECO's common stock was calculated by reference to the due diligence report, the evaluation of the share swap ratio and the reasonable opinion of the CPAs provided by the professional advisors of both parties, and based on the financial information such as market prices, net worth and profitability of both companies.

## 2. Basic Information of Company Whose Shares Have Been Assumed

Unit: NT\$

Company Name		TECO Electric and Machinery Co., Ltd.
Company Address		5F., No. 19-9, Sanchong Rd., Nangang Dist., Taipei City
Responsible Person		Sophia Chwen-Jy Chiu
Paid-In Capital		21,387,966
Major Business Items		Production, sales and installation of various electrical, transportation, industrial, refrigeration and air conditioning, electronics and business equipment and their accessories
Major Products		Electrical and mechanical products, automation and intelligent system products, home appliances and air conditioning products, power engineering and equipment, and others
Financial Data of the Most Recent Year	Total Assets	105,679,071,000
	Total Liabilities	38,053,839,000
	Total Shareholders' Equity	67,625,232,000
	Operating Income	45,823,430,000
	Gross Profit	10,756,093,000
	Operating Income	3,534,057,000
	Profit or Loss for the Period	3,811,648,000
	Earnings per Share	1.81

## 7. Implementation of capital allocation plan: None.

## V. Business Overview

### 1. Business activities

#### (1) Scope of Business

##### 1. Primary business content, primary products and revenue ratio.

Business unit	Business activities	Products	Revenue Ratio	
			The Company and its merged subsidiaries	
			Amount (NT\$ million)	%
Wire and cables	Manufacture and sale of bare copper wire, various electrical wires, cables and related connection materials and accessories, as well as the contracting and execution of high-voltage cable engineering.	Bare copper strips, copper stranded wires, copper cables, power cables, high-voltage connectors and their accessories and telecommunication copper/ optical fiber cables and industry power cables.	41,379	36.8
Stainless steel	Forging, processing and selling of stainless steel and nickel pipe.	Billets, slabs, hot-rolled plates/coils, cold-rolled coils, wire rods, hot-rolled bars, cold-finished bars, steel ingot, pierced billets, stainless steel foil and strands	46,031	40.9
Commercial real estate business	Real estate	Parking space sales, commercial leasing, residential housing and office buildings sales	7,100	6.3
Others	Solar engineering etc.		18,037	16.0

##### 2. New products under development

Business unit	New products under development
Wire and cables	<ol style="list-style-type: none"> <li>(1) Composite cable for large machinery</li> <li>(2) Cable monitoring and supervisory control and data acquisition (DTS)</li> <li>(3) Cables for offshore wind turbines</li> <li>(4) Industrial wire harnesses</li> <li>(5) Wire harnesses for new energy vehicles and power supplement systems</li> </ol>
Stainless steel	<ol style="list-style-type: none"> <li>(1) Expand the development of high-strength stainless steel supply types, sizes, conditions and product types: Precipitation hardening type, Austenitic iron series, martensite iron series, duplex type</li> <li>(2) High-performance stainless steel for automotive components with high heat resistance, wear resistance, free-machining and soft magnetic properties</li> <li>(3) High-strength and wear-resistant Martensitic stainless steel for machinery and equipment</li> <li>(4) High-performance stainless steel with free-machining, corrosion resistance and high-definition cleanliness for computer, communications, and consumer-electronics products</li> <li>(5) High heat-resistant Austenitic stainless steel for industrial high-temperature conveying equipment</li> </ol>



## (2) Industry overview

### 1. The current status and development of the industry

#### (1) Wire and Cable Business

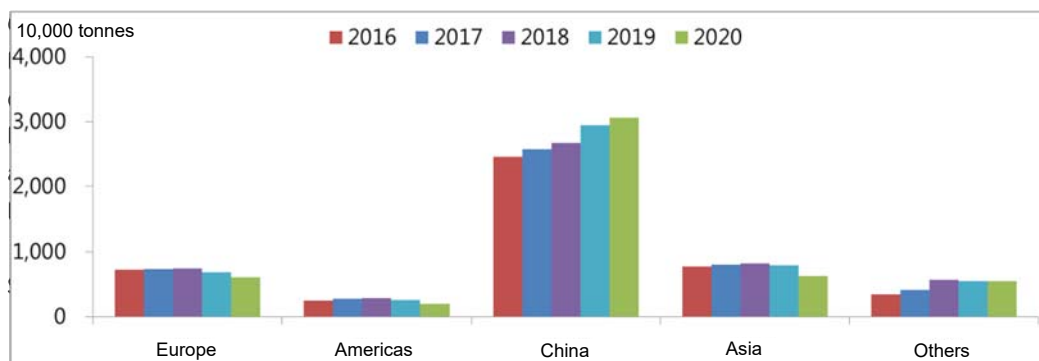
According to forecast report issued by the International Copper Study Group (ICSG), global copper production in 2020 was 20.45 million tonnes, a decrease of 1.5% from the previous year, mainly due to the closure of most of the mining sites caused by the COVID-19 pandemic, especially in Peru. In 2020, refined copper production was 24.43 million tonnes, up by 1.6% from the previous year, while consumption was 24.49 million tonnes, up by 0.2% from the previous year, with a supply and demand gap of 60,000 tonnes, down 330,000 tonnes from the previous year. Overall, demand is likely to recover.

China is the world's largest consumer of copper and its annual copper rod sales have been increasing year over year. According to the statistics from International Wrought Copper Council (IWCC), the annual sales volume in China in 2020 was similar to that in 2019, reaching 8.29 million tonnes. Annual copper rod sales in Taiwan have not fluctuated significantly over the past four years, with annual sales of approximately 360,000 tonnes of copper rod in 2020.

The market structure of Taiwan's wire and cable industry is mainly domestic sales, supplemented by foreign sales. According to the Department of Statistics of the Ministry of Economic Affairs, Taiwan's wire and cable production in 2020 was 229,000 tons, an increase of 15.7% over the previous year, of which domestic production was approximately 212,000 tons, an increase of 10.7% over the previous year. The Taiwan market benefited from a trio of returning Taiwanese businesses, local enterprises and foreign investors, with private investment reaching a new high. The Action Plan to Welcome Taiwan Businesses Back to Invest in Taiwan has attracted 209 companies, and by the end of 2020, Taiwan businesses had invested NT\$472.5 billion in Taiwan. With the Taiwanese government's active promotion of renewable energy policy, major global players in the renewable energy industry are actively participating in Taiwan's renewable energy construction, which has driven the demand for plant expansion and an increase in the number of residential, commercial and public constructions cases, resulting in a rebound in market demand.

#### (2) Stainless Steel Business

International Stainless Steel Forum (ISSF) announced that the global stainless steel (crude steel) output in 2020 was 50.89 million metric tons, a year-on-year decrease of 3%. It is mainly because the global supply experienced a negative growth due to COVID-19. The largest area of production was China, and the output of stainless steel (crude steel) reached 30.14 million metric tons, an increase of 3% compared with 2019. The output of Asia (excluding China), Europe and the Americas were 6.43, 6.32 and 2.14 million metric tons respectively, which increased by 18%, 7% and 17% respectively compared with 2019.



Stainless Steel Production by Regions (Source: ISSF; Unit: 1,000 metric tons)

In terms of the structure of stainless steel products, the output of plate products in 2020 was 37.27 million metric tons, accounting for 84% of the total output, and the output of long steel products was 7.33 million metric tons, accounting for 16% of the total output. Among the long steel products, the output of straight bars, wire rods and small steel embryos were 2.99, 2.47, and 1.77 million metric tons respectively, accounting for 42%, 34%, and 24% of the output of the long products respectively. About 48% of the end-use applications of long steel products are used for industrial production (such as machined parts), 22% for industrial production (e.g. machined parts), 16% for consumer durable goods and 12% for transportation. The top five long-strip stainless steel companies around the world by output are Tsingshan, Walsin Lihwa, S+B, Viraj and Nippon Steel. (The above output figures are estimated by Walsin.)

The increase in production capacity in recent years has been concentrated in China and Indonesia, led by the world's largest steel plant, Tsingshan Group, with an annual production capacity of over 10 million metric tons, followed by Baowu Steel Group (5 million metric tons), Jiangsu Delong, and Beihai Chengde (million metric tons), which are actively expanding their factories.

Benefiting from its cost advantage thanks to RKEF integration, Tsingshan Group's low-cost production marched into the market; Jiangsu Delong built a nickel iron plant in Indonesia and transports the raw materials back to mainland China at lower costs to increase production in China; Baowu Steel Group entered the Indonesian nickel iron market, and the stainless steel capacity project is now under construction; Beihai Chengde takes the advantage of its own nickel iron production capacity and cooperates with the Philippine nickel miners; therefore, there are three major competition areas in the northern, central and southern parts of China.

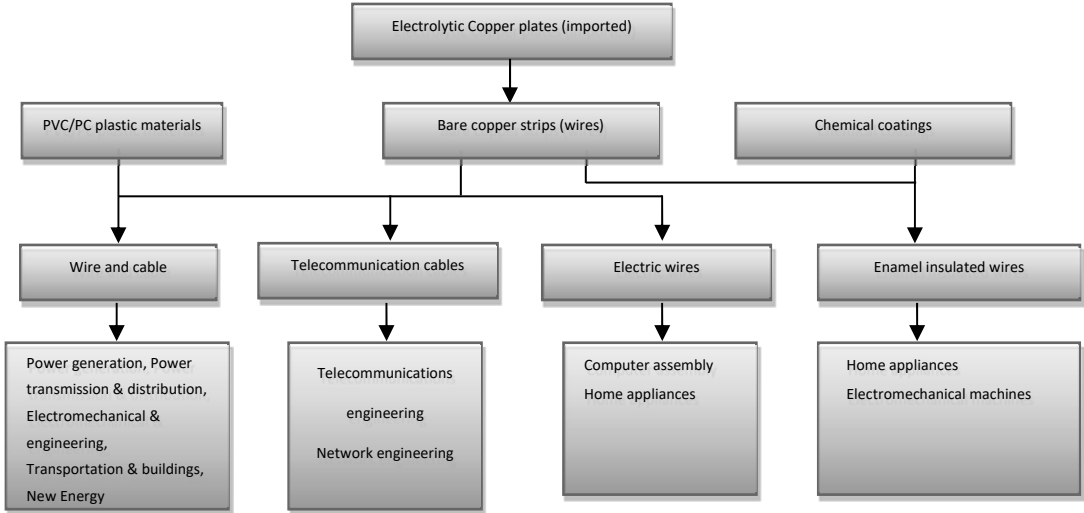
### (3) Commercial Real Estate Business

In 2020, the total commercial residential sales area in Nanjing exceeded 10.26 million square meters again, a year-on-year increase of over 6%, following the high level in 2018, and the average transaction price was RMB25,842 per square meter, an increase of 5% compared to last year. While the Chinese government's severe regulation that lasted for more than four years stifled the transaction prices of new residential properties, the actual transaction prices of popular properties in the core area were raised in 2020 through the addition of renovation packages (which did not count in the price statistics), thereby increasing the profits of developers. The monetary easing policy and the further concentration of population in central cities have also boosted active transactions in the real estate market.

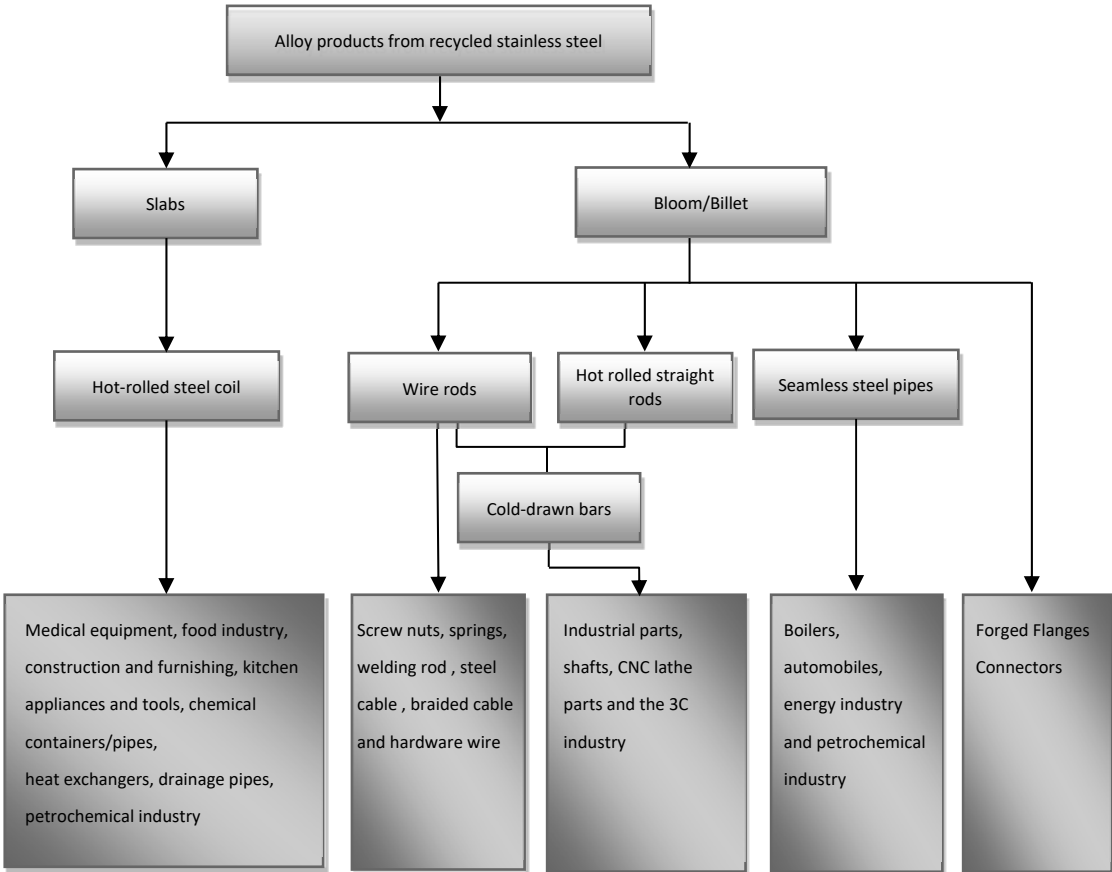


2. Relationships with suppliers in the industry's supply chain:

(1) Wire and Cable Business



(2) Stainless Steel Business



### 3. Product development trends and competition

#### (1) Wire and Cable Business

**Development Trends:** Under the global trend of energy saving, carbon reduction and environmental protection, Taiwan's energy policy is currently oriented towards "increasing natural gas power generation and expanding renewable energy sources", and the government has announced the promotion of the "Renewable Energy Technology Industry Innovation Program" in order to drive the renewable energy technology and industry in Taiwan. In response to the demand for capital for renewable power and environmental protection investment, Taipower has increased the size of its issue of corporate bonds year by year, and the bonds it issued in 2020 reached a record high of NT\$84.1 billion. In this context, the demand for power cables is increasing, and the cable industry started to develop cables and related products and services required by the renewable energy industry.

**Market Competition:** The demand for plant expansion is driven by the return of Taiwanese businesses, and the large volume of residential, commercial and public constructions projects, coupled with the government's active promotion of renewable energy policies, has increased demand, but overall capacity is still suffering from oversupply and competition is still fierce.

#### (2) Stainless Steel Business

**Development Trends:** Emphasis on the development of customized steel types, the development of high-quality, high-priced and high-margin products and precision and special steel types (for the application side), strengthening the development of the transportation, automotive engine and energy industry (for the industry side), with a focus on meeting customer demand for our products, jointly developing new products and applications, and improving customer adhesion.

**Market Competition:** The global demand for stainless steel is slowing down, but China and Indonesia is expanding their production lines, resulting in low-cost supply of stainless steel and overcapacity due to increased competition, which firstly affects the profit margin of middle and low-end general-purpose steel grades. Steel makers are eliminating the weak and leaving the strong, or actively changing their operation mode to focus on niche industrial applications with high certification threshold to add value to their products through end-use differentiation.

#### (3) Commercial Real Estate Business

**Development Trends:** For real estate in Nanjing, developments mainly tend to center around urban areas, are large scale and are no longer retail-based. Residential and commercial products have become the mainstream of urban center development. Developers place more value on experiential and interactive products. Demand for department stores and retail stores keeps weakening, while dining, entertainment and recreation increasingly dominate consumer spending. In terms of residential development, the high-end market is becoming main trend. This trend has been unchanging for the recent years.

**Market Competition:** The urban center is a hot spot for the housing markets. Land supply is scarce and projects are few in number. The real estate industry is also centered on development enterprises with low gearing and abundant cash flow. In 2020, state-owned funds have become an important source of investment for local project developments, and the market becomes balanced, active and more orderly.





(3) Overview of Technology and R&D

1. R&D Expenses and Results

R&D Expenses		From Jan. 1, 2020 to March 30, 2021, the R&D expenses were around NT\$ 170 million.
R&D Profile	Wire and cables	<p>(1) Wires used in large-machinery and renewable-energy industries: continue technical development and innovation.</p> <p>(2) Accelerate the development of key cable materials and environmentally friendly cable materials.</p> <p>(3) Continue to create core technologies in flexible cable and rubber, co-develop related products and global markets with our international strategic partners.</p> <p>(4) Co-develop advanced material technologies and harness units of ultra-high power electric energy supplement system.</p>
	Stainless steel	<p>(1) Expand the development of high-strength stainless steel materials, size, condition and product type:</p> <ul style="list-style-type: none"> <li>-Development of precipitation hardening type bloom, improvement of product specifications, development of different aging conditions and shaped bars</li> <li>-Development of large bars of Austenitic iron series and improvement of product specifications; QT process of martensite iron series with corrosion resistance</li> <li>- Free-machining precipitation hardening type; corrosion-resistant martensite iron for construction fasteners</li> <li>-Duplex type with excellent corrosion resistance</li> </ul> <p>(2) Accelerate the development of high performance stainless steel for automotive parts and components.</p> <ul style="list-style-type: none"> <li>-High-strength heat resistance for engine fasteners; high strength wear resistance for engine pistons</li> <li>-Excellent free-machining performance for throttles; high-strength corrosion resistance for oil supply system; excellent free-machining and soft magnetic properties</li> </ul> <p>(3) Actively invest in the development of high-strength and wear-resistant martensite iron stainless steel for machinery and equipment:</p> <ul style="list-style-type: none"> <li>-Materials for machine tools, bearings for automation equipment, linear rails... etc.</li> </ul> <p>(4) Continue to develop high-performance stainless steel for computer, communications, and consumer electronics products:</p> <ul style="list-style-type: none"> <li>-Both free-machining and corrosion resistance ferrite iron series; high-definition Austenitic iron series</li> </ul> <p>(5) Combine the middle and downstream industrial chains to enhance industrial value and replace high-performance imported materials development and service programs:</p> <ul style="list-style-type: none"> <li>-Development of austenitic stainless steel with excellent heat resistance for high temperature transmission network cables</li> </ul>

## 2. Present and future R&amp;D projects, as well as the estimated R&amp;D investment expenditure

Business unit	Plan for the most recent year	Current progress	Mass production completion time	Main reasons that future development will succeed
Wire and cables	We plan to invest NT\$50,000,000 for R&D, including:			
	Lightweight research and development plan for large machine cable products	(1) Established verification methodology (2) Developed chemical materials	2021	Understanding the choices on product-application parameters; improving structural design of flexible cables through testing data; improving development and manufacture of core raw materials.
	Development of offshore wind power cable	(1) Product design meets the needs of the wind turbine system manufacturers (2) For HV cable, connector assembly and testing specifications are established	2021	(1) It is the only one with complete development and testing capacity of dynamic cable in Taiwan. (2) Having the ability of independent development and verification of materials.
	Large-machinery cable lifespan simulation verification project	(1) Developed and designed the cable (2) Certified development of materials	2022	(1) It is the only one with complete development and testing capacity of dynamic cable in Taiwan. (2) Having the ability of independent development and verification of materials.
Stainless steel	We plan to invest NT\$56,000,000 in R&D, including:			
	Big BLOOM development, product specifications improvement	Trial production stage	Q3, 2021	Continuous casting parameter setting, hot-rolling process parameter setting
	Development of different aging states and different product shapes (shaped rods) of martensite iron stainless steel	Trial production/mass production improvement stage	Q2, 2021	heat treatment parameter setting, mold design, cold drawing parameter setting
	Development of high corrosion resistant duplex stainless steel	mass production improvement stage	Q2, 2021	Cooperation between continuous rolling mill and roughing mill
	Self-refining, development and production by iron-nickel-based superalloy stainless steel plant	Trial production stage	Q4, 2021	Continuous casting parameter setting, hot-rolling process parameter setting
	Development of stainless steel for high FD electrode	Trial production stage	Q2, 2021	Hot-rolling process parameter setting and heat treatment parameter settings
	Development of heat-resistant stainless steel	Trial production/mass production improvement stage	Q2, 2021	Alloy design, pickling process setting



Business unit	Plan for the most recent year	Current progress	Mass production completion time	Main reasons that future development will succeed
	Development of QT process for high strength martensite iron stainless steel	Trial production/mass production improvement stage	Q1, 2021	Heat treatment parameter setting, equipment capacity improvement
	Development of free-machining ferritic iron stainless steel	Trial/mass production improvement stage	Q3, 2021	Alloy design, continuous casting parameter settings, hot-rolling process parameter settings, heat treatment parameter settings and product turnability research.
	Development of high-strength and wear-resistant martensite iron stainless steel	Trial/mass production improvement stage	Q3, 2021	Hot-rolling process parameter settings and heat treatment parameter settings
	Nickel-based alloy development	Trial production stage	Q3, 2021	Hot rolling path parameter setting, heat treatment parameter setting
	Development of soft magnetic stainless steel for automobiles	Trial production stage	Q4, 2021	Alloy design, heat treatment parameter setting, cold drawing process design
	Stainless steel development of automobile throttle valve	Trial production stage	Q4, 2021	Heat treatment parameter setting, cold drawing process design
	Development of stainless steel for automobile fuel supply system	Trial production stage	Q4, 2020	Alloy design, heat treatment parameter setting, cold drawing process design

#### (4) Business Plan – Long-term and Short-term

##### 1. Wire and Cable Business

**Short-Term:** Fully grasping customer demand, improving our standards for our products and services to gain market presence, and enhancing customer satisfaction with product prices, quality, delivery schedule and services in order to become a leading brand in the industry in Taiwan. In view of the construction of solar power plants, the high market share of solar cables is expected to be maintained. In compliance with the government's requirements for the domestic production of core components for offshore wind power plants, the Company aims to become a qualified supplier in the international offshore wind turbine industry chain. Large machinery cable is actively developed through after-sales markets and import substitution. In response to the government's Renewable Energy Technology Industry Innovation Promotion Program, we are developing wiring harnesses for new energy vehicle cables and power replenishment systems.

**Long-Term:** We will seize the development opportunities brought by the global smart grid, smart manufacturing, smart building and new energy industries. We will also strengthen our cable production, sales, and research capabilities, and use them to develop overseas markets by grasping and exploring the opportunity of solar energy and offshore wind power construction demand driven by the government's active renewable energy nationalization policy, while expanding into electric vehicle charging piles, offshore wind power land-based substation turnkey projects, and solar energy and storage projects. In addition to developing the market in Japan, we are also expanding our market presence in less developed countries in ASEAN, actively developing industrial wires, seeking strategic partners, and expanding our market presence in order to maintain our leadership in the industry.

##### 2. Stainless Steel Business

**Short-Term: Taiwan:** As low price competition continues to erode our profits, with Walsin's current customer demand being diversified, Walsin will adjust its direction to meet the demand of different customer segments, strengthen the services for our existing customers, and reach out to direct customers. For the wire rod, we will actively expand niche steel sales portfolio in line with market conditions to expand the volume of orders of favorable steel grades, while continuing the research and development and the capital expenditure to increase the application of new steel types and new industries and stabilize product quality. We will focus on the development of direct customer channels and the expansion of available specifications in order to expand our market share.

**Mainland China:** For steel billets and seamless pipes, we will develop high value-added steel types, for the purpose of increasing the sales of high-value steel types. For the cold refined rods, we will increase the volume of orders from direct customers and strengthen the collaboration between marketing/technology/business for serving customers, to ensure the completion of the integrated material application supply chain, so that the upstream and downstream can work more closely together.

**Long-term: Taiwan:** We will integrate upstream investments in nickel pig iron to enhance the competitiveness of Walsin's stainless steel products. For bar materials, in addition to maintaining the major customers with high demand, the Company will actively develop new customer bases and expand suitable markets for export. For bar materials, in addition to continuing to strengthen the advantages in our integrated production lines, we will increase the quality and output of deep-processed products. For wire rods, the long-term goal is to increase the proportion of niche steel grades in our sales mix. In terms of operations, we are strengthening our competitiveness by accelerating internal process improvement and Industry 4.0 automation projects.

**Mainland China:** We will solve capacity bottlenecks through capital expenditures, improve integrated, highly-efficient manufacturing processes, improve the precision of our products, enrich the product mix and focus on certification application markets, such as transportation, petrochemical, boiler, nuclear power, and food, as



key development industries, in cooperation with the national policy and industry development potential; we will also deepen the technical service capacity and market management, hoping to enhance the added value of our products and brands.

### 3. Commercial Real Estate Business

**Short-Term:** Our Real Estate Business has finished the sale and delivery of final batch of Phase 3 residential buildings on Plot D, and the construction of the main structure and roofing. Curtain wall construction will soon be completed and the roofing will be realized. Preliminary preparations for the lease and sale of No.1 Tower will be completed and pre-leasing will begin at the same time to form a stable source of income, and construction and delivery will be accelerated under good, comprehensive quality control. At the same time, we will steadily advance the design and development of the third phase of Lot AB by reference to the latest international certification standards in order to enhance the added value of our products.

**Long-Term:** During the course of promotion and marketing, the Walsin Centro is used as a carrier to integrate commercial, office and other products to create a product image by marketing, so that the Walsin Centro Shopping Center will become a new shopping, leisure and gathering center for Nanjing citizens, enabling the two super-high-rise landmark office towers in Walsin Centro to become a hub for Nanjing's premium business headquarters clients. At the same time, we will maintain relations with the supplier and the up-, middle- and downstream industries, establish our competitive advantages, strengthen the operational capacity and management efficiency of large-scale urban complexes, and create our brand value with efficient, high-quality and reliable management, while looking for low-risk, high-profit new development projects.

## 2. Market Analysis and Sales Overview

### (1) Market Analysis

#### 1. Sales region(s) and market share of main products

##### (1) Wire and Cable Business

The Company is focused the development of the wire and cable business and offers a one-stop comprehensive production line from the upstream bare copper wire, copper rod production, to the research and production of all types of cables such as power cables, communication copper cables and fiber optic cables. The main sales regions include Taiwan and Mainland China. The 2020 sales of the Company's power cable products was approximately NT\$11 billion, and that of bare copper wire was about NT\$29 billion. According to the Department of Statistics of the Ministry of Economic Affairs, the domestic sales of power cable products in Taiwan in 2020 was estimated to reach NT\$41 billion. Therefore, the Company had a market share of approximately 20% or more.

##### (2) Stainless Steel Business

The Company is a major global stainless steel material company, with stainless steel products such as stainless steel billet, cold- and hot-rolled steel coils, wire rods, bars, seamless steel pipe and precision roll bonding steel. The main sales regions include Taiwan, Mainland China, Korea, Southeast Asia, Australia, Europe and North America, etc. Our stainless steel wire rod and bar products occupy a significant position on the global market and we offer customers optimal lead times and services with sales offices distributed across the Strait, a vertically integrated supply chain and a standardized production process.

Sales of stainless steel products made by the Company in Taiwan amounted to 571,000 tonnes in 2020. The Company's domestic market shares reach 60% (wire rods), 40% (hot-rolled steel coils), 35% (cold-rolled steel coils) and 35% (bars); the Company's global market shares are 9% (wire rods), 13% (hot-rolled steel coils) and 4% (bars).

Note: The foreign market shares are estimated only in respect of the territories to which we sell products and the available specifications.

### (3) Real Estate Business

In 2020, the area of business land transactions in Nanjing was 10.49 million square meters. This was a five-year high, up 23.4% from last year. The development scale of Walsin Centro in Nanjing Hexi is 1 million square meters, and the finished residential units have been sold out. The main products are shopping center operation, office building No. 1 under construction and building No. 2 design planning.

## 2. Overview of supply and demand and projected growth

### (1) Wire and Cable Business

According to the global copper production forecast by the International Copper Study Group (ICSG), global copper supply will grow by about 4.5% in 2021. In terms of refined copper production, ICSG expects refined copper production to grow by 1.1% in 2021. On the copper demand side, infrastructure development in key countries such as China and India, as well as the global trend towards cleaner energy, will continue to support copper demand, with refined copper consumption forecast to grow by 1.1% in 2021. The strong demand for infrastructure in China after the pandemic of COVID 19, coupled with the continued demand for cable construction in the global renewable energy and electrification industries, has pushed up copper prices and represents a positive demand for cable-related products. Due to the accelerated return of Taiwanese businesses to Taiwan, the amount of investment implemented in 2021 may further increase. Semiconductor companies are advancing advanced manufacturing processes and localization of the supply chains, with upstream, midstream and downstream companies expanding their capital expenditures. The government is actively promoting renewable energy policies such as offshore wind power and solar photovoltaic. In 2021, it is estimated that three offshore wind farms will be completed with a capacity of 886MW, and the total amount of solar photovoltaic installations will rise to 8.75GW, resulting in strong renewable energy development. In line with this trend, Taipower's increase in grid and power plant construction, its expected bond issuance of hundreds of billions of New Taiwan Dollars in 2021, and the demand for electrical and mechanical equipment brought about by the renewable energy industry collectively generate demand for cables, resulting in better future orders.

### (2) Stainless Steel Business

Global stainless steel output in 2020 was 50.89 million tonnes, a decrease of 3% compared to 2019. Due to the impact of the pandemic, the growth rate turned from 5% - 6% in the past to a negative figure. It is estimated that the global stainless steel output will grow by 7% to 54 million tonnes in 2021, which is back to the upward trend.

In addition, China is still the world's largest stainless steel supplier, with a production of over 30 million metric tons in 2020, accounting for 59% of global production. With Indonesia producing 5 million tonnes, China and Indonesia's combined production accounting for 70% of the world's stainless steel production, it is estimated that Indonesia's production will grow and China's production will remain flat and slow.

### (3) Real Estate Business

Looking into the future, as the development plan for the southern part of Hexi moves forward and is being implemented, the number and density of the resident population will continue to increase, and the regional

development will become more mature. The opening of Walsin Shopping Mall has changed the business landscape of the entire new Hexi district, becoming a new iconic consumer destination. The joining of Sun Hung Kai Office Tower, a competitor in the periphery of Walsin Centro, in such tower some business owners have moved, raised the market position and new product standards of Nanjing Grade A Office Tower. The demand for office and shopping will be stable and sufficient in the future, and therefore the real estate market will continue to develop steadily

### 3. Competitive niche, favorable and unfavorable factors for long-term growth and response measures

Wire and Cable Business	
Competitive Niche	<ol style="list-style-type: none"> <li>(1) We have the advantage of stable internal supply of important raw materials of copper metal and can give full play to the benefits from the upstream and downstream integration.</li> <li>(2) Long-term supply of products and services related to demand for project engineering, accumulating rich supplier experience and having brand advantages.</li> <li>(3) Advantages such as local supply and branding will help to enter the industrial cable field such as solar energy, offshore wind power and port infrastructure.</li> </ol>
Favorable Factors	<ol style="list-style-type: none"> <li>(1) The performance of quality, service and delivery is highly satisfactory to customers and we have brand power in the Taiwanese engineering market.</li> <li>(2) The high-voltage cable demand in the public sector sees signs of recovery, benefiting from the renewable energy policy.</li> <li>(3) The increase in private investment is driving cable demand for factory expansion, housing and commercial office.</li> </ol>
Unfavorable Factors	<ol style="list-style-type: none"> <li>(1) The uncertainties in real estate investments remain. Due to labor shortage and low birth rate, the growth of market demand will be weakened, while the fluctuations of demand are hard to predict.</li> <li>(2) The private sector faces oversupply and price competition.</li> </ol>
Response Measures	<ol style="list-style-type: none"> <li>(1) Through Industry 4.0 and production and sales intelligence to improve efficiency and service capacity.</li> </ol>

Stainless Steel Business	
Competitive Niche	<ol style="list-style-type: none"> <li>(1) The long strips are produced and sold by a single plant, with resource integration, economies of scale and rapid and stable delivery in cooperation with rolling schedules.</li> <li>(2) Plate materials have the advantage of short delivery period.</li> <li>(3) The production by the new equipment in Taichung Plant and Yanshui Plant will be beneficial to adjustments to the product mix and improvement of product quality.</li> </ol>
Favorable Factors	<ol style="list-style-type: none"> <li>(1) Taiwan's cold-rolled steel coils are protected by anti-dumping duties.</li> <li>(2) China's environmental protection policies have increased their momentum, gradually improving the overcapacity of crude steel.</li> <li>(3) Environmental awareness arises, increasing the cost of operation and reducing profit margins for competitors.</li> </ol>
Unfavorable Factors	<ol style="list-style-type: none"> <li>(1) Tsingshan set up a nickel iron plant and stainless steel plant in Indonesia, which integrate production processes from raw materials to final products, thus significantly reducing production costs and bringing us strong low-cost competition.</li> <li>(2) Global trade protectionism, frequent anti-dumping cases, EU steel defense measures and China's increase in exports affect global steel liquidity and reduce the Company's export volume.</li> <li>(3) The Company lacks hot rolling production line in mainland China, making its delivery and quality stability insufficient.</li> </ol>
Response Measures	<ol style="list-style-type: none"> <li>(1) Investing in upstream raw materials by building a nickel iron plant in Indonesia to improve the international competitiveness of our stainless steel and increase the hedging position at the raw material end.</li> </ol>

Stainless Steel Business	
	<p>(2) In addition to continuing to strengthen the advantages in our integrated production lines, we will gradually develop product specifications and high value-added steel grades, as well as actively expand the sales volume of niche steel and increase the quality of processed products.</p> <p>(3) Maintaining major customers, actively developing new customer bases and expanding suitable markets for export</p> <p>(4) Solving capacity bottlenecks through capital expenditures, improving integrated manufacturing processes and enriching the product mix; internally, continuing to improve processes and carrying out industrial 4.0 automation projects to improve the product precision.</p>

Real Estate Business	
Competitive Niche	<p>(1) Location advantages: Walsin Centro is located in the core area of Nanjing Hexi New City, at the intersection of Metro Lines 2 and 10 and trams, and is the center of the New City.</p> <p>(2) Business advantage: Huaxin City is positioned as an international city complex, including office buildings, commercial centers, quality houses and other types of products. The functions of various industries complement and promote each other, which is the most competitive product in the real estate industry.</p> <p>(3) Scale advantage: The floors under development reaches more than 1 million square meters, and the Walsin Centro has become a landmark project in Nanjing. The headquarters of four large national financial institutions have been moved into the office buildings, while the official opening of One Mall has changed the commercial landscape of Hexi New Town and raised the expectation of the value of office buildings, thereby having a spillover effect on rental and sales of office buildings of later phases.</p> <p>(4) Quality advantage: In line with the new trend of market demand, energy-saving and environmentally-friendly new materials and new technologies are widely used, attention is paid to the humanization of design and the durability and maintainability of products from the details, so that the products gain a competitive edge, thus making the Company quickly occupy the market and shape the brand.</p>
Favorable Factors	<p>(1) Due to the scarcity of land and the important role of real estate in economic proportion, financial investment and currency valuation, real estate has a long-term role in maintaining and increasing asset value.</p> <p>(2) The economy promoted by the Chinese government has continued to develop for many years. The central city has great ability to promote and control the economy, which makes the high-end office building market stable for a long time, and demand growth can be expected.</p> <p>(3) The establishment of National Jiangbei New District will drive Nanjing into a new round of sustainable development, bringing stable growth and prosperity to the real estate market. The project is located in Hexi, and we will be able to fully enjoy the resulting growth benefits.</p> <p>(4) With the delivery of residential housing in the project, the resident population is growing rapidly; transportation facilities and public ancillary services have been completed, the market is fully mature, and business demand continues to grow steadily.</p> <p>(5) The development of CBD is close to completion, and the further concentrated demand for high-end office buildings in the central area of Hexi will lead that in Nanjing.</p>
Unfavorable Factors	<p>(1) Land prices and construction costs keep rising, which increases the risks inherent in the real estate market. There are many challenges in the expectations of profits from new deliveries of land.</p> <p>(2) There are many developers involved in land auctions, and it is not easy to obtain high-quality land suitable for development.</p> <p>(3) The city continues to expand, showing a multi-centered situation, diverting some of the customers, while the scale and number of commercial shopping centers in the region are both increasing, thus intensifying the competition.</p> <p>(4) The office buildings under construction in the science park nearby the project, which benefit from a large volume and low land costs, which has an indirect impact on the overall office building markets.</p>
Response Measures	<p>(1) Optimizing the development process and improving the accuracy of drawings, outsourcing and procurement through the improvement of internal processes to save the development</p>





Real Estate Business	
	<p>cost of the project.</p> <p>(2) Doing product planning and design. On the basis of accurately understanding customer needs, focusing on product differentiation and personalization, and meet market expectations with featured products and services.</p> <p>(3) Making full use of the opportunities to continuously introduce products into the market, establishing differentiated brands through the spread of brand products, and enabling us to achieve brand premium.</p> <p>(4) Tracking and responding in advance the policy trends of government departments governing relevant industries in a timely manner, and timely seizing the best timing for lease and sales according to market changes.</p>

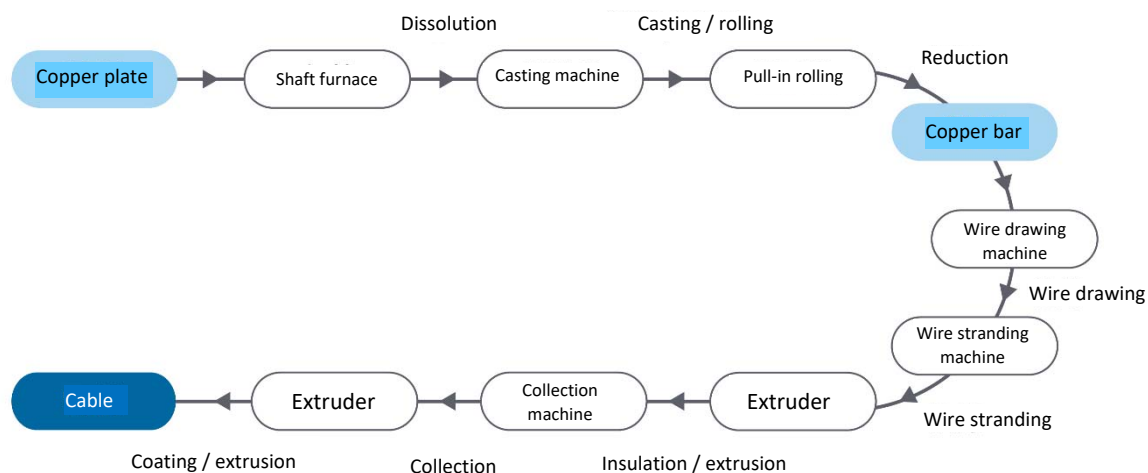
(2) Key applications and production processes of main products

1. Key Applications of Main Products

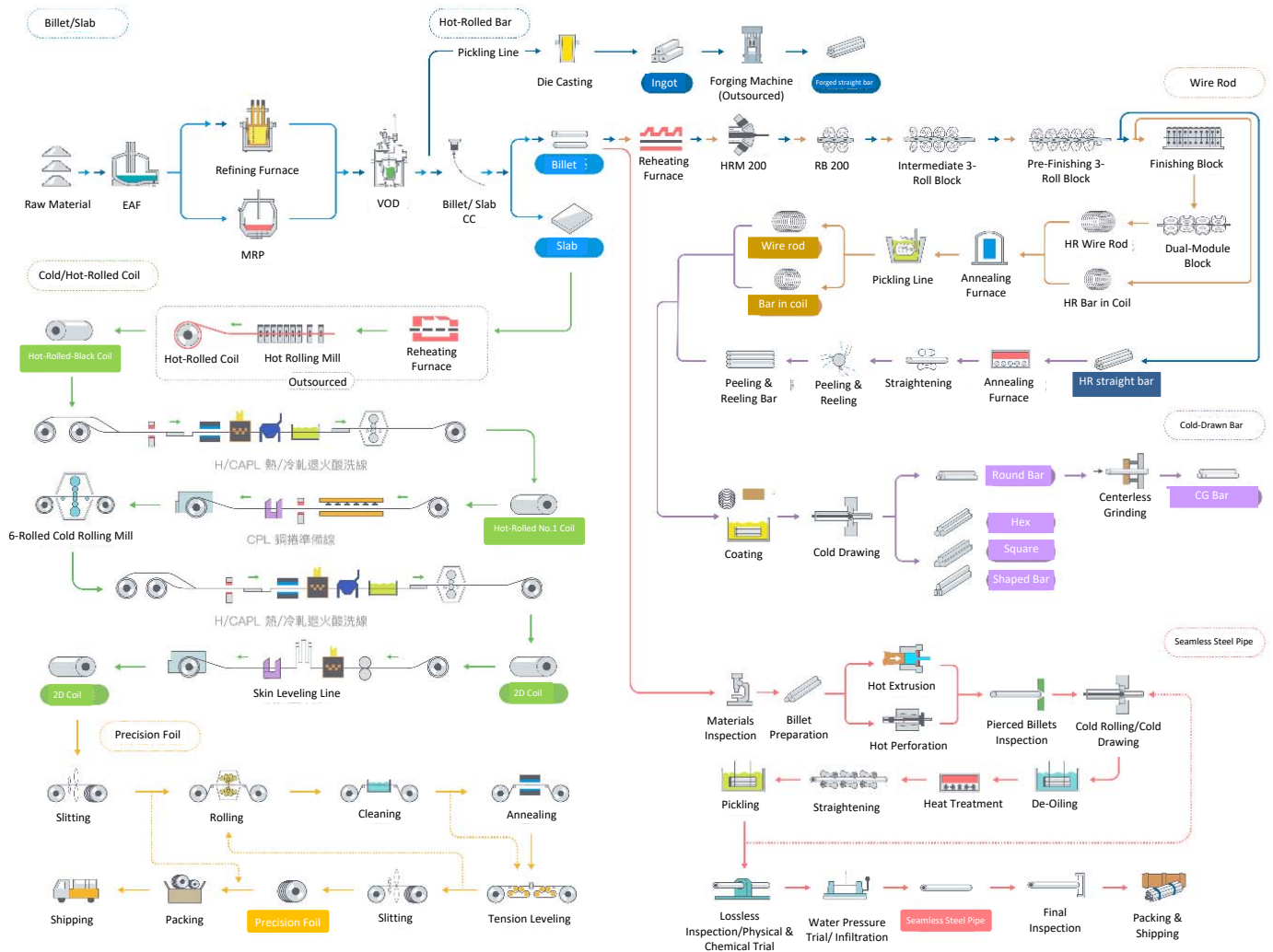
Main Products	Key Applications
Copper material	Wire and cable conductor, home appliances, electrical and electronic devices, transformers, etc.
Power cables	Primarily used for power plants, power transmission and distribution, plant facilities, transportation construction, construction of power transmission lines, etc.
Steel billets	Hot-rolled wire rods, hot-rolled straight rods, flanges, seamless steel pipes, etc.
Flat billet	Hot-rolled steel coils, hot-rolled plates, heavy forgings, etc.
Wire rods	Screws and nuts, springs, welding rods, steel wires, braids and hardware wires, etc.
Hot-rolled coil (flat panel category)	Chemical tanks, pipes for industry and building and pipes for petrochemical industry
Cold rolled coil (flat panel category)	Building decoration, kitchen utensils, appliances, medical equipment, electronic communications, chemical tanks and steel tubes
Peeled straight rods	Forging materials, turning parts, electric machine accessories, etc.
Cold finish straight rods	Shafts, medical equipment, furniture decoration items, turning parts, electric machine accessories, etc.
Stainless steel seamless pipe	Petrochemical heat exchanger; fluid pipe and instrument pipe boiler station pipe; nuclear power station pipe; shipboard fluid pipe and instrument pipe; turning pipe.
Real estate	Housing, office buildings and shopping malls

2. Production Process

(1) Wire and Cable Business



(2) Stainless Steel Business



(3) Supply Status of Main Raw Materials

Business Unit	Main Raw Materials	Description of Supply Status
Wire and cables	Copper plates	Primarily based on long-term annual contracts and supplemented by spot purchases. Procurement must be coordinated with the finished product sales volume.
	Polyethylene	Adopts monthly/quarterly quantity bargaining method and includes imported and local supplies.
	Other chemical materials	Adopts monthly/quarterly quantity bargaining method and raw materials should mainly be locally sourced.
Stainless Steel	Pure nickel, high carbon nickel iron, high carbon ferrochrome, stainless steel scraps, grade 1 steel scraps, molybdenum iron, zinc ingot and zinc aluminum ingot.	In addition to being sourced from Taiwan, raw materials are also from Japan, Australia, New Caledonia, South Africa, Europe, United States and China.



Business Unit	Main Raw Materials	Description of Supply Status
Commercial Real Estate	Land	Implement land reserves pursuant to the Company's real estate development strategy and participate in government land auction tenders.
	Construction Projects and Materials	The Company further reduces costs and enhances effectiveness by selecting good quality construction companies and as well as material and equipment suppliers through tenders.
	Retailers	Integrating resources and doing a good job of gathering high-end enterprises and small but beautiful, refined quality customers office demand and signing contract with merchants according to the Company's project positioning, business objectives and development ideas for the phase 2 of the office building on Plot AB,.

(4) The names, procurement (sales) amounts and ratio for suppliers whose total procurement (sales) for any year in the last two years reached 10%.

1. Major supplier information for the last two years

Unit: NT\$ thousands

Year	2019				2020			
Item	Name	Amount	Percentage of Total Purchases (%)	Relationship with Issuer	Name	Amount	Percentage of Total Purchases (%)	Relationship with Issuer
	Net Purchases	114,797,340	100.0	-	Net Purchases	96,999,993	100.0	-

Note: There is no supplier accounting for more than 10% of total amount of purchases.

2. Major customer information for the last two years

Unit: NT\$ thousands

Year	2019				2020			
Item	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer
	Net Sales	134,804,405	100.0	-	Net Sales	112,546,603	100.0	-

Note: There is no customer accounting for more than 10% of the total sales amount.

(5) Output volume and value for the last two years

Currency Unit: NT\$1,000  
Volume Unit: Metric Ton

Year	2019			2020		
Production value/main product	Production capacity	Production volume	Value	Production capacity	Production volume	Value
Bare copper wire	377,000	296,722	44,075,404	252,000	179,540	26,181,718
Wire and cables	50,520	35,803	8,684,347	49,414	37,176	8,373,610
Steel strands	110,000	103,079	2,999,185	110,000	73,254	1,727,335
Stainless steel strips and bars	555,720	503,273	30,401,240	555,720	465,909	25,822,376
Stainless steel coils	336,000	315,705	20,067,052	336,000	293,378	17,120,951
Seamless steel pipes	18,000	14,378	2,304,933	14,400	13,869	2,365,798
Total			108,532,161			81,591,788

Note: Product capacity means the quantity that can be produced under normal operation with the existing production equipment while taking into account factors such as work stoppage and holidays.

## (6) Sales volume and value for the last two years

Currency Unit: NT\$ 1,000  
Volume Unit: Metric Ton

Year	2019				2020			
Value of Main Products/ Sales volume and value	Domestic Sales		Exports		Domestic Sales		Exports	
Main Products	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Bare copper wire	217,458	32,216,360	85,225	16,484,646	107,301	14,032,750	76,782	14,355,105
Wire and cables	38,367	10,324,691	1,935	489,960	38,126	9,993,726	1,309	338,225
Steel strands	106,052	2,825,009	6,883	170,520	77,094	1,817,662	1,922	41,465
Stainless steel strips and bars	347,546	21,543,798	121,035	9,140,002	324,350	19,148,761	106,619	7,517,159
Stainless steel coils	257,399	15,921,321	70,014	4,263,113	247,348	13,858,213	53,539	3,057,936
Seamless steel pipes	5,525	646,685	8,853	1,867,654	6,496	1,036,023	7,067	1,313,758
Others (Note)	-	18,290,010	-	620,636	-	25,528,265	-	507,555
Total		101,767,874		33,036,531		85,415,400		27,131,203

Note: "Others" include sales of non-core business products as well as real estate business, rental and product income revenues.

### 3. Employee Data

#### (1) Employees of Walsin Lihwa Holdings Limited:

As of March 30, 2021

Year		2019	2020	Current Year as of March 30, 2021
Number of employees		4,781	4,931	4,964
Average age		39.8	38.9	40.0
Average years of service		9.6	9.5	9.7
Education background (%)	Ph.D.	0.5	0.5	0.5
	Master's	9.1	9.7	9.9
	University/College	39.2	43.0	42.5
	High school	32.5	28.3	30.1
	Below high school	18.7	18.5	17.0

Note: Walsin Lihwa Holdings Limited includes its subsidiaries

#### (2) Employees of Walsin Lihwa Corp.:

As of March 30, 2021

Year		2019	2020	Current Year as of March 30, 2021
Number of employees		2,675	2,676	2,742
Average age		38.9	39.2	39.0
Average years of service		9.7	10.0	9.9
Education background (%)	Ph.D.	0.9	0.9	0.9
	Master's	15.7	16.3	17.3
	University/College	41.1	43.3	42.9
	High school	28.0	27.1	25.9
	Below high school	14.3	12.4	13.0

#### 4. Environmental Protection Expenditure Information

- (1) For the most recent year and up to the date of publication of the annual report, the losses suffered by the Company as a result of environmental pollution (including compensations and violations of environmental protection laws and regulations found in environmental protection inspections; the punishment date, the letter number, the legal basis for the punishment, the legal provision and the content of the punishment shall be specified), and the estimated amount of such losses that may occur now and in the future and the countermeasures against them; if they are not reasonably possible to estimate, the facts that they cannot be reasonably estimated should be stated.

Taiwan Plants: Yanshui Plant	
Punishment Date	July 7, 2020
Punishment Letter No.	Huan-Shui-Shui-Cai-Zi-109070104
Punishing Unit	Environmental Protection Bureau, Tainan City Government
Reason for Punishment	The amount of discharge water and recycled water intake repeatedly exceeded the daily discharge and intake of water as approved by water pollution control measures plan
Countermeasures	The use and drainage mechanism should be formulated for each unit, and the daily use target value should be set for each unit. If the value is close to the target value, the reminder mechanism will be activated for better control.
Legal Basis for Punishment	Violation of Paragraph 1, Article 14 of the Water Pollution Control Act
Legal Basis for Punishment	Those enterprises that discharge wastewater or sewage into surface water bodies shall apply to the special municipality, county or city competent authority for discharge permit or simple discharge permit document and shall follow the items registered on the document while discharging. The enterprises shall not change the items unless they have the permission from the special municipality, county or city competent authority.
Amount of Penalty	NT\$135,000
Punishment Date	August 4, 2020
Punishment Letter No.	Huan-Shui-Shui-Cai-Zi-109080122
Punishing Unit	Environmental Protection Bureau, Tainan City Government
Reason for Punishment	Exceeding the standard effluent
Countermeasures	We immediately repaired the malfunctioning equipment and launched the installed water treatment equipment, and actively invested in capital expenditure on related equipment in order to meet the Company's requirements for environmental protection and legal compliance.
Legal Basis for Punishment	Violation of Paragraph 1, Article 7 of the Water Pollution Control Act
Legal Basis for Punishment	Those enterprises, sewage systems or building sewage treatment facilities that discharge wastewater or sewage into surface water bodies shall comply with effluent standards.
Amount of Penalty	NT\$2,376,000
Punishment Date	November 6, 2020
Punishment Letter No.	Huan- Kong-Gu-Cai-Zi-109110304
Punishing Unit	Environmental Protection Bureau, Tainan City Government
Reason for Punishment	MRP and VOD did not effectively collect particulate matter, and their operation



Punishment	produced visible particulate matter dispersed in the air.
Countermeasures	An improvement report was submitted to the Environmental Protection Bureau for review on December 7, 2020, and the airtightness of the doors and windows of the operation environment was repaired to ensure the normal operation of the dust collection equipment, while the dust suppression on the road was carried out with a sprinkler truck. On December 5, 2020, the Environmental Protection Bureau came to the plant to review our improvement and closed the case.
Legal Basis for Punishment	Subparagraph 1, Paragraph 1, Article 32 of Air Pollution Control Act
Legal Basis for Punishment	Within each class of control region or within total quantity control zones, any burning, melting, refining, grinding, casting, conveyance or other operation that causes the production of significant particulate pollutants dispersed into the air or onto the property of others is prohibited.
Amount of Penalty	NT\$150,000
Punishment Date	November 9, 2020
Punishment Letter No.	Huan-Shui-Shui-Cai-Zi-109110198
Punishing Unit	Environmental Protection Bureau, Tainan City Government
Reason for Punishment	Exceeding the standard effluent
Countermeasures	Containment has been carried out immediately and the case has been closed by the Environmental Protection Bureau. Follow-up, regular checks will be made subsequently to avoid omissions.
Legal Basis for Punishment	Violation of Paragraph 1, Article 7 of the Water Pollution Control Act
Legal Basis for Punishment	Those enterprises, sewage systems or building sewage treatment facilities that discharge wastewater or sewage into surface water bodies shall comply with effluent standards.
Amount of Penalty	NT\$171,600

The above-mentioned defects have been corrected and improved and have been reviewed and documented by regulatory authorities. The Company will continue to enhance its environmental management around its factories. We also plan to prevent the recurrence of violation via internal control, environmental education & training, as well as our annual KPI evaluation system.

(2) Future response measures (including improvement measures) and possible expenses:

Despite the large amount of manpower, materials and funding invested in environmental protection to comply with international benchmarks over the years, Walsin Holdings was still fined for pollution. To keep pollution under adequate control, the Company requires factories in Taiwan and overseas to step up self-regulation to avoid human errors and to implement economically feasible environmental management projects. Internal audit and environmental education & training (including regulatory identification) will also be applied to assist in reinforcing self-regulation and horizontal development at various factories. Environmental investment plans and management measures are as follows:

1. Obtained ISO-14001 certification for system management:

In line with international environmental conventions, factories in both Taiwan (Hsinchuang plant 1, Hsinchuang plant 2, Yangmei plant, Taichung plant and Yanshui plant) and mainland China (Shanghai Walsin Lihwa Power Wire & Cable plant, Nanjing plant, Jiangyin plant, Yantai plant and Changshu plant) have all obtained "Environmental Management System" certification. In order to ensure the operational effectiveness of Walsin's environmental management system, the Company hired a professional consulting team in 2017 to instruct 10 domestic and overseas factories to transition to ISO 14001:2015. Basic operation for ISO 45001 was also introduced as a pilot program, as environmental protection and vocational safety & health management system are integrated into a universal operating model across the entire group while on-site guidance is also provided. Consistency in documentation and stability in system operation are required of

these factories. Through educational training at various factories, the spirit of the management system is deeply ingrained in actual factory operation after multiple training sessions focusing on topics ranging from regulatory interpretation to actual operation. Furthermore, with a proactive attitude, we will continue to improve our overall environmental protection efforts and vocational safety & health condition. We will strive to enhance environmental performance, reduce environmental loss, improve corporate image and boost our international competitiveness. Walsin has completed the integration and version conversion of its management system at all of its factories at home and abroad in 2018, with the certificates being valid for three years.

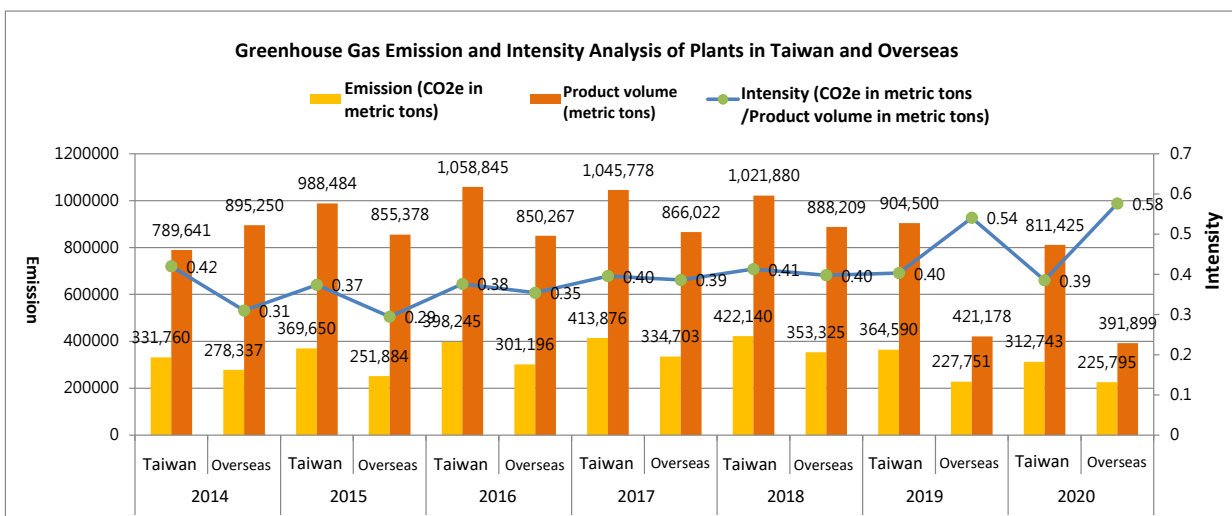
2. Air pollution management:

Comply with the air pollution control laws in Taiwan and in China and apply for permits for fixed (atmospheric) pollution source ranges that are progressively announced. The various plants in Taiwan and in China have obtained operating (emission of pollutants) permits for various manufacturing processes and facilities, reducing atmospheric emissions.

3. Greenhouse gas emission and campaign for reduction:

To counter climate change and global warming, reduction in greenhouse gas emission is a necessary measure. GHGs inventories provide compliance basis for efforts to reduce greenhouse gas emission.

Since 2015, the Company has established the "Safe Environment Information Platform--the ability to conduct GHGs inventories and to calculate carbon emission for products" to collect greenhouse gas emissions at home and abroad. Through continuous review every year and smart system management, the Company keeps optimizing its greenhouse gas emissions. Through the electronic system, we can grasp the current year's quarterly emissions and compare them with the same period last year, and further produce the trend graph for the quarterly meeting of the Environmental, Safety and Health Management Committee to review the carbon emissions regularly, so as to effectively review and manage the Company's carbon emissions. In addition, in order to improve the company-wide operation of the greenhouse gas control system, we also plan to promote the implementation of ISO 14064-1 in each plant. Currently, our Taichung and Yanshui plants in Taiwan have obtained ISO 14064-1 certification, and the latest certificates and expiration dates are regularly posted on our CSR website every August. It is expected that the Hsinchuang and Yangmei plants will obtain the new version of ISO 14064:2018 certification in 2021, and at the same time, we plan to promote the introduction of ISO 14064-1 in overseas plants and obtain such certification in 2022. At the same time, we are also actively participating in overseas carbon emission trading to integrate into China's carbon trading market, which can not only ensure that the Company has sufficient carbon allowance in the future, but also promote measures such as energy conservation through advanced technology, thereby laying a good foundation for the Company's long-term operation and development.







4. Wastewater treatment:

The wastewater from each of Walsin Lihwa's plants has been properly treated and discharged through wastewater treatment facilities in the plant site and the wastewater quality testing has been regularly conducted to avoid the impact of wastewater discharge on the environment. Management at source is most important in water conservation. Based on water quality characteristics, the treatment procedures were designed and recycling units were installed, so the wastewater has been discharged to nearby rivers according to regulations or piped to recycling units in order to effectively use limited water resources. Each plant site has adjusted equipment and process to reduce water consumption and improve wastewater recycling system, so as to enhance the recycling ratio of the process water.

The average pollutant concentration in wastewater discharged by the factories in 2020 met the effluent criteria. The recycling ratio of Taiwan plants reached as high as 96.72%.

5. Strict control of industrial waste:

Walsin Lihwa upholds the idea of circular economy; therefore, the 4Rs (reduce, reuse, recycle and recovery) have constituted the foundation for our company's waste production and control. When Walsin Lihwa's copper wire and steel products are used and disposed of, 97.25% of the waste, a year-on-year increase by 0.29%, can be recycled for reuse. The utilization rate of non-hazardous and hazardous waste ranges from 98.69% to 99.21% and from 78.05% to 99.28% respectively. We recycle and reuse partial waste produced by ourselves and the rest is removed, treated, or reused by qualified companies we have appointed. In 2020, the reuse rate of hazardous waste in our Taiwan plants increased by 2.419% compared to 2019. The landfill rate in our Taiwan plants decreased by 65% (from 0.6% to 0.21%) compared to 2019, mainly due to the transportation of all waste acid from the Yanshui Plant to the Taichung Plant for acid treatment and reuse, thus reducing the output of sludge. The landfill rate in our overseas operations reduced by 25.19% compared to 2019 (from 1.31% to 0.98%), mainly because the dust collection of Yantai Plant was done in the plant for reuse in furnaces rather than being outsourced. In the future, the target landfill rate will continue to be less than 1%. The Company has been striving to achieve a landfill rate of less than 1%. The Taiwan plants have achieved a landfill rate of less than 1% since 2019, and the overseas plants are still working hard to do so. For its stainless steel ballast, the Company is committed to the basic research and innovative application of diversified resources. From the beginning to the present, a total of about 210,000 metric tons of oxide ballast and nearly 60,000 metric tons of reduced ballast have been resourced. The potential products developed through the above means include engineering aggregate, cement raw material admixtures, fiber reinforced cement boards, and indoor high-pressure bricks. Aside from continuing to promote source reduction of waste and recycling of waste in the plant, the Company will, in conjunction with the strength of the overall supply chain, reduce the amount of raw materials and reduce the harm that production may bring to the environment. The Company will continue to implement the circular economy concept by innovating the environmental protection technology. In addition to continuously strengthening the sustainable growth, the Company has established strict control and auditing mechanisms for waste flow and screening of qualified vendors to ensure that waste flows are proper and legal.

Waste output and disposal by Taiwan and overseas operations in 2020 (Unit: Metric ton):

Region	Taiwan			Overseas		
	Non-hazardous	Hazardous	Total	Non-hazardous	Hazardous	Total
Recycling (for reuse)	127,115.11	56,431.28	183,546.39	49,716.98	7,923.46	57,640.44
Incineration	808.95	-	808.95	121.94	3.00	124.94
Burial	53.95	342.23	396.18	538.16	52.54	590.70
Other treatment (e.g., physical treatment)	147.89	10.56	158.45	-	2,172.67	2,172.67
Total	128,125.90	56,784.07	184,909.97	50,377.08	10,151.67	60,528.75
Recycling rate	99.21%	99.38%	99.26%	98.69%	78.05%	95.23%
Incineration rate	0.63%	0.00%	0.44%	0.24%	0.03%	0.21%
Burial rate	0.04%	0.60%	0.21%	1.07%	0.52%	0.97%

Other treatment (e.g., physical treatment)	0.12%	0.02%	0.09%	0.00%	21.40%	3.59%
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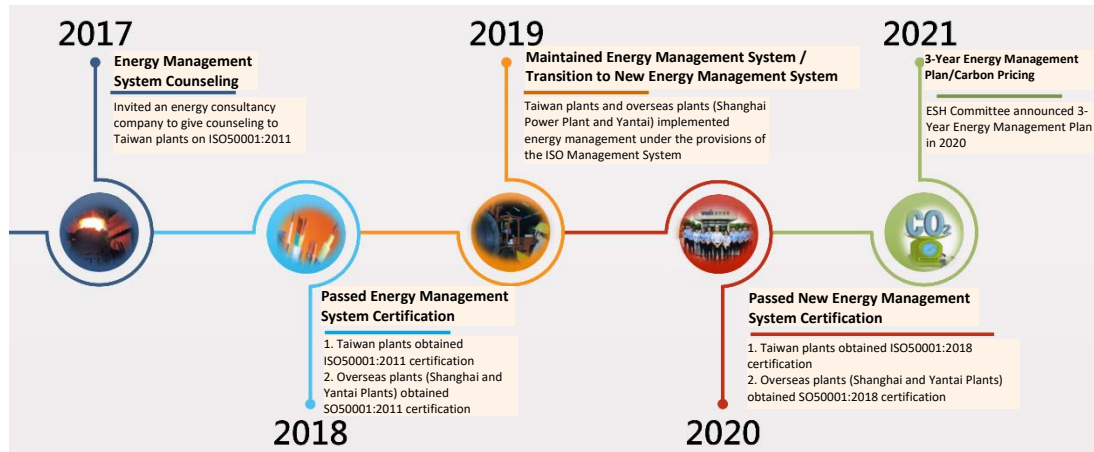
Note: Except for the hazardous waste from dust collection by Yanshui Plant and Yantai Plant, which are recycled in the plant, and the waste acid from Taichung Plant, which is disposed of and recycled in the plant (22,572.28 metric tons in total), all hazardous and non-hazardous waste generated is disposed of outside of the plant.

#### 6. Improving energy use efficiency:

Walsin Lihwa upholds the business philosophy of "Green Manufacturing, Happy Enterprise and Sustainable Management". In addition to committing to quality management, pollution prevention, environmental protection, safety and health, our company adopts "Enhancing energy efficiency and promoting clean energy" as its energy management guidelines to fulfill its social responsibility in energy conservation and carbon reduction. We aggressively incorporate energy-saving equipment, efficient technologies, environment-friendly facilities and environmental protection designs and green process into promoting improvement of energy efficiency at source. In response to the governments' energy policies and measures, we educate our employees about energy conservation and inventory the energy consumed by equipment and facilities to seek opportunities for improving our energy performance and to also effectively implement our energy saving plans.

#### 7. Energy conservation and carbon reduction:

Walsin Lihwa's energy saving and carbon reduction management strategy focuses on "implementing lean production management" - "controlling reasonable energy consumption per unit of product", "managing and improving equipment energy efficiency" and "reducing energy consumption and carbon emissions in the smelting process". In addition to reviewing ourselves by reference to the energy consumption per unit of product by our overseas peers, we are also actively implementing energy management and energy saving measures at the internal level. At the same time, we have introduced international standards year by year - ISO 50001 energy management system in 2018, and completed the internal planning and construction of ISO 50001 energy management electronic system in 2019-2020 to improve the immediacy of energy management and more focused management. In 2020, we promoted and completed the certification of the new version of ISO 50001:2018 on the basis of the existing ones, introduced advanced structures and incorporated risks and opportunities, thereby controlling the preventive measures to solve unpredictable shocks before they occur, and improving energy efficiency according to the system standard. In addition, in 2020, we started a trial run of energy consumption and carbon emission inventory for major products in our Taiwan plants, and we expect to start obtaining basic data on energy consumption and carbon emission per unit of major products in 2022 and plan to launch a smart system in 2023. With the support of the electronic system, we hope to strengthen our energy management and enhance our energy-saving technology and efficiency control, and to gradually become a leading benchmark in the industry by industry-government-academia cooperation, industry benchmark learning, and continuous improvement and innovation internally.



2020 Energy Saving Plans for our plants in various regions

Plant site	Project type	Energy-saving type	Quantities planned	Energy conserved	Energy-saving calorific value	Carbon reduction (t)	Amounts saved for carbon reduction
Taiwan	Manufacturing process / Offices	Electricity (1000 kWh)	54	11,258.68	97,545.17	5,730.66	NTD 38,057,000
		Natural gas (1000 m <sup>3</sup> )	4	951.01	35,824.49	1,987.82	
		Others (t)	1	364.63	0.00	364.63	
Total			59	-	133,369.66	8,083.11	
Overseas	Manufacturing process	Electricity (1000 kWh)	12	4,619.89	40,026.72	4,372.77	RMB 2,762,000
		Natural gas (1000 m <sup>3</sup> )	2	563.71	21,234.79	1,232.33	MYR 16,000
		Steam (m <sup>3</sup> )	1	2,120.00	5,842.72	233.20	
Total			15		67,104.23	5,838.30	Approx. NTD 50,039,000

9. Primary pollution control facilities purchased in the most recent year as well as their applications and benefits possible: (Listing only those valued at NT\$100,000/RMB20,000 and above)

In 2020, Taiwan plants' investment in environmental protection equipment increased by 158.86% compared to 2019, with the amount increasing from NT\$80 million to NT\$290 million:

2020 Environmental protection accounting expenses		Taiwan plants (NT\$1,000)		Mainland China plants (RMB1,000)		Malaysian plant (MYR1,000)	
Environment protection cost Category	Environment protection cost item	Expenses	Capital expenditures	Expenses	Capital expenditures	Expenses	Capital expenditures
Environment Equipment cost	E01-01 Pollution prevention expenses	2,413	206,445	1,103	11,764	-	-
Environment protection related management fee	E02-01 Resource circulation fee	410,033	-	3,587	-	14	-
	E02-02 Natural resources fee	-	-	4,447	-	-	-
	E02-03 Green procurement	50	-	58	-	-	-
	E02-04 Educational training fee	58	-	0	-	-	-
	E02-05 Test-derived fee	1,056	-	39	-	-	-
	E02-06 Monitoring fee	1,016	-	115	-	4	-
Other environment protection related fees	E02-07 R&D cost	3,480	-	0	-	-	-
	E02-08 Social activities cost	473	-	43	-	-	-
	E02-09 Damage compensation cost	2,851	-	0	-	-	-
	E02-10 Fees charged by governments	21,696	-	131	-	3	-
Sum	Subtotal	443,126	206,445	9,523	11,764	21	-
	Total		649,571		21,287		21

When Walsin Lihwa sets up (expands) its plants, it always considers the types and quantities of pollutants that may be generated and assesses and sets up relevant pollution prevention equipment to avoid environmental pollution. In 2020, for sake of the process improvements, all of its plants invested in pollution prevention for a total of capital expenditure of NT\$215,250,000 (Taiwanese plants) and RMB 14,074,000 (overseas plants). They include the pollution prevention equipment valued at NT\$100,000/RMB20,000 and above and are listed as follows:

(1) Taiwanese plants

Plant area	Equipment name	Quantity	Investment cost (Currency: NT\$1,000)	Anticipated benefits
Yanshui	Molybdenum removal from effluent	1	61,000	Molybdenum removal process is legal and compliant with the rules
Yanshui	Water plant system VII / VIII / effluent flow meter improvement	1	2,608	Improvement on the flow meter is legal and compliant with the rules
Yanshui	Construction of biological treatment equipment	1	124,000	Biological treatment process is legal and compliant with the rules
Yanshui	Change of position of the effluent port	1	17,665	Changed of position of the effluent port is legal and compliant with the rules
Yanshui	Main dust collection, mixing and	1	4,000	Main dust collection, mixing and conveying



Plant area	Equipment name	Quantity	Investment cost (Currency: NT\$1,000)	Anticipated benefits
	conveying			prevent dust collection and ash from escaping
Hsinchuang	Cloud-based public works system	1	1,992	Real-time monitoring to prevent accidents
Taichung	Construction of power demand reduction system	1	2,460	In response to the current applied power demand of 16000kw from Taipower to avoid breach of contract
Taichung	IC ion chromatography	1	1,100	It helps check the concentration of some metal ions in the discharged water
Taichung	Installation of scrubbers for air ducts of waste water plants	1	425	Sulfuric acid scrubbing and removal of waste gas from barrels of wastewater plants

## (2) Overseas Plants

Plant area	Equipment name	Quantity	Investment cost (Currency: RMB 1,000)	Anticipated benefits
Yantai Walsin	Air quality monitoring	1	275	Monitoring unorganized emissions and dust in the plant area to meet the requirements of environmental protection regulations
Yantai Walsin	Anti-dust fence for scrap steel plant	1	250	Reducing unorganized emissions from steel scrap loading and unloading
Yantai Walsin	New garbage dump project	1	80	Avoiding spilling rubbish and separating rubbish
Yantai Walsin	Slag field car wash platform	1	140	Reducing flour dust on the roads of the factory and therefore dust
Dongguan Walsin	Rain and sewage diversion project	1	371	Rainwater and sewage diversion for discharge
Shanghai Walsin	Sealed water recycling under CCV	1	300	Cooling water purification is legal and compliant with the rules
Jiangying Walsin	Repair and maintenance of wastewater sedimentation tank	1	151	Reducing the concentration of metal ions in produced wastewater
Jiangying Walsin	Construction of wastewater treatment temporary storage tank and adjustment tank	1	300	Temporary storage tank reduces the impact of the pickling tank and reduces the use of liquid
Jiangying Walsin	Phosphating tank, boronizing tank and lime tank replacement	1	1,607	Rain and sewage diversion enables pickling without dripping
Changshu Walsin	Reconstruction of the pipe network in the living area of the factory	1	10,000	Draining ground rainwater directly from the plant area complies with environmental protection requirements
Changshu Walsin	Laboratory transformation	1	600	The collection and discharge of waste acid gas is more in line with regulations

## 5. Employees-employer relations

### (1) Worker-Management Relations and Welfare

The pursuit of excellence, innovation and learning and friendly environment form the basis of sustainable development at Walsin Lihwa. Its respect and attention to "people" is reflected in its human resources management systems and various worker-management relations mechanisms, which are described as follows:

#### 1. Smooth worker-management communication channels

- (1) In 1976 the Company established an industry union to advocate suitable policies and the voice and proposals of workers are communicated using an employer and employee dual-channel communication method.
- (2) Union representatives employer-employee negotiation meetings are held each quarter. Union representative conferences are held every year to establish a good bridge of communication between employers and employees.
- (3) The Company publishes the "Walsin People Digital Newsletter" to share information on critical business operations and management. The company has also established an international communication platform to hold online events and opinion surveys.

2. The Company's remuneration is established on the principle of being able to attract and retain talent as follows:

(1) Salary: The Company ensures that its overall remuneration is competitive in the market through regular market salary surveys every year. The Company's remuneration policy is based on the following principles:

- A reasonable and competitive overall remuneration based on the market value of each professional function and the employee's contribution to their responsibilities.
- Bonus payments are made in accordance with the Company's operational performance, the achievement of team objectives and the employee's personal contribution and performance.
- Employees are paid and compensated on the basis of their academic experience, technical expertise, professional seniority and personal performance, without discrimination based on gender, race, religion, political affiliation, marital status or union affiliation.
- The starting salary standards for fresh graduates and foreign workers comply with local laws and regulations.
- We create harmonious labor relations within the scope of the law, in accordance with the relevant local laws and regulations.

(2) Bonuses and Rewards: The reward and compensation system offered by the Company is designed to motivate employees who perform well in their work. Performance bonuses and production bonuses are granted based on the Company's operational performance, achievement of team goals and individual performance, and employees are remunerated according to the Company's profitability.

3. We also provide a diverse welfare system that includes the following:

Insurance & Protection	Subsidies	Other Benefits
<ul style="list-style-type: none"> <li>• Labor insurance</li> <li>• Health insurance</li> <li>• Group insurance (life insurance, accidental injury insurance, hospitalization insurance, cancer insurance, etc.)</li> <li>• Overseas Travel and Expatriate Insurance</li> <li>• Regular health checks for all staff</li> <li>• Monthly pension payment</li> <li>• Severance payments, pensions</li> </ul>	<ul style="list-style-type: none"> <li>• Travel Subsidies</li> <li>• Subsidies for club activities</li> <li>• Wedding and Funeral Grant</li> <li>• Maternity benefit</li> <li>• Supervisor's Health Benefits</li> <li>• Hospitalization condolences</li> <li>• Scholarship for Staff and Children</li> <li>• Various interest-free loans (emergency loans, education loans for employees' children, home purchase loans)</li> </ul>	<ul style="list-style-type: none"> <li>• Birthday Gift Vouchers</li> <li>• 3 Festival Gift Money (Voucher)</li> <li>• Labor's Day Souvenirs</li> <li>• Staff dorms (for some factories)</li> <li>• Commuter Bus (Factories)</li> <li>• Annual leave of absence on a pro rata basis upon onboarding, which is better than what is provided by law</li> <li>• We invite experts and scholars to give lectures on quality of life, mindfulness, financial management, and travel to colleagues</li> <li>• Discount for employees by signing contracts with vendors</li> <li>• Gold medal for senior staff</li> </ul>



4. Under the "Walsin Lihwa Employee Learning and Development System," each employee is incorporated into the Company's operating strategies, policies and target objectives based on his/her capabilities, job performance and career development. This enables employees, job performance and the organization to be fully integrated and to achieve synergies in employee learning and development. The content of the system includes the following:

- (1) Professional talent training in all levels
- (2) Management talent training
- (3) New employee orientation
- (4) Employee general education courses
- (5) Self-motivation course
- (6) Quality and safety awareness course

In 2020, the Company spent a total of NT\$13,160,000 on employee education and training. Details are as follows:

Total training participation	Total training hours	Average training hours per employee
35,218	67,709	14

Training statistics above include data from Taiwan and the subsidiaries in China.

5. Retirement system:

To provide job security to employees, the Company has established a retirement system pursuant to regulatory requirements with specific measures as follow:

- (1) Established a "Pension Oversight Committee" in 1986, whereby workers' pension funds are deposited monthly into a pension account at the Bank of Taiwan.
- (2) The Company has commissioned external consultants to prepare a pension fund actuarial report annually since 1994 and set aside a pension reserve fund each month based on the actuarial report in order to satisfy pension applications made by employees eligible for retirement.
- (3) In line with the implementation of the new pension system in 2005, the company has continued the issuance of the pension fund to retired employees who have elected to receive the pension under the old system. As for employees adopting the new system, 6% of their salary will be monthly withdrawn as retirement pension and deposited into each employee's personal account at Labor Insurance Bureau. Employees may voluntarily contribute within the 6% to satisfy personal demand in retirement preparation based on personal needs.
- (4) According to the revisions of the Labor Standards Act in 2015, the Company assesses the balance in the designated labor pension reserve funds account, calculate required labor pension funds for the laborers who meet the legal retire criteria in the follow following year and make up the difference before the end of March the following year.
- (5) In addition to compliance with the aforementioned retirement regulations and in recognition of the contributions made by retired employees, the company also issues commemorative medals and awards to retired employees. Meanwhile, the Employee Welfare Committee as well as the industry union has also issued retirement souvenirs to fully reflect the company's gratitude towards retired employees.
- (6) For employees in China, the subsidiaries enroll their employees in pension plans as required by law and make monthly contributions to the pension plans according to the local regulations in order to provide adequate retirement protection for the employees.

6. Employee Code of Conduct:

To ensure that employees comply with obligations to the Company, customers, competitors and suppliers during business operations, the Company has established an Employee Code of Conduct in order to regulate employee behavior. The highlights of this Code are as follows:

- (1) **Obligation to the Company:** All Company employees must be dedicated, studious, conform to all rules of the Company and ensure confidentiality.
- (2) **Obligation to customers:** When conducting business dealings in representation of this Company, the employee's attitude must be humble and without any arrogance or pride lest damaging the Company's image.
- (3) **Obligation to competitors:** The Company's employees should gather competitor information to serve as a reference for Company strategy in a legal and open manner.
- (4) **Obligation to suppliers:** Negotiations and transactions with suppliers by employees must uphold the principles of fairness, reasonableness and reciprocity in order to achieve a win-win result.

As a guide for employees to follow ethical standards and corporate governance, the Company has established additionally an Employee Code of Ethical Conduct. The highlights of this Code are as follows:

- (1) Prevention of conflicts of interests
- (2) Prevention of opportunities to obtain personal gains
- (3) Duty of confidentiality
- (4) Fair trade
- (5) Protection and appropriate use of Company assets
- (6) Legal compliance
- (7) Prohibition of gifts, bribes or any improper benefits
- (8) Prohibition of external communication of information against the Company
- (9) Equal employment opportunity and prohibition of discrimination
- (10) Health and safety in workplace
- (11) Correctly prepared documents and duty to maintain records
- (12) Respect for intellectual property

## (2) Protective measures taken to ensure a safe working environment and maintain employees' personal safety

Walsin Lihwa's ESH and energy policy is "Green Manufacturing, Happy Enterprise and Sustainable Management" by "Compliance, Risk Control, Health Care, Performance Enhancement, Consultation and Communication, and All Employee Participation". Our safety culture strategy is "people-oriented, all-employee participation" and "grassroots-oriented, rooted management". We will gradually improve the friendly environment and raise the safety awareness of employees and workers to achieve the goal of "corporate sustainability, social co-prosperity, environmental friendliness and employee harmony".

The health and safety system and administrative measures are as follows:

1. Comprehensively obtained ISO45001 international certification for occupational safety and health management system and safety management system (based on Taiwan Occupational Safety and Health Management System (TOSHMS) in Taiwan and work safety standardization in China)

This year, Walsin Lihwa completed the establishment of ISO45001 occupational safety and health management system in each plant, and reviewed the performance indicators of each unit in the Occupational Safety and Health Committee and Environmental, Safety and Health Management Committee meetings. The performance indicators are categorized into two types: active (promotion of key systems, support from the top management of each plant, and disclosure of management systems, etc.) and passive (work-related accidents and penalties from the competent authorities), and are planned and implemented in compliance with laws and regulations. In addition, through the frequency of general (special) health checkups and testing items for employees, we have implemented measures that are better than those stipulated by the regulations to enhance employee work safety and promote health care, and to establish and move toward an all-around safe and friendly Walsin Lihwa workplace through the management mechanism.





2. Designated health and safety and environmental management units or staff

Each of Walsin Lihwa's domestic and overseas plants also has its own Occupational Safety and Health Committee (in Taiwan)/Safety Production Committee (in China). Those committees require a certain percentage of labor representatives to participate and hold their own meeting every quarter to review the work safety. In addition to the passing down of practical experience and the dissemination of ethical principles in occupational safety, we provide a platform for the exclusive Environmental Safety and Health Committee meeting minutes system and an electronic signature system for quarterly meeting results, and send internal newsletters through the intranet with work-safety-related emails to share our experiences.

The Taiwanese plants have a safety and health committee in accordance with the law, and its labor representatives are in compliance with regulatory requirements and meet quarterly.

Plants	General Members	Labor Representatives
China	61	16
Taiwan	56	31

3. Optimization and upgrade of Safe Job Procedure (SJP) and Risk Assessment Database Management System

In addition to the Risk Assessment Guidelines published by the Occupational Safety and Health Administration of the Ministry of Labor in Taiwan and the dual-system LECD risk assessment method in China, the risk assessment system has been set up in 13 system management modes based on the characteristics of Walsin Lihwa's industry, so that each process and operation step, ranging from the initial condition investigation, hazard factor determination, to risk assessment identification, can be presented objectively and rationally.

Since 2020, in line with the Group's policy and organizational changes, we have carried out a comprehensive risk assessment system revision, and 2,675 Safe Job Procedures (SJPs) have been revised through discussions among the dedicated staff and collaborative partners of 170 units in 10 plants at home and abroad. In this way, each work participating in the formulation of SJPs may commonly comply with the operating procedures. In 2020, 65 workers in the plants met with 65 minor or more serious incidents (including minor injuries; Note 1) and 114 false alarm incidents (false alarm rate of 208.06%; Note 2), which were included in the initiation of risk assessment and safety revision of safety standards. Therefore, workers were involved to focus on work safety together.

At the beginning of the implementation of this system, a large number of documents were managed electronically, and inconsistencies in the document versions were quite frequent. In 2020's revision, the staff has been retrained and implement one-stop management: implementing equipment risk control → daily point inspection and maintenance list → responsible person immediately grasps the risk information. In addition, considering the dual system in Mainland China, it is scheduled to increase the LECD risk control conversion in 2021 and add a special item for "facility/equipment" risk assessment, so that each plant can use it boldly to facilitate verification.

4. Training on occupational safety and health for workers

The Walsin Lihwa Group believes that the focus of safety and health education and training is to enhance the mindset, awareness and ability of employees and contractors on safety and health. In recent years, we have gradually managed all employees' personal education and training records through Walsin Lihwa Academy, and we can update the safety and health training information and provide inquiries in real time to make the management, control and verification of safety and health training more effective. In addition, in 2020, each plant in Taiwan actively promoted "basic safety and health training for contractors" activities. Therefore, new contractor employees must receive one hour of safety and health education training before construction, and pass the test before they can start their work, while the old contractor employees must receive at least one hour of refresher training each year and complete and pass the test. The training classes and hours are as follows:

Occupational Safety Educational Training Item	Plants in Taiwan		Plants in China	
	Number of Persons	Number of Times	Number of Persons	Number of Times
Newcomer Training	352	-	232	-
In-Service Training	2,698	714	3,491	843
Project Type (Including Emergency Response)	1,935	34	358	41
Pre-Site Training for Contractors	1,792	119	542	292

In addition to the various professional safety and health technology and safety and health management courses, Walsin Lihwa has set up an e-learning platform to provide colleagues with a convenient and easy self-learning environment for pre-course preview and post-course review of occupational safety and health information, and to combine the learning effectiveness and diversity of the physical courses to stabilize and deepen the development of knowledge and skills, so as to extend the fun of learning and exploration of new knowledge.

#### 5. Emergency response: Integrated escape and fire drills implemented by the head office

In 2020, a total of 161 employees at the Taipei headquarters went through the fire escape drill, accounting for 74% of the 217 people working at the headquarters on that day. The escape drills for each department lasted from 4 to 15 minutes and are expected to strengthen the escape capability at the headquarters in 2021 by reducing the escape time.

#### 6. Optimization of Contractor Management Information System

In addition to its commitment to fulfilling its corporate social responsibilities, the Company also requires that its contractors should sign an environmental safety and social commitment letter with it to jointly comply with the requirements of the environmental safety and health laws and reduce occupational disasters. In 2019, we planned to promote the establishment of the contractor security and hygiene management system in Taiwan (Yanshui Plant and Taichung Plant) first; based on the traditional contractor management, we have developed and built the contractor security management and mobile phone application system with the advanced intelligent system management. We hope to achieve the goal of ensuring the perfect construction measures of contractors and promoting the participation of all employees in construction supervision through the gate-keeping at all levels and the transparency of project construction information. Through the successful experience of the Yanshui Plant and Taichung Plant, it was extended to all plants in Taiwan in the second half of 2020, and in 2021, we plan to extend the installation of such system to all plants in China.

#### 7. Improvement on environmental safety deficiencies and disasters

- (1) Review of Accidents and Education: All work-related accidents are required to be rectified at the site of the disaster, and the unit-in-charge is required to re-examine the operation, review the risks, and improve the operation procedures depending on the situation, and at the same time, build disaster cases and implement promotion and education on the Safe Job Procedures (SJPs) to avoid recurrence of such accidents.
- (2) Regular Compilation of Disaster Analysis and Learning: Quarterly safety committee meetings are held to review and allow each plant to share their learning and vigilance.
- (3) Review and Standardization of Common Operations: For the common disasters of mechanical equipment (cutting and winding) and electrical equipment (induction), in addition to making improvement thereon in the disaster area, we also review the common operations (energy breaking operations) and standardization of the contractor management mode of each plant, so that each plant can follow the same rules and regulations according to the local conditions, reduce the complexity of the cross-plant (regional) communication interface, and improve the efficiency of safety management.

#### 8. Continue to strengthen safety and health control intensity



- (1) Combining with the production system, we start and implement the environmental safety and health management system in the plant, so as to achieve benchmark learning and standardization (corresponding to the position)
  - (2) .Specialized Safety Management: Energy breaking operations, special equipment, equipment safety...etc
9. Establish friendly, safe and healthy workplace through health promotion

(1) **Promote employee care, build a health management platform, and create a healthy workplace**

Employees are the most important assets of a company, and Walsin Lihwa is committed to promoting employee care, health promotion and management, and occupational disease prevention, and designs feasible employee health promotion plans every year. With the focus on risk identification management, health hazard assessment and labor environment review, we hold health seminars and health promotion activities to promote preventive medicine and disease prevention, and strengthen the concept of employee health; we have also built a health management system since 2020. Employees can check health information through the health information platform provided by the system, and can also click health or health education information through the platform, so that all employees can manage their own health and improve their health balance, creating a healthy workplace where employees can feel at ease, rest assured, and satisfied.

Health promotion is an important part of primary prevention in preventive medicine that positively and actively prompts and encourages employees to change their health behaviors and habits, and increase correct health knowledge, self-efficacy concepts and health belief patterns.

Walsin Lihwa is committed to providing a safe working environment for its employees and helping them to balance work and life. The concept of disease prevention and early detection and treatment is very important. In order to protect the health of employees and prevent the occurrence of occupational diseases, Walsin Lihwa not only provides health examination services that are better and more frequent than those provided by the law and, but also promotes a series of activities related to the prevention and improvement of human factors engineering, prevention of diseases caused by overload, prevention of unlawful infringement, and maternal labor health protection in accordance with the Occupational Safety and Health Act to enhance employees' awareness of their own health. In 2020, a total of 18 pregnant female employees received maternal labor health protection, with hazard identification, risk assessment, and job description confirmation completed by health care providers through telephone or face-to-face interviews, and health education information provided during pregnancy and after delivery. We aim to promote health, prevent occupational diseases, and continue to promote better health.

(2) **Risk management of in-plant hazardous operations**

Every year, Walsin Lihwa also conducts health checkups and analyzes the results of the checkups according to the risk management and inspection of items from in-plant special hazardous operation (organic solvents, dust, high temperature, ionizing radiation, lead, manganese, nickel, and noise operations) to establish a health protection plan against hazard materials, so that employees can have a good working environment and avoid occupational diseases that may affect individuals and families, and even cause losses to the Company. Therefore, creating a healthy workplace environment and giving care and support can enhance the confidence and productivity of employees and create a win-win result.

(3) **2020 Promotion of Healthy Workplaces**

Walsin continues to focus on the three main directions of creating a safe working environment, protecting employee health and work-life balance to protect the physical and mental health of employees and their families. The active promotion of occupational health and wellness management programs has also received multiple recognitions: Yanshui Plant was awarded 2020 Sports Enterprise Certification by the Sports Administration, Ministry of Education; Hsinchuang Plant was awarded 2020 National Excellent Health Workplace - "Health Care Award"; Taichung Plant was awarded 2020 Taichung City Workplace Health Promotion Competition Program - First Place in Workplace Walking Promotion Competition. We also held a total of 6 blood donation events, where 426 people donated a total of 738 bags of blood.

- (3) Labor dispute losses and countermeasures from the most recent year to the publication date of this annual report: None.

## 6. Material Contracts

### (1) Walsin Lihwa Corporation

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Loan Agreement	DBS Bank	The agreement was signed on March 23, 2020, with the maturity of the loan falling on April 15, 2023	The loan is a three-year, non-revolving facility, in the total amount of USD 300 million.	1. Current ratio $\geq 100\%$ 2. Debt ratio $\leq 120\%$ (Net indebtedness/Tangible Net Worth) 3. Interest coverage ratio $\geq 150\%$ 4. Net tangible assets $\geq$ NT\$55 billion

### (2) Walsin (Nanjing) Development Co., LTD.

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Construction Agreement	45 companies including Shanghai Construction No.1 (Group) Co., Ltd.	2019/05 ~	Walsin Centro AB area phase two design, consultancy, construction, power distribution, etc., in a total of RMB129,874,000.	None

### (3) Walsin Nickel Industrial Indonesia

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Engineering Agreement	PT.Plenty Bumi International and ETERNAL TSINGSHAN GROUP LIMITED	2020/04/ ~	Design and construction of a self-built plant including ferro-nickel smelting and thermal power generation projects. The total contract price is approximately US\$93 million.	None
Equipment Purchase and Sale Agreement	ETERNAL TSINGSHAN GROUP LIMITED	2020/04/ ~	Nickel-iron rotary kiln - ore-heater production line equipment and thermal power generation unit procurement. The contract price is US\$250 million.	None

## VI Financial Information

### 1. Brief Balance Sheets and Comprehensive Income Statements of Recent Five Years

(1) Condensed Balance Sheet – Consolidated (Based on IFRSs)

Unit: NT\$ thousands

Items		Year	Financial Summary for the Last Five Years				
			2016	2017	2018	2019	2020
Current Assets			55,356,705	63,652,434	58,726,913	60,789,794	56,176,808
Property, Plant and Equipment			20,483,863	20,984,890	25,083,436	27,845,109	34,294,221
Intangible Assets			177,029	169,726	164,451	168,134	175,000
Other Assets			38,161,617	45,443,695	48,679,310	49,263,365	60,917,977
Total Assets			114,179,214	130,250,745	132,654,110	138,066,402	151,564,006
Current Liabilities	Before Distribution		32,360,784	34,618,169	32,146,970	40,743,553	31,458,157
	After Distribution		34,688,984	37,944,169	36,138,170	42,406,553	34,546,357
Non-current Liabilities			16,536,425	23,352,320	21,242,797	18,756,735	32,825,019
Total Liabilities	Before Distribution		48,897,209	57,970,489	53,389,767	59,500,288	67,371,376
	After Distribution		51,225,409	61,296,489	57,380,967	61,163,288	65,998,842
Equity Attributable to owners of the Company			63,365,942	70,523,463	77,328,012	77,384,341	84,468,235
Capital Stock			33,960,002	33,660,002	33,260,002	33,260,002	32,260,002
Capital Surplus			15,701,403	15,854,392	15,966,420	16,055,238	15,690,406
Retained Earnings	Before Distribution		15,211,219	19,234,380	32,144,727	31,179,511	36,330,187
	After Distribution		12,883,019	15,908,380	28,153,527	29,516,511	33,241,987
Other Equity			(897,872)	2,090,607	(4,043,137)	(3,110,410)	187,640
Treasury Stock			(608,810)	(315,918)	0	0	0
Non-controlling Interests			1,916,063	1,756,793	1,936,331	1,181,773	2,812,595
Total Equity	Before Distribution		65,282,005	72,280,256	79,264,343	78,566,114	87,280,830
	After Distribution		62,953,805	68,954,256	75,273,143	76,903,114	84,192,630

## (2) Condensed Balance Sheet - Unconsolidated (Based on IFRSs)

Unit: NT\$ thousands

Items	Year	Financial Summary for the Last Five Years				
		2016	2017	2018	2019	2020
Current Assets		12,619,660	15,188,603	16,809,906	16,615,466	18,421,337
Property, Plant and Equipment		13,853,939	14,356,176	16,432,206	17,621,858	17,493,296
Intangible Assets		-	-	-	-	-
Other Assets		67,646,531	76,090,868	86,063,522	86,140,209	104,556,223
Total Assets		94,120,130	105,635,647	119,305,634	120,377,533	140,470,856
Current Liabilities	Before Distribution	14,688,116	12,497,690	21,561,638	25,700,349	24,192,375
	After Distribution	17,016,316	15,823,690	25,552,838	27,363,349	27,280,575
Non-current Liabilities		16,066,072	22,614,494	20,415,984	17,292,843	31,810,246
Total Liabilities	Before Distribution	16,066,072	22,614,494	20,415,984	17,292,843	56,002,621
	After Distribution	16,066,072	22,614,494	20,415,984	17,292,843	59,090,821
Capital Stock		33,960,002	33,660,002	33,260,002	33,260,002	32,260,002
Capital Surplus		15,701,403	15,854,392	15,966,420	16,055,238	15,690,406
Retained Earnings	Before Distribution	15,211,219	19,234,380	32,144,727	31,179,511	36,330,187
	After Distribution	12,883,019	15,908,380	28,153,527	29,516,511	33,241,987
Other Equity		(897,872)	2,090,607	(4,043,137)	(3,110,410)	187,640
Treasury Stock		(608,810)	(315,918)	0	0	0
Total Equity	Before Distribution	63,365,942	70,523,463	77,328,012	77,384,341	84,468,235
	After Distribution	61,037,742	67,197,463	73,336,812	75,721,341	81,380,035

## (3) Condensed Income Statements - Consolidated (Based on IFRSs)

Unit: NT\$ thousands (Except EPS)

Items \ Year	Financial Summary for the Last Five Years				
	2016	2017	2018	2019	2020
Net Sales	143,355,241	167,792,585	190,915,137	134,804,405	112,546,603
Gross Profit	9,564,407	12,004,831	15,935,365	9,390,566	12,468,338
Operating Income	5,321,774	7,895,645	11,026,209	4,059,474	7,385,062
Non-operating Revenue and Expense	851,597	1,498,803	5,644,765	680,793	1,865,603
Profit before Taxes	6,173,371	9,394,448	16,670,974	4,740,267	9,250,665
Gain from Continued Operations	4,838,503	6,694,013	11,959,287	3,783,324	7,005,801
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	4,838,503	6,694,013	11,959,287	3,783,324	7,005,801
Other comprehensive income, net of income tax	(239,696)	2,786,719	(3,142,772)	915,620	3,338,209
Total comprehensive income for the year	4,598,807	9,480,732	8,816,515	4,698,944	10,344,010
Profit for the year attributable to owners of the company	4,568,125	6,559,984	11,756,781	3,149,679	6,691,149
Profit for the year attributable to non-controlling interests	270,378	134,029	202,506	633,645	314,652
Total comprehensive income for the year attributable to owners of the company	4,252,535	9,362,394	8,612,785	4,082,661	10,114,207
Total comprehensive income for the year attributable to non-controlling interests	346,272	118,338	203,730	616,283	229,803
Earnings Per Share	1.33	1.97	3.53	0.95	2.04

## (4) Condensed Income Statements - Unconsolidated (Based on IFRSs)

Unit: NT\$ thousands (Except EPS)

Items	Year	Financial Summary for the Last Five Years				
		2016	2017	2018	2019	2020
Net Sales		67,074,039	76,123,074	85,099,970	71,596,648	64,097,690
Gross Profit		5,982,561	5,318,064	3,840,250	4,155,851	4,457,566
Operating Income		4,785,519	3,836,535	2,122,510	2,445,178	2,681,141
Non-operating Revenue and Expense		390,100	3,290,917	10,123,522	644,517	3,982,969
Profit before Taxes		5,175,619	7,127,452	12,246,032	3,089,695	6,664,110
Gain from Continued Operations		4,568,125	6,559,984	11,756,781	3,149,679	6,691,149
Loss from Discontinued Operations		-	-	-	-	-
Profit for the year		4,568,125	6,559,984	11,756,781	3,149,679	6,691,149
Other comprehensive income, net of income tax		(315,590)	2,802,410	(3,143,996)	932,982	3,423,058
Total comprehensive income for the year		4,252,535	9,362,394	8,612,785	4,082,661	10,114,207
Earnings Per Share		1.33	1.97	3.53	0.95	2.04

## (5) Auditors' Opinion from 2016 to 2020

Year	CPA	Audit Opinion
2016	Deloitte & Touche Hung-Bin Yu, Kenny Hong	An Unmodified Opinion with an Other Matter Paragraph
2017	Deloitte & Touche Ming-Yu Chiu, Hung-Bin Yu	An Unmodified Opinion with an Other Matter Paragraph
2018	Deloitte & Touche Kenny Hong, Ming-Yu Chiu	An Unmodified Opinion with an Other Matter Paragraph
2019	Deloitte & Touche Wen-Yea, Shyu, Kwan-Chung, Lai	An Unmodified Opinion with an Other Matter Paragraph
2020	Deloitte & Touche Wen-Yea, Shyu, Kwan-Chung, Lai	An Unmodified Opinion with an Other Matter Paragraph



## 2. Financial Analysis of Recent Five Years

### (1) Financial Analysis – Consolidated (Based on IFRSs)

Analysis Items		Year	Financial Analysis for the Last Five Years				
		2016	2017	2018	2019	2020	
Capital structure (%)	Debt Ratio	42.82	44.50	40.24	43.09	42.41	
	Ratio of long-term Capital to Property, Plant and Equipment	399.42	455.72	400.69	349.51	350.22	
Liquidity analysis (%)	Current Ratio	171.06	183.87	182.68	149.20	178.57	
	Quick Ratio	76.01	80.75	94.86	89.96	93.02	
	Interest Coverage Ratio (times)	2,011.36	1,931.29	2,536.69	947.08	1,813.14	
Operating Performance	Accounts Receivable Turnover (Times)	9.83	11.75	12.56	10.06	10.35	
	Average Collection Period	37.13	31.06	29.06	36.28	35.26	
	Inventory Turnover (Times)	5.38	5.24	5.99	5.21	4.64	
	Accounts Payable Turnover (times)	17.98	17.39	18.67	15.32	13.30	
	Average Days in Sales	67.84	69.65	60.93	70.05	78.66	
	Property, plant and equipment Turnover (Times)	7.53	8.09	8.28	5.09	3.62	
	Total Assets Turnover (Times)	1.31	1.37	1.45	0.99	0.77	
Profitability analysis	Return on Total Assets (%)	4.65	5.77	9.47	3.12	5.12	
	Return on Stockholders' equity (%)	7.51	9.73	15.78	4.79	8.44	
	Pre-tax Income to Paid-in Capital (%)	18.17	27.90	50.12	14.25	28.67	
	Profit Ratio (%)	3.37	3.98	6.26	2.80	6.22	
	Earnings (loss) Per Share (NT\$) (Note 1)	1.33	1.97	3.53	0.95	2.04	
Cash Flow(Note 2)	Cash Flow Ratio (%)	22.98	22.23	9.39	21.17	22.72	
	Cash Flow Adequacy Ratio (%)	92.90	83.19	62.30	72.07	68.03	
	Cash Reinvestment Ratio (%)	7.69	5.32	0.00	4.51	4.58	
Leverage	Operating Leverage	2.28	1.49	1.48	2.93	2.06	
	Financial Leverage	1.06	1.06	1.06	1.15	1.07	
<p>Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)</p> <p>A. Compared to 2019, interest coverage ratio, return on total assets, return on stockholders' equity, pre-tax income to paid-in capital, profit ratio and earnings per share in 2020 show an increase. It's because that profit before tax and profit for the year ended December 31, 2020 increased.</p> <p>B. Compared to 2019, property, plant and equipment turnover and total assets turnover in 2020 show a decrease. It's because that operating revenue for the year ended December 31, 2020 decreased.</p> <p>C. Compared to 2019, average collection period in 2020 show a decrease. It's because that operating revenue for the year ended December 31, 2020 increased.</p>							

Note 1 If net cash provided by operating activities is negative, shall not be calculated.

Note 2 Financial analysis formulas show as the following:

1. Financial Structure:

(1) Debt Ratio = Total liabilities / Total assets

(2) Ratio of Long-term Capital to Property, plant and equipment = (Stockholders' equity + non-current liabilities) / net worth of Property, plant and equipment

2. Solvency:

(1) Current Ratio = Current assets / Current liabilities

(2) Quick Ratio = (Current assets - inventories - prepaid expenses) / Current liabilities

(3) Interest Coverage Ratio = Income before tax and interest expenses / Current Interest expenses

3. Operating Performance:

(1) Receivable (included trade receivables and operating notes receivable) Turnover = Net sales / Average receivables for each period (included trade receivables and operating notes receivable)

(2) Average Collection Period Turnover Days = 365 / Receivable turnover

(3) Inventory Turnover = Cost of sales / Average inventories

(4) Payables (included trade payables and operating notes payable) Turnover = Cost of sales / Average payables for each period (included trade payables and operating notes payable)

(5) Average Days in Sales = 365 / Inventory turnover

(6) Property, Plant and Equipment Turnover = Net sales / Average of property, plant and equipment, net

(7) Total Assets Turnover = Net sales / Average of total assets

4. Profitability:

(1) Return on Total Assets = [ Net income after tax + interest expense × ( 1 - tax rate ) ] / Average of total assets

(2) Return on Stockholders' equity = Net income after tax / Average of stockholders' equity

(3) Profit Ratio = Net income after tax / Net sales

(4) Earnings (loss) Per Share = Net income attributable to owners - stock dividend - preferred ) / Weighted average of outstanding shares

5. Cash Flow:

(1) Cash Flow Ratio = Net cash provided by operating activities / Current liabilities

(2) Cash Flow Adequacy Ratio = Net cash provided by operating activities in recently five years / Recently five years of ( capital expenses + increase of inventories + cash dividend)

(3) Cash Reinvestment Ratio = (Net cash provided by operating activities - cash dividend) / (Property, plant and equipment, gross + long-term investment + other non-current assets + working capital)

6. Leverage:

(1) Operating Leverage = (Net sales - variable operating cost and expense) / Operating income

(2) Financial Leverage = Operating income / (Operating income - interest expense)

## (2) Financial Analysis –Unconsolidated (Based on IFRSs)

Analysis Items		Year	Financial Analysis for the Last Five Years				
		2016	2017	2018	2019	2020	
Capital structure (%)	Debt Ratio	32.67	33.23	35.18	35.71	39.86	
	Ratio of Long-term Capital to Property, plant and equipment	573.35	648.76	594.83	537.27	664.70	
Liquidity analysis (%)	Current Ratio	85.91	121.53	77.96	64.65	76.14	
	Quick Ratio	28.86	44.92	22.20	26.77	30.89	
	Interest Coverage Ratio (times)	1,210.70	1,741.08	2,652.81	676.50	1,571.22	
Operating Performance	Accounts Receivable Turnover (Times)	36.83	33.13	31.71	32.56	32.75	
	Average Collection Period	9.91	11.01	11.51	11.21	11.14	
	Inventory Turnover (Times)	9.00	8.20	7.94	6.53	6.67	
	Accounts Payable turnover (times)	20.65	19.34	20.33	21.25	23.75	
	Average Days in Sales	40.55	44.51	45.96	55.89	54.72	
	Property, plant and equipment Turnover (Times)	5.26	5.39	5.52	4.20	3.65	
	Total Assets Turnover (Times)	0.70	0.76	0.75	0.59	0.49	
Profitability analysis	Return on Total Assets (%)	5.26	6.96	10.86	3.08	5.47	
	Return on Stockholders' equity (%)	7.30	9.79	15.90	4.07	8.26	
	Pre-tax Income to Paid-in Capital (%)	15.24	21.17	36.81	9.28	20.65	
	Profit Ratio (%)	6.81	8.61	13.81	4.39	10.43	
	Earnings Per Share (NT\$)	1.33	1.97	3.53	0.95	2.04	
Cash Flow(Note 2)	Cash Flow Ratio (%)	18.53	29.65	9.03	18.90	16.21	
	Cash Flow Adequacy Ratio (%)	46.64	47.63	34.25	46.95	45.79	
	Cash Reinvestment Ratio (%)	2.46	1.44	0.00	0.89	2.10	
Leverage	Operating Leverage	1.71	2.03	2.55	2.63	2.52	
	Financial Leverage	1.10	1.12	1.29	1.28	1.20	
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)							
A. Compared to 2019, interest coverage ratio, return on total assets, return on stockholders' equity, pre-tax income to paid-in capital, profit ratio and earnings per share in 2020 show an increase. It's because that profit before tax and profit for the year ended December 31, 2020 increased.							
B. Compared to 2019, property, plant and equipment turnover and total assets turnover in 2020 show an decrease. It's because that operating revenue for the year ended December 31, 2020 decreased.							
C. Compared to 2019, operating leverage show a decrease. It's because that operating revenue for the year ended December 31, 2020 increased.							

Note 1: If net cash provided by operating activities is negative, shall not be calculated.

Note 2: Financial analysis formulas see Table (1).

### 3. Audit Committee's Review Report for the Recent Year

#### Audit Committee's Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The Financial Statements had been audited by Deloitte & Touche Accountants, Wen-Ya Hsu and Kuan-Chung Lai and has issued an audit report.

The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Walsin Lihwa Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Walsin Lihwa Corporation

Chairman of the Audit Committee: Ming-Ling Hsueh

February 26, 2021



## 4. Financial Statements of Recent Years

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

#### Opinion

We have audited the accompanying consolidated financial statements of Walsin Lihwa Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2020:

### Sales Revenue Recognition

In 2020, the main products of the Group's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Group prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the consolidated financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 23 to the consolidated financial statements for related accounting policies and disclosure of information relating to revenue recognition.

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

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

### **Other Matter**

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2020 and 2019 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$10,148,841 thousand and NT\$10,076,558 thousand, which constituted 6.70% and 7.30% of the Group's consolidated total assets, as of December 31, 2020 and 2019, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$18,427,711 thousand and NT\$15,531,341 thousand, which constituted 16.37% and 11.52% of the Group's consolidated total net operating revenue, for the years ended December 31, 2020 and 2019, respectively.

The financial statements of certain equity-method investees included in the consolidated financial statements as of and for the year ended December 31, 2019 was audited by other auditors. The investment in such investees decreased to NT\$0 thousand as of December 31, 2019 and the investment loss amounted to NT\$1,004,729 thousand, which constituted (21.20%) of the Group consolidated profit before income tax for the year ended December 31, 2019.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter.

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

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



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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Kwan-Chung Lai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2021

#### Notice to Readers

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

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



## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,944,408	8	\$ 11,753,006	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	73,329	-	69,795	-
Financial assets at amortized cost - current (Notes 4 and 9)	1,315,970	1	1,470,571	1
Derivative financial assets for hedging - current (Notes 4 and 8)	8,282	-	-	-
Contract assets - current (Notes 4 and 10)	4,460,992	3	4,014,672	3
Notes receivable (Note 11)	2,974,132	2	3,576,333	3
Trade receivables (Note 11)	7,543,131	5	7,637,759	6
Finance lease receivables (Notes 4 and 12)	56,128	-	54,278	-
Other receivables (Note 27)	887,091	1	8,076,664	6
Inventories (Notes 4 and 13)	21,080,535	14	22,019,088	16
Other financial assets (Note 6)	705,277	-	317,733	-
Other current assets	5,127,533	3	1,799,895	1
Total current assets	56,176,808	37	60,789,794	44
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	5,683,859	4	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	6,910,644	5	5,323,365	4
Investments accounted for using the equity method (Notes 4 and 16)	32,767,091	22	29,012,467	21
Property, plant and equipment (Notes 4 and 17)	34,294,221	23	27,845,109	20
Right-of-use assets (Notes 4 and 18)	1,664,406	1	1,363,823	1
Investment properties (Notes 4 and 19)	9,874,926	6	10,032,989	7
Other intangible assets	175,000	-	168,134	-
Deferred tax assets - non-current (Notes 4 and 25)	2,428,545	2	2,048,176	2
Refundable deposits	221,314	-	183,291	-
Long-term finance lease receivables (Notes 4 and 12)	720,585	-	776,713	1
Other non-current assets	646,607	-	522,541	-
Total non-current assets	95,387,198	63	77,276,608	56
<b>TOTAL</b>	<b>\$ 151,564,006</b>	<b>100</b>	<b>\$ 138,066,402</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 6,591,019	4	\$ 12,457,481	9
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	8,374	-	6,026	-
Derivative financial liabilities for hedging - current (Notes 4 and 8)	-	-	14,346	-
Contract liabilities - current	1,499	-	518	-
Notes payable	235,258	-	342,409	-
Trade payables	7,494,471	5	6,967,817	5
Current tax liabilities (Notes 4 and 25)	4,557,761	3	4,587,562	3
Other payables	5,143,921	4	4,901,323	4
Lease liabilities - current (Notes 4 and 18)	75,261	-	76,467	-
Current portion of long-term borrowings (Note 20)	6,162,400	4	6,564,196	5
Other current liabilities (Note 27)	1,188,193	1	4,825,408	3
Total current liabilities	31,458,157	21	40,743,553	29
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 20)	31,406,829	21	16,929,215	12
Deferred tax liabilities - non-current (Notes 4 and 25)	214,457	-	179,314	-
Lease liabilities - non-current (Notes 4 and 18)	274,442	-	225,505	-
Net defined benefit liabilities (Notes 4 and 21)	384,299	-	536,614	1
Other non-current liabilities (Note 28)	544,992	-	886,087	1
Total non-current liabilities	32,825,019	21	18,756,735	14
Total liabilities	64,283,176	42	59,500,288	43
<b>EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 22)</b>				
Share capital	32,260,002	21	33,260,002	24
Capital surplus	15,690,406	11	16,055,238	12
Retained earnings				
Legal reserve	5,428,200	4	5,113,232	3
Special reserve	3,110,410	2	4,043,138	3
Unappropriated earnings	27,791,577	18	22,023,141	16
Total retained earnings	36,330,187	24	31,179,511	22
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(5,905,135)	(4)	(5,546,359)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	6,092,775	4	2,435,949	2
Total other equity	187,640	-	(3,110,410)	(2)
Total equity attributable to owners of WLC	84,468,235	56	77,384,341	56
<b>NON-CONTROLLING INTERESTS</b>	<b>2,812,595</b>	<b>2</b>	<b>1,181,773</b>	<b>1</b>
Total equity	87,280,830	58	78,566,114	57
<b>TOTAL</b>	<b>\$ 151,564,006</b>	<b>100</b>	<b>\$ 138,066,402</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 26, 2021)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
**(In Thousands of US Dollars)**

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 419,396	8	\$ 412,676	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,575	-	2,451	-
Financial assets at amortized cost - current (Notes 4 and 9)	46,207	1	51,635	1
Derivative financial assets for hedging - current (Notes 4 and 8)	291	-	-	-
Contract assets - current (Notes 4 and 10)	156,636	3	140,965	3
Notes receivable (Note 11)	104,429	2	125,573	3
Trade receivables (Note 11)	264,857	5	268,180	6
Finance lease receivables (Notes 4 and 12)	1,971	-	1,906	-
Other receivables (Note 27)	31,148	1	283,591	6
Inventories (Notes 4 and 13)	740,187	14	773,142	16
Other financial assets (Note 6)	24,764	-	11,156	-
Other current assets	180,040	3	63,199	1
Total current assets	1,972,501	37	2,134,474	44
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	199,574	4	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	242,649	5	186,916	4
Investments accounted for using the equity method (Notes 4 and 16)	1,150,530	22	1,018,696	21
Property, plant and equipment (Notes 4 and 17)	1,204,151	23	977,707	20
Right-of-use assets (Notes 4 and 18)	58,441	1	47,887	1
Investment properties (Notes 4 and 19)	346,732	6	352,282	7
Other intangible assets	6,145	-	5,904	-
Deferred tax assets - non-current (Notes 4 and 25)	85,272	2	71,916	2
Refundable deposits	7,771	-	6,436	-
Long-term finance lease receivables (Notes 4 and 12)	25,301	-	27,272	1
Other non-current assets	22,703	-	18,348	-
Total non-current assets	3,349,269	63	2,713,364	56
<b>TOTAL</b>	<b>\$ 5,321,770</b>	<b>100</b>	<b>\$ 4,847,838</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 231,426	4	\$ 437,412	9
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	294	-	212	-
Derivative financial liabilities for hedging - current (Notes 4 and 8)	-	-	504	-
Contract liabilities - current	53	-	18	-
Notes payable	8,260	-	12,023	-
Trade payables	263,149	5	244,656	5
Current tax liabilities (Notes 4 and 25)	160,034	3	161,080	3
Other payables	180,615	4	172,097	4
Lease liabilities - current (Notes 4 and 18)	2,643	-	2,685	-
Current portion of long-term borrowings (Note 20)	216,376	4	230,484	5
Other current liabilities (Note 27)	41,720	1	169,431	3
Total current liabilities	1,104,570	21	1,430,602	29
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 20)	1,102,768	21	594,425	12
Deferred tax liabilities - non-current (Notes 4 and 25)	7,530	-	6,296	-
Lease liabilities - non-current (Notes 4 and 18)	9,636	-	7,918	-
Net defined benefit liabilities (Notes 4 and 21)	13,494	-	18,842	1
Other non-current liabilities (Note 28)	19,135	-	31,113	1
Total non-current liabilities	1,152,563	21	658,594	14
Total liabilities	2,257,133	42	2,089,196	43
<b>EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 22)</b>				
Share capital	1,132,725	21	1,167,837	24
Capital surplus	550,927	11	563,737	12
Retained earnings				
Legal reserve	190,597	4	179,538	3
Special reserve	109,214	2	141,964	3
Unappropriated earnings	975,828	18	773,285	16
Total retained earnings	1,275,639	24	1,094,787	22
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(207,343)	(4)	(194,746)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	213,932	4	85,532	2
Total other equity	6,589	-	(109,214)	(2)
Total equity attributable to owners of WLC	2,965,880	56	2,717,147	56
<b>NON-CONTROLLING INTERESTS</b>	<b>98,757</b>	<b>2</b>	<b>41,495</b>	<b>1</b>
Total equity	3,064,637	58	2,758,642	57
<b>TOTAL</b>	<b>\$ 5,321,770</b>	<b>100</b>	<b>\$ 4,847,838</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
 (With Deloitte & Touche auditors' report dated February 26, 2021)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 112,546,603	100	\$ 134,804,405	100
OPERATING COSTS (Notes 4 and 13)	<u>(100,078,265)</u>	<u>(89)</u>	<u>(125,413,839)</u>	<u>(93)</u>
GROSS PROFIT	<u>12,468,338</u>	<u>11</u>	<u>9,390,566</u>	<u>7</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,868,164	2	2,076,993	2
General and administrative expenses	3,091,413	3	3,111,371	2
Research and development expenses	<u>123,699</u>	<u>-</u>	<u>142,728</u>	<u>-</u>
Total operating expenses	<u>5,083,276</u>	<u>5</u>	<u>5,331,092</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>7,385,062</u>	<u>6</u>	<u>4,059,474</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	261,523	-	268,338	-
Dividend income	110,990	-	136,772	-
Other income	136,095	-	195,467	-
(Loss) gain on disposal of property, plant and equipment	(7,979)	-	854,514	1
Gain on disposal of investment property (Note 31)	-	-	246,877	-
Gain (loss) on valuation of financial assets and liabilities	732,121	1	(106,368)	-
(Recognition) reversal of impairment loss (Notes 4 and 24)	674	-	(1,680,575)	(1)
Other expenses	(381,505)	-	(338,237)	-
Foreign exchange (loss) gain, net	(66,726)	-	112,757	-
Interest expense	(539,982)	-	(559,596)	-
(Loss) gain on disposal of investments (Note 24)	(75,927)	-	822,882	1
Share of profit of associates under the equity method	<u>1,696,319</u>	<u>1</u>	<u>727,962</u>	<u>-</u>
Total non-operating income and expenses	<u>1,865,603</u>	<u>2</u>	<u>680,793</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	9,250,665	8	4,740,267	4
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(2,244,864)</u>	<u>(2)</u>	<u>(956,943)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>7,005,801</u>	<u>6</u>	<u>3,783,324</u>	<u>3</u>

(Continued)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 36,292	-	\$ (22,278)	-
Unrealized gain on financial assets at fair value through other comprehensive income	1,077,834	1	1,185,769	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,664,780</u>	<u>2</u>	<u>1,747,483</u>	<u>1</u>
	<u>3,778,906</u>	<u>3</u>	<u>2,910,974</u>	<u>2</u>
Items that will be reclassified subsequently to profit or loss:				
Exchange loss on translation of foreign operations	(358,081)	-	(1,766,406)	(2)
Gain on cash flow hedges	-	-	1,151	-
Share of other comprehensive loss of associates under the equity method	<u>(82,616)</u>	<u>-</u>	<u>(230,099)</u>	<u>-</u>
	<u>(440,697)</u>	<u>-</u>	<u>(1,995,354)</u>	<u>(2)</u>
Other comprehensive income for the year	<u>3,338,209</u>	<u>3</u>	<u>915,620</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,344,010</u>	<u>9</u>	<u>\$ 4,698,944</u>	<u>3</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 6,691,149	6	\$ 3,149,679	2
Non-controlling interests	<u>314,652</u>	<u>-</u>	<u>633,645</u>	<u>1</u>
	<u>\$ 7,005,801</u>	<u>6</u>	<u>\$ 3,783,324</u>	<u>3</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 10,114,207	9	\$ 4,082,661	3
Non-controlling interests	<u>229,803</u>	<u>-</u>	<u>616,283</u>	<u>-</u>
	<u>\$ 10,344,010</u>	<u>9</u>	<u>\$ 4,698,944</u>	<u>3</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.04</u>		<u>\$ 0.95</u>	
Diluted	<u>\$ 2.04</u>		<u>\$ 0.95</u>	

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

(With Deloitte & Touche auditors' report dated February 26, 2021)

(Concluded)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 3,951,777	100	\$ 4,733,301	100
OPERATING COSTS (Notes 4 and 13)	<u>(3,513,984)</u>	<u>(89)</u>	<u>(4,403,576)</u>	<u>(93)</u>
GROSS PROFIT	<u>437,793</u>	<u>11</u>	<u>329,725</u>	<u>7</u>
OPERATING EXPENSES				
Selling and marketing expenses	65,596	2	72,928	2
General and administrative expenses	108,547	3	109,248	2
Research and development expenses	<u>4,343</u>	<u>-</u>	<u>5,011</u>	<u>-</u>
Total operating expenses	<u>178,486</u>	<u>5</u>	<u>187,187</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>259,307</u>	<u>6</u>	<u>142,538</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	9,183	-	9,422	-
Dividend income	3,897	-	4,802	-
Other income	4,779	-	6,863	-
(Loss) gain on disposal of property, plant and equipment	(280)	-	30,004	1
Gain on disposal of investments properties (Note 31)	-	-	8,668	-
(Gain) loss gain on valuation of financial assets and liabilities	25,706	1	(3,735)	-
(Recognition) reversal of impairment loss (Notes 4 and 24)	24	-	(59,009)	(1)
Other expenses	(13,396)	-	(11,873)	-
Foreign exchange (loss) gain, net	(2,343)	-	3,959	-
Interest expense	(18,960)	-	(19,649)	-
(Loss) gain on disposal of investments (Note 24)	(2,666)	-	28,893	1
Share of profit of associates under the equity method	<u>59,562</u>	<u>1</u>	<u>25,560</u>	<u>-</u>
Total non-operating income and expenses	<u>65,506</u>	<u>2</u>	<u>23,905</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	324,813	8	166,443	4
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(78,823)</u>	<u>(2)</u>	<u>(33,601)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>245,990</u>	<u>6</u>	<u>132,842</u>	<u>3</u>

(Continued)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,274	-	\$ (782)	-
Unrealized gain on financial assets at fair value through other comprehensive income	37,845	1	41,635	1
Share of the other comprehensive income of associates accounted for using the equity method	93,567	2	61,358	1
	<u>132,686</u>	<u>3</u>	<u>102,211</u>	<u>2</u>
Items that will be reclassified subsequently to profit or loss:				
Exchange loss on translation of foreign operations	(12,572)	-	(62,023)	(2)
Gain on cash flow hedges	-	-	40	-
Share of other comprehensive loss of associates under the equity method	(2,901)	-	(8,079)	-
	<u>(15,473)</u>	<u>-</u>	<u>(70,062)</u>	<u>(2)</u>
Other comprehensive income for the year	<u>117,213</u>	<u>3</u>	<u>32,149</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 363,203</u>	<u>9</u>	<u>\$ 164,991</u>	<u>3</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of WLC	\$ 234,942	6	\$ 110,592	2
Non-controlling interests	11,048	-	22,249	1
	<u>\$ 245,990</u>	<u>6</u>	<u>\$ 132,841</u>	<u>3</u>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of WLC	\$ 355,134	9	\$ 143,352	3
Non-controlling interests	8,069	-	21,639	-
	<u>\$ 363,203</u>	<u>9</u>	<u>\$ 164,991</u>	<u>3</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 0.07</u>		<u>\$ 0.03</u>	
Diluted	<u>\$ 0.07</u>		<u>\$ 0.03</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 26, 2021)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC												
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income						
BALANCE AT JANUARY 1, 2019	\$ 33,260,002	\$ 15,966,420	\$ 3,937,554	\$ 2,712,250	\$ 25,494,923	\$ (3,567,540)	\$ (474,446 )	\$ (1,151)	\$ -	\$ 77,328,012	\$ 1,936,331	\$ 79,264,343	
Appropriation of 2018 earnings (Note 22)													
Legal reserve	-	-	1,175,678	-	(1,175,678)	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,330,888	(1,330,888)	-	-	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(3,991,200)	-	-	-	-	(3,991,200)	-	(3,991,200)	
Excess of the consideration received over the carrying amount of the subsidiaries' disposed net assets	-	(615)	-	-	(123,950)	-	-	-	-	(124,565)	-	(124,565)	
Change in capital surplus and retained earnings from investments in associates under the equity method	-	89,443	-	-	55,134	-	(55,134 )	-	-	89,443	-	89,443	
Net profit for the year ended December 31, 2019	-	-	-	-	3,149,679	-	-	-	-	3,149,679	633,645	3,783,324	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(54,879)	(1,978,819)	2,965,529	1,151	-	932,982	(17,362)	915,620	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,094,800	(1,978,819)	2,965,529	1,151	-	4,082,661	616,283	4,698,944	
Others	-	(10)	-	-	-	-	-	-	-	(10)	-	(10)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,370,841)	(1,370,841)	
BALANCE, DECEMBER 31, 2019	33,260,002	16,055,238	5,113,232	4,043,138	22,023,141	(5,546,359)	2,435,949	-	-	77,384,341	1,181,773	78,566,114	
Appropriation of 2019 earnings (Note 22)													
Legal reserve	-	-	314,968	-	(314,968)	-	-	-	-	-	-	-	
Special reserve	-	-	-	(932,728)	932,728	-	-	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(1,663,000)	-	-	-	-	(1,663,000)	-	(1,663,000)	
Excess of the consideration received over the carrying amount of the subsidiaries' disposed net assets	-	-	-	-	(2,481)	-	-	-	-	(2,481)	-	(2,481)	
Change in capital surplus from investments in associates under the equity method	-	135,304	-	-	97,145	-	(97,145 )	-	-	135,304	-	135,304	
Net profit for the year ended December 31, 2020	-	-	-	-	6,691,149	-	-	-	-	6,691,149	314,652	7,005,801	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	27,863	(358,776)	3,753,971	-	-	3,423,058	(84,849)	3,338,209	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,719,012	(358,776)	3,753,971	-	-	10,114,207	229,803	10,344,010	
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,500,108)	(1,500,108)	-	(1,500,108)	
Cancelation of treasury shares	(1,000,000)	(500,108)	-	-	-	-	-	-	1,500,108	-	-	-	
Others	-	(28)	-	-	-	-	-	-	-	(28)	-	(28)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,401,019	1,401,019	
BALANCE, DECEMBER 31, 2020	\$ 32,260,002	\$ 15,690,406	\$ 5,428,200	\$ 3,110,410	\$ 27,791,577	\$ (5,905,135)	\$ 6,092,775	\$ -	\$ -	\$ 84,468,235	\$ 2,812,595	\$ 87,280,830	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 26, 2021)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of U.S. Dollars)

	Equity Attributable to Owners of WLC												
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income						
BALANCE AT JANUARY 1, 2019	\$ 1,167,837	\$ 560,619	\$ 138,257	\$ 95,233	\$ 895,187	\$ (125,265)	\$ (16,659)	\$ (40)	\$ -	\$ 2,715,169	\$ 67,989	\$ 2,783,158	
Appropriation of 2018 earnings (Note 22)													
Legal reserve	-	-	41,281	-	(41,281)	-	-	-	-	-	-	-	
Special reserve	-	-	-	46,731	(46,731)	-	-	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(140,140)	-	-	-	-	(140,140)	-	(140,140)	
Excess of the consideration received over the carrying amount of the subsidiaries' disposed net assets	-	(22)	-	-	(4,352)	-	-	-	-	(4,374)	-	(4,374)	
Change in capital surplus and retained earnings from investments in associates under the equity method	-	3,140	-	-	1,936	-	(1,936)	-	-	3,140	-	3,140	
Net profit for the year ended December 31, 2019	-	-	-	-	110,592	-	-	-	-	110,592	22,249	132,841	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(1,926)	(69,481)	104,127	40	-	32,760	(610)	32,150	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	108,666	(69,481)	104,127	40	-	143,352	21,639	164,991	
Others	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(48,133)	(48,133)	
BALANCE, DECEMBER 31, 2019	1,167,837	563,737	179,538	141,964	773,285	(194,746)	85,532	-	-	2,717,147	41,495	2,758,642	
Appropriation of 2019 earnings (Note 22)													
Legal reserve	-	-	11,059	-	(11,059)	-	-	-	-	-	-	-	
Special reserve	-	-	-	(32,750)	32,750	-	-	-	-	-	-	-	
Cash dividends distributed by WLC	-	-	-	-	(58,392)	-	-	-	-	(58,392)	-	(58,392)	
Excess of the consideration received over the carrying amount of the subsidiaries' disposed net assets	-	-	-	-	(87)	-	-	-	-	(87)	-	(87)	
Change in capital surplus from investments in associates under the equity method	-	4,751	-	-	3,411	-	(3,411)	-	-	4,751	-	4,751	
Net profit for the year ended December 31, 2020	-	-	-	-	234,942	-	-	-	-	234,942	11,048	245,990	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	978	(12,597)	131,811	-	-	120,192	(2,979)	117,213	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	235,920	(12,597)	131,811	-	-	355,134	8,069	363,203	
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(52,672)	(52,672)	-	(52,672)	
Cancelation of treasury shares	(35,112)	(17,560)	-	-	-	-	-	-	52,672	-	-	-	
Others	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	49,193	49,193	
BALANCE, DECEMBER 31, 2020	\$ 1,132,725	\$ 550,927	\$ 190,597	\$ 109,214	\$ 975,828	\$ (207,343)	\$ 213,932	\$ -	\$ -	\$ 2,965,880	\$ 98,757	\$ 3,064,637	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 26, 2021)



# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 9,250,665	\$ 4,740,267
Adjustments for:		
Depreciation expense	2,405,513	2,163,455
Amortization expense	35,485	11,223
Expected credit loss (reversed) recognized on trade receivables	12,209	(15,124)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(732,121)	106,368
Interest expense	539,982	559,596
Interest income	(261,523)	(268,338)
Dividend income	(110,990)	(136,772)
Compensation cost of employees share options	8,804	14,145
Share of profit of associates under the equity method	(1,696,319)	(727,962)
Loss (gain) on disposal of property, plant and equipment	7,979	(854,514)
Gain on the disposal of investment property	-	(246,877)
Gain on disposal of other assets	-	(17)
Loss (gain) on disposal of investments	75,927	(822,882)
Impairment loss (reversed) recognized on non-financial assets	(674)	1,680,575
Gain on lease modification	(38)	-
Unrealized loss on foreign currency exchange	962	23,887
Changes in operating assets and liabilities		
Increase in contract assets	(446,320)	(1,424,808)
Decrease (increase) in notes receivable	602,201	(575,022)
Decrease in trade receivables	311,810	3,452,476
Decrease (increase) in other receivables	467,742	(229,770)
Decrease in inventories	938,706	1,820,757
(Increase) decrease in other current assets	(2,794,980)	130,079
Increase in other financial assets	(387,544)	(203,478)
(Increase) decrease in other operating assets	(366,618)	23,252
Increase (decrease) in financial liabilities held for trading	75,283	(1,109,374)
Decrease in notes payable	(107,151)	(67,470)
Increase (decrease) in trade payables	526,654	(1,540,007)
Increase in contract liabilities	981	518
Increase in other payables	152,124	855,977
Decrease in net defined benefit liabilities	(152,315)	(108,789)
Increase (decrease) in other current liabilities	532,710	(234,597)
(Decrease) increase in other operating liabilities	(133,769)	466,206
Cash generated from operations	8,755,375	7,482,980
Interest paid	(534,655)	(561,991)
Interest received	294,277	193,009
Dividends received from associates	789,298	2,569,560
Income tax paid	(2,156,365)	(1,056,367)
Net cash generated from operating activities	<u>7,147,930</u>	<u>8,627,191</u>

(Continued)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (507,274)	\$ (169,868)
Purchase of financial assets at fair value through profit or loss	(5,353,790)	-
Purchase of financial assets at amortized cost	-	(6,167)
Disposal of financial assets at amortized cost	252,140	-
Disposal of financial assets for hedging	-	1,151
Acquisition of associates accounted for using the equity method	-	(280,064)
Net cash flow on disposal of subsidiaries	2,025,974	3,237,032
Payments for property, plant and equipment	(8,816,415)	(5,280,057)
Proceeds from disposal of property, plant and equipment	21,684	182,590
Increase in refundable deposits	(36,228)	(1,212)
Payments for intangible assets	(9,327)	(3,948)
Payments for right-of-use assets	(18,989)	-
Payments for investment properties	(546)	(1,211)
Proceeds from disposal of investment properties	-	250,420
Increase in other receivables	(223,150)	(273,335)
	<u>(12,665,921)</u>	<u>(2,344,669)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	(5,804,988)	2,564,195
Increase in long-term borrowings	20,640,014	10,500,000
Decrease in long-term borrowings	(6,564,196)	(11,564,196)
Repayment of the principal portion of lease liabilities	(83,862)	(74,619)
Payments for buy-back of ordinary shares	(1,500,108)	-
Dividends paid to owners of WLC	(1,662,891)	(3,991,018)
Changes in non-controlling interests	586,927	(299,831)
Other financing activities	(28)	(10)
	<u>5,610,868</u>	<u>(2,865,479)</u>
Net cash generated from (used in) financing activities		
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>98,525</u>	<u>(1,070,191)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	191,402	2,346,852
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>11,753,006</u>	<u>9,406,154</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,944,408</u>	<u>\$ 11,753,006</u>

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

(With Deloitte & Touche auditors' report dated February 26, 2021)

(Concluded)

# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of U.S. Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 324,813	\$ 166,442
Adjustments for:		
Depreciation expense	84,463	75,964
Amortization expense	1,246	394
Expected credit loss (reversed) recognized on trade receivables	429	(531)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(25,706)	3,735
Interest expense	18,960	19,649
Interest income	(9,183)	(9,422)
Dividend income	(3,897)	(4,802)
Compensation cost of employees share options	309	497
Share of profit of associates accounted for using the equity method	(59,562)	(25,560)
Loss (gain) on disposal of property, plant and equipment	280	(30,004)
Gain on the disposal of investment property	-	(8,668)
Gain on disposal of other assets	-	(1)
Loss (gain) on disposal of investments	2,666	(28,893)
Impairment loss (reversed) recognized on non-financial assets	(24)	59,009
Gain on lease modification	(1)	-
Unrealized loss on foreign currency exchange	34	839
Changes in operating assets and liabilities		
Increase in contract assets	(15,671)	(50,028)
Decrease (increase) in notes receivable	21,145	(20,190)
Decrease in trade receivables	10,948	121,225
Decrease (increase) in other receivables	16,424	(8,068)
Decrease in inventories	32,960	63,931
(Increase) decrease in other current assets	(98,138)	4,567
Increase in other financial assets	(13,608)	(7,145)
(Increase) decrease in other operating assets	(12,873)	816
Increase (decrease) in financial liabilities held for trading	2,643	(38,953)
Decrease in notes payable	(3,762)	(2,369)
Increase (decrease) in trade payables	18,492	(54,073)
Increase in contract liabilities	34	18
Increase in other payables	5,341	30,055
Decrease in net defined benefit liabilities	(5,348)	(3,820)
Increase (decrease) in other current liabilities	18,705	(8,237)
(Decrease) increase in other operating liabilities	(4,697)	16,370
Cash generated from operations	307,422	262,747
Interest paid	(18,773)	(19,733)
Interest received	10,333	6,777
Dividends received from associates	27,714	90,223
Income tax paid	(75,715)	(37,092)
Net cash generated from operating activities	<u>250,981</u>	<u>302,922</u>

(Continued)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of U.S. Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (17,812)	\$ (5,964)
Purchase of financial assets at fair value through profit or loss	(187,984)	-
Purchase of financial assets at amortized cost	-	(217)
Disposal of financial assets at amortized cost	8,853	-
Disposal of financial assets for hedging	-	40
Acquisition of associates under the equity method	-	(9,834)
Net cash flow on disposal of subsidiaries	71,137	113,660
Payments for property, plant and equipment	(309,565)	(185,395)
Proceeds from disposal of property, plant and equipment	761	6,411
Increase in refundable deposits	(1,272)	(43)
Payments for intangible assets	(327)	(139)
Payments for right-of-use assets	(667)	-
Payments for investment properties	(19)	(43)
Proceeds from disposal of investment properties	-	8,793
Increase in other receivables	<u>(7,835)</u>	<u>(9,597)</u>
Net cash used in investing activities	<u>(444,730)</u>	<u>(82,328)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	(203,827)	90,035
Increase in long-term borrowings	724,720	368,680
Decrease in long-term borrowings	(230,484)	(406,046)
Repayment of the principal portion of lease liabilities	(2,945)	(2,620)
Payments for buy-back of ordinary shares	(52,672)	-
Dividends paid to owners of WLC	(58,388)	(140,134)
Changes in non-controlling interests	20,608	(10,528)
Other financing activities	<u>(1)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>197,011</u>	<u>(100,613)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,458</u>	<u>(37,577)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,720	82,404
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>412,676</u>	<u>330,272</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 419,396</u>	<u>\$ 412,676</u>

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

(With Deloitte & Touche auditors' report dated February 26, 2021)

(Concluded)



# WALSIN LIHWA CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of WLC and its subsidiaries (collectively, the “Group”) were approved by the board of directors of WLC on February 26, 2021.

### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

- 1) Amendments to IFRS 3 “Definition of a Business”

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, there will be different judgement requirements depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

## 2) Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

## 3) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information has been deleted.

## 4) Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

## b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.



Hedge accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- 1) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
  - 2) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
  - 3) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
  - 4) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.
- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual

reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of





the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

7) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the

primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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

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

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



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by FSC.

##### b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period and
- Liabilities for which WLC does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

## d. Basis of consolidation

- Principle of preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of WLC and the entities controlled by WLC. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 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 the Group.

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 the Group 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 the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Refer to Note 15 and Table 8 for the percent of ownership, main businesses and details of the subsidiaries.

## e. Foreign currencies

In preparing the financial statements of each individual company entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

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



income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries with currencies used different from the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

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

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

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Inventories include real estate and constructions-in-progress, which are stated at acquisition costs plus construction costs incurred. Interest expenses on constructions-in-progress are capitalized.

g. Investment in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is

not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

#### h. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.



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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties classification to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment classification to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

j. Intangible assets

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

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

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

#### 1. Financial instruments

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

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

##### Financial assets

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

##### 1) Measurement category

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

##### a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss. Fair value is determined in the manner described in Note 30.





b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which are terminated before maturity are higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

## 2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, operating/finance lease receivables, as well as contract assets.

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

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

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

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.


## 3) Derecognition of financial assets

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

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

### Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.



Repurchase of WLC's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of WLC's own equity instruments.

### Financial liabilities

#### 1) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

##### a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

##### b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

#### 2) Derecognition of financial liabilities

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

### Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with

the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

1) Fair value hedges

Gain or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum



threshold is reached.

o. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

p. Revenue recognition

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

1) Revenue from the sale of goods and real estate

Revenue from the sale of goods and real estate comes from sales of wires, cables, stainless steel and real estate. Sales of wires, cables and stainless steel are recognized as revenue when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Regarding contracts relating to the sale of real estate in the course of ordinary activities, a fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the real estate is transferred to the buyer.

2) Revenue from the rendering of services

Service income is recognized when services are rendered. Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligation. Payment for installation services is not due from the customer until the installation services are complete, and therefore, a contract asset is recognized over the period in which the installation services are performed. The contract asset is reclassified to trade receivables when installation is complete.

3) Construction contract revenue

A contract asset is recognized during construction and is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligation.

When it is not able to reasonably measure the Group's progress toward satisfaction of the performance obligation but expects to recover costs, the Group recognizes revenue only to the extent of costs incurred.

## q. Leases

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

## a) The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.


## b) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.



Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

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

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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.

#### t. Taxation

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

##### 1) Current tax

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

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

##### 2) Deferred tax

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

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

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

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



of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

u. Translation into U.S. dollar

The financial statements are stated in New Taiwan dollars. The translation of New Taiwan dollar amounts into U.S. dollar amounts for 2020 and 2019 is included solely for the convenience of readers, using the average exchange rate of NT\$28.48 to US\$1.00 quoted by the Bank of Taiwan on December 31, 2020. The convenience translation should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

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

In the application of the Group's accounting policies (refer to Note 4), management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 3,216	\$ 3,698
Checking accounts and cash in bank	9,723,431	6,194,981
Cash equivalents		
Time deposits	2,108,064	5,444,929
Short-term bills	<u>109,697</u>	<u>109,398</u>
	<u>\$ 11,944,408</u>	<u>\$ 11,753,006</u>

The market rate intervals of cash in the bank at the end of the year were as follows (except for the checking accounts' interest rate of 0.00%):

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Bank balance	0.001%-3.90%	0.01%-3.27%
Short-term bills	0.18%	0.34%-0.35%

As of December 31, 2020 and 2019, certain time deposits were classified and pledged as follows:

		<u>December 31</u>	
<b>Purpose</b>		<b>2020</b>	<b>2019</b>
Other financial assets - current			
Restricted time deposits	Negotiable certificate of deposits (not expired)	\$ 2,300	\$ -
Restricted deposits	To secure short-term borrowings and letters of credit	523,952	234,758
	To meet contract requirements for completing construction	14,516	37,013
	Repatriation of offshore funds	65,760	-
	Project grants	<u>19,400</u>	<u>-</u>
		<u>625,928</u>	<u>271,771</u>
Non-current assets			
Refundable deposits	To meet contract requirements for completing construction	51,528	85,358
	To meet required security deposit	878	600
Time deposits	To meet long-term borrowing of credit	<u>8,730</u>	<u>8,595</u>
		<u>61,136</u>	<u>94,553</u>
		<u>\$ 687,064</u>	<u>\$ 366,324</u>

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

		<u>December 31</u>	
		<b>2020</b>	<b>2019</b>
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
Commodity futures contracts		\$ 73,329	\$ 69,510
Exchange rate swap contracts		-	285
Options		-	-
Hybrid financial assets			
Corporate bonds		<u>5,683,859</u>	<u>-</u>
Financial assets at FVTPL		<u>\$ 5,757,188</u>	<u>\$ 69,795</u>
Current		\$ 73,329	\$ 69,795
Non-current		<u>5,683,859</u>	<u>-</u>
		<u>\$ 5,757,188</u>	<u>\$ 69,795</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts		<u>\$ 8,374</u>	<u>\$ 6,026</u>
Financial liabilities at FVTPL		<u>\$ 8,374</u>	<u>\$ 6,026</u>
Current		\$ 8,374	\$ 6,026
Non-current		<u>-</u>	<u>-</u>
		<u>\$ 8,374</u>	<u>\$ 6,026</u>



a. As of December 31, 2020 and 2019, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2020</u>							
Commodity futures contracts							
Copper	Buy	10,250	2020.04.30-2020.12.31	2021.01.20-2021.10.20	US\$ 76,919	US\$ 79,276	US\$ 2,357
Nickel	Sell	882	2020.10.15-2020.12.17	2021.01.15-2021.03.17	US\$ 14,560	US\$ 14,597	US\$ (37)
Copper	Buy	1,125	2020.10.12-2020.12.30	2021.01.31-2021.07.31	RMB 63,272	RMB 65,034	RMB 1,762
Zinc	Buy	155	2020.12.09-2020.12.30	2021.01.31-2021.02.28	RMB 3,318	RMB 3,233	RMB (85)
Stainless steel	Buy	3,000	2020.12.31	2021.03.31	RMB 40,121	RMB 40,110	RMB (11)
<u>December 31, 2019</u>							
Commodity futures contracts							
Cooper	Buy	9,625	2019.08.12-2019.12.31	2020.02.19-2020.05.20	US\$ 58,603	US\$ 59,235	US\$ 632
Cooper	Sell	8,875	2019.12.11-2019.12.30	2020.01.15	US\$ 54,386	US\$ 54,657	US\$ (271)
Cooper	Buy	3,750	2019.11.11-2019.12.30	2020.01.01-2020.04.30	RMB 177,900	RMB 185,097	RMB 7,197
Nickel	Buy	1,020	2019.12.27-2019.12.31	2020.03.27-2020.03.31	US\$ 14,511	US\$ 14,333	US\$ (178)
Nickel	Sell	2,634	2019.10.17-2019.12.23	2020.01.17-2020.03.23	US\$ 38,116	US\$ 36,994	US\$ 1,122
Nickel	Buy	106	2019.12.17	2020.01.31-2020.03.31	RMB 11,822	RMB 11,839	RMB 17
Zinc	Buy	205	2019.10.29-2019.12.25	2020.01.31-2020.02.28	RMB 3,836	RMB 3,701	RMB (135)

b. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	EUR to MYR	2021.01.15-2021.06.28	EUR887/MYR4,378
	USD to MYR	2021.01.29	USD300/MYR1,210
	EUR to USD	2021.04.08	EUR8,180/USD10,065
	USD to NTD	2021.04.08	USD10,000/NTD280,870
Buy	USD to RMB	2021.01.04-2021.01.28	USD115,000/RMB752,822
	USD to NTD	2021.01.05	USD60,000/NTD1,699,190
	USD to JPY	2021.01.28	USD5,343/JPY553,220
	USD to SGD	2021.01.19	USD38,781/SGD51,851

(Continued)

	<b>Currencies</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2019</u>			
Sell	EUR to MYR	2020.01.14-2020.09.30	EUR836/MYR3,897
	USD to MYR	2020.07.30-2020.09.30	USD900/MYR3,783
	USD to RMB	2020.01.31	USD5,000/RMB35,002
	USD to NTD	2020.01.03-2020.01.08	USD50,000/NTD1,505,900
Buy	USD to JPY	2020.01.08	USD7,537/JPY800,000
	USD to RMB	2020.01.06	USD30,000/RMB212,320
	EUR to USD	2020.03.10	EUR5,690/USD6,359
	USD to SGD	2020.11.16	USD31,341/SGD42,457
(Concluded)			

- c. As of December 31, 2019, outstanding exchange rate swap contracts not under hedge accounting were as follows:

<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2019</u>		
USD to JPY	2020.01.08	USD3,985/JPY434,000

- d. For the years ended December 31, 2020 and 2019, the Group's strategy for commodity futures contracts, foreign exchange forward contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.
- e. In January 2020, the Group bought 2-year corporate bonds of Golden Harbour International Pte. Ltd. in the amount of US\$178,500 thousand. The bonds are embedded derivative instruments that pay a fixed interest rate of 5% plus a floating spread per annum.
- f. In January 2020, the Group bought an option contract for US\$50 thousand. Under the contract, the issuer of the option will make an unconditional payment to the Group for the principal and interest of the abovementioned bonds if Golden Harbour International Pte. Ltd fails to redeem the bonds at maturity.

## 8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	<u>December 31</u>	
	2020	2019
<u>Financial assets - current</u>		
Fair value hedges - exchange rate swap contracts	<u>\$ 8,282</u>	<u>\$ -</u>

(Continued)



**December 31**

**2020                      2019**

**Financial liabilities - current**

Fair value hedges - exchange rate swap contracts	<u>\$ -</u>	<u>\$ 14,346</u> (Concluded)
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The Group used exchange rate swap contracts to minimize its exposure to changes in the exchange rate of its foreign-currency trade receivable and trade payable. The exchange rate swaps and the corresponding financial assets have the same terms, and management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the year were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<b><u>December 31, 2020</u></b>			
Exchange rate swap contracts	USD to NTD	2021.01.13	USD21,000/NTD607,457
	USD to NTD	2021.01.13	USD21,000/NTD607,467
	USD to NTD	2021.01.13	USD30,000/NTD867,795
	USD to NTD	2021.01.13	USD30,000/NTD867,810
	USD to NTD	2021.01.13	USD30,000/NTD867,810
	USD to NTD	2021.01.13	USD30,000/NTD867,810
	USD to NTD	2021.01.13	USD27,000/NTD781,029
	USD to NTD	2021.01.13	USD11,000/NTD318,197
	USD to RMB	2021.01.15	USD21,000/RMB141,259
	USD to RMB	2021.01.15	USD21,000/RMB141,246
	USD to RMB	2021.01.15	USD80,000/RMB538,128
	USD to RMB	2021.01.15	USD40,000/RMB269,040
	USD to RMB	2021.01.15	USD27,000/RMB181,607
<b><u>December 31, 2019</u></b>			
Exchange rate swap contracts	USD to NTD	2020.01.14	USD41,000/NTD1,252,837
	USD to NTD	2020.02.05	USD20,000/NTD607,060
	USD to NTD	2020.02.05	USD35,000/NTD1,063,895
	USD to NTD	2020.02.05	USD10,000/NTD303,980
	USD to NTD	2020.02.05	USD17,000/NTD517,455
	USD to NTD	2020.02.05	USD17,000/NTD517,455
	USD to RMB	2020.01.16	USD22,000/RMB155,706
	USD to RMB	2020.02.07	USD20,000/RMB140,100
	USD to RMB	2020.02.07	USD20,000/RMB140,882
	USD to RMB	2020.02.07	USD10,000/RMB70,445
	USD to RMB	2020.02.07	USD35,000/RMB246,533
	USD to RMB	2020.02.07	USD17,000/RMB119,485
	USD to RMB	2020.02.07	USD17,000/RMB119,581

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Gain (loss) on the hedging instruments	<u>\$ 8,282</u>	<u>\$ (14,346)</u>
Loss (gain) on the hedged items	<u>\$ 42,075</u>	<u>\$ (50,141)</u>

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Current</u>		
Foreign investments		
Interest rate-linked structured investment deposits	<u>\$ 1,315,970</u>	<u>\$ 1,470,571</u>

The interest rates for interest rate-linked structured investment deposits were 3.2% and 3.7% as of December 31, 2020 and 2019, respectively.

## 10. CONTRACT ASSETS

As of December 31, 2020 and 2019, contract balances were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Contract assets		
Cable installation	\$ 781,196	\$ 331,591
Solar power systems installation	3,679,796	3,683,081
Less: Allowance for impairment loss	<u>                    -</u>	<u>                    -</u>
Contract assets - current	<u>\$ 4,460,992</u>	<u>\$ 4,014,672</u>

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

## 11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Notes receivable</u>		
Notes receivable	<u>\$ 2,974,132</u>	<u>\$ 3,576,333</u>

(Continued)



	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Trade receivables</u>		
Trade receivables	\$ 7,637,153	\$ 7,706,726
Less: Allowance for impairment loss	<u>(94,022)</u>	<u>(68,967)</u>
	<u>\$ 7,543,131</u>	<u>\$ 7,637,759</u> (Concluded)

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

The Group applies the simplified approach prescribed by IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 365 Days	Total
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 4,721,878	\$ 2,367,951	\$ 276,842	\$ 153,113	\$ 117,369	\$ 7,637,153
Loss allowance (lifetime ECLs)	-	(1,937)	(8,503)	(13,451)	(70,131)	(94,022)
Amortized cost	<u>\$ 4,721,878</u>	<u>\$ 2,365,914</u>	<u>\$ 268,339</u>	<u>\$ 139,662</u>	<u>\$ 47,238</u>	<u>\$ 7,543,131</u>

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 365 Days	Total
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 6,392,603	\$ 1,019,275	\$ 101,389	\$ 95,993	\$ 97,466	\$ 7,706,726
Loss allowance (lifetime ECLs)	-	(6,470)	(3,800)	(14,331)	(44,366)	(68,967)
Amortized cost	<u>\$ 6,392,603</u>	<u>\$ 1,012,805</u>	<u>\$ 97,589</u>	<u>\$ 81,662</u>	<u>\$ 53,100</u>	<u>\$ 7,637,759</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 68,967	\$ 120,910
Add: Amount recovered	26,688	-
Add (less): Net remeasurement of loss allowance	12,209	(15,124)
Less: Amounts written off	(13,135)	(34,166)
Foreign exchange gains and losses	<u>(707)</u>	<u>(2,653)</u>
Balance at December 31	<u>\$ 94,022</u>	<u>\$ 68,967</u>

**12. FINANCE LEASE RECEIVABLES**

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 81,359	\$ 81,359
Year 2	81,359	81,359
Year 3	81,359	81,359
Year 4	81,359	81,359
Year 5	81,359	81,359
Year 6 onwards	<u>531,735</u>	<u>613,094</u>
	938,530	1,019,889
Less: Unearned finance income	<u>(161,817)</u>	<u>(188,898)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 776,713</u>	<u>\$ 830,991</u>
Current	\$ 56,128	\$ 54,278
Non-current	<u>720,585</u>	<u>776,713</u>
	<u>\$ 776,713</u>	<u>\$ 830,991</u>



The power supply contracts of solar power equipment are recognized in accordance with the accounting policies of finance leases. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.30% per annum as of December 31, 2020 and 2019.

The finance lease receivables as of December 31, 2020 and lease receivables as of December 31, 2019 were neither past due nor impaired.

The amounts of finance lease receivables and lease receivables pledged as collateral for bank borrowings are set out in Note 32.

### 13. INVENTORIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Manufacturing and trading industries		
Raw materials	\$ 3,804,593	\$ 3,431,920
Raw materials in transit	1,426,333	1,962,559
Supplies	1,420,645	1,606,782
Work-in-process	2,495,808	2,525,817
Finished goods and merchandise	5,493,205	5,464,469
Contracts in progress	<u>317,612</u>	<u>-</u>
	<u>14,958,196</u>	<u>14,991,547</u>
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	218,402	2,030,702
Contracts in progress	<u>5,900,503</u>	<u>4,993,405</u>
	<u>6,122,339</u>	<u>7,027,541</u>
	<u>\$ 21,080,535</u>	<u>\$ 22,019,088</u>

- a. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT\$99,095,630 thousand and NT\$124,756,314 thousand, respectively.
- b. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included reversal of inventory write-downs of NT\$323,333 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included reversal of inventory write-downs of NT\$148,763 thousand. Previous write-downs had been reversed as a result of the inventory close out.
- c. The purchase of inventory for the real estate development industry is primarily for the land, construction costs of future construction and construction projects which are still under development of Walsin (Nanjing) Construction Co., Ltd.
- d. Walsin (Nanjing) Construction Co., Ltd. entered into an agreement with third parties for the sale of real estate as of December 31, 2020 and 2019; the selling prices for the related residential buildings and office buildings were RMB1,346,175 thousand and RMB130,630 thousand, respectively. The sales of the real estate in the amounts of NT\$5,495,319 thousand

and NT\$571,573 thousand were recorded as operating revenue for the years ended December 31, 2020 and 2019, respectively.

- e. As of December 31, 2020 and 2019, Walsin (Nanjing) Construction Co., Ltd. did not receive the contract payment of the presold real estate.

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

	December 31	
	2020	2019
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 3,685,476	\$ 2,089,584
HannStar Board Corp.	2,763,734	2,639,800
TECO Electric & Machinery Corp.	26,378	-
Domestic unlisted ordinary shares	339,955	320,842
Foreign unlisted ordinary shares	<u>95,101</u>	<u>273,139</u>
	<u>\$ 6,910,644</u>	<u>\$ 5,323,365</u>
Current	\$ -	\$ -
Non-current	<u>6,910,644</u>	<u>5,323,365</u>
	<u>\$ 6,910,644</u>	<u>\$ 5,323,365</u>

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

#### 15. SUBSIDIARIES

- a. Subsidiaries included in consolidated financial statements

The consolidated entities as of December 31, 2020 and 2019 were as follows:

Investor	Investee	Main Business	% of Ownership	
			2020	2019
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00
	Touch Micro-System Technology Corp. (TMT)	OEM on MEMS foundry service	-	100.00
	Ace Result Global Limited	Investment holding	(Note 6) 100.00	(Liquidating) 100.00
	Energy Pilot Limited (Energy Pilot)	Investment holding	-	100.00
	Market Pilot Limited (Market Pilot)	Investment holding	(Note 7) -	100.00
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	(Note 10) 100.00	100.00

(Continued)

Investor	Investee	Main Business	% of Ownership	
			2020	2019
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	99.51	98.87
	Jin-Cherng Construction Co. (Jin-Cherng)	Construction business	99.22	99.22
	Joint Success Enterprises Limited	Investments	49.05	49.05
	P.T. Walsin Lippo Industries (P.T. Walsin)	Manufacture and sale of cables and wires	70.00	70.00
	PT. Walsin Lippo Kabel	Cables and wires	70.00	70.00
	Waltuo Green Resources Corp.	Waste disposal, resource recovery and cement products	100.00	100.00
	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	50.00 (Note 5)	-
WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00
	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	100.00	100.00
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00
	Renowned International Limited	Investments	- (Note 8)	83.97
	Walsin International Investments Limited	Investments	100.00	100.00
	Borrego Solar System, Inc.	Solar power system	73.66	75.29
	Nanjing Walsin Expo Exhibition Co., Ltd.	Exhibition service	- (Note 1)	- (Note 1)
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37
Walsin (China) Investment Co., Ltd.	Nanjing Walsin Metal Co., Ltd.	Manufacture and sale of copper alloy	- (Note 2)	- (Note 2)
Renowned International Limited	Nanjing Walsin Metal Co., Ltd.	Manufacture and sale of copper alloy	- (Note 2)	- (Note 2)
CIL	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment	100.00	100.00
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	100.00	100.00
	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	100.00
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00
	XiAn Walsin Opto-electronic Limited	Light emitter diode and solar power assembly	- (Note 3)	- (Note 3)
	XiAn Lu Jing Technology Co., Ltd.	Solar module assembly	- (Note 3)	100.00
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	- (Note 11)	100.00
Jin-Cherng	Joint Success Enterprises Limited	Investments	50.95	50.95
	Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	100.00	100.00
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	100.00	100.00

(Continued)

Investor	Investee	Main Business	% of Ownership	
			2020	2019
	Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	100.00	100.00
	Walsin Nanjing Commercial Management Co., Ltd.	Business management, food marketing, catering services and sale of groceries	- (Note 9)	100.00
Energy Pilot Limited	Green Lake Capital, LLC.	Solar power business	- (Note 4)	100.00 (Liquidating)
	Green Lake Exchange, LLC.	Solar power business	- (Note 4)	- (Note 4)
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	- (Note 12)	100.00

(Concluded)

Note 1: Nanjing Walsin Expo Exhibition Co., Ltd. was liquidated on December 27, 2019 and received its deregistration certificate on December 31, 2019.

Note 2: In May 2019, the Group entered into an agreement with Zhuhai Gree Electric Enterprise Co., Ltd. for the disposal of the Group's equity interest in Nanjing Walsin Metal Co., Ltd. On May 27, 2019, the Group's representatives (director and supervisor) resigned from Nanjing Walsin Metal Co., Ltd. and the Group ceased to have control over Nanjing Walsin Metal Co., Ltd. See Note 27 for the detailed information.

Note 3: XiAn Walsin Metal Product Co., Ltd. merged XiAn Lu Jing Technology Co., Ltd. and XiAn Walsin Opto-electric Limited by absorption.

Note 4: The liquidation of Green Lake Capital, LLC and Green Lake Exchange, LLC was completed on May 24, 2020 and November 4, 2019, respectively.

Note 5: In January 2020, the Group invested capital to establish PT. Walsin Nickel Industrial Indonesia ("WNII"). New Hono Investment Pte. Ltd ("NHI") held 42% equity of WNII. According to the joint venture agreement signed by WLH and NHI in January 2020, WLH had the right to purchase 100% of NHI's shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly.

Note 6: The liquidation of Touch Micro-system Technology Corp. was completed on June 5, 2020.

Note 7: The liquidation of Energy Pilot Limited was completed on September 3, 2020.

Note 8: The liquidation of Renowned International Limited was completed on August 24, 2020.

Note 9: The liquidation of Walsin Nanjing Commercial Management Co., Ltd. was completed on December 7, 2020.

Note 10: The liquidation of Market Pilot Limited was completed on December 9, 2020.

Note 11: The liquidation of Walsin Lihwa (Changzhou) Investment Co., Ltd. was completed on October 19, 2020.

Note 12: The liquidation of XiAn Walsin United Technology Co., Ltd. was completed on December 7, 2020.

b. The following entities were excluded from consolidation as of December 31, 2020 and 2019:

Investor	Investee	Main Business	% of Ownership		Note
			2020	2019	
WLHL	Walcom Chemical Industrial Limited	Commerce	65.00	65.00	Note

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of December 31, 2020 and 2019, the investee had no sales, and its total assets were less than 1% of the Group's consolidated total assets.

The financial statements of certain aforementioned subsidiaries included in the consolidated financial statements were not audited by the auditor of WLC, but were reviewed by other auditors. As of December 31, 2020 and 2019, the combined total assets were NT\$10,148,841 thousand and NT\$10,076,558 thousand, respectively. For the years ended December 31, 2020 and 2019, the combined total net operating revenue of such subsidiaries were NT\$18,427,711 thousand and NT\$15,531,341 thousand, respectively.

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

Name of Associate	December 31			
	2020		2019	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 14,595,661	22.21	\$ 13,599,856	22.21
Walton Advanced Engineering, Inc.	2,601,028	21.65	2,549,401	21.65
Walsin Technology Corp.	7,068,731	18.30	6,188,821	18.30
<u>Associates that are not individually material</u>				
Others	8,501,671		6,674,389	
	<u>\$ 32,767,091</u>		<u>\$ 29,012,467</u>	

Refer to Table 8 "Information on Investees" and Table 9 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates.

The Group is the single largest shareholder of the abovementioned material associates in which the Group has an ownership percentage of less than 50%. Considering the relative size and wide

dispersion of the voting rights owned by other shareholders, the Group has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

On December 30, 2019, the Group subscribed for 47,861 thousand shares of Powertec Electrochemical Corp. through a private placement for a cash consideration of NT\$239,303 thousand. The transfer of the aforementioned ordinary shares within 3 years from the acquisition date is prohibited by regulations.

On February 26, 2020, Powertec Electrochemical Corp. filed for bankruptcy with resolution of the board of directors in accordance with Company Act, No. 211 and relevant regulations. Management of WLC carried out an impairment review by comparing their respective recoverable amounts with the carrying amounts. Based on the assessment, the recoverable amount of WLC's interest in Powertec Electrochemical Corp. of NT\$1,678,639 thousand was less than the carrying amount. The amount was recognized as impairment loss under non-operating income and expenses in 2019. On April 10, 2020, Powertec Electrochemical Corp. was declared bankrupt by the Taipei District Court.

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

Name of Associate	December 31	
	2020	2019
Winbond Electronics Corp.	\$ 25,675,797	\$ 17,279,237
Walton Advanced Engineering, Inc.	\$ 1,512,872	\$ 1,277,171
Walsin Technology Corp.	\$ 20,491,986	\$ 21,247,656

All the associates are accounted for using the equity method.

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2020 and 2019 were based on the associates' financial statements audited by independent auditors for the same period.

a. Material associates

December 31, 2020

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 47,530,801	\$ 6,497,236	\$ 39,636,422
Non-current assets	78,512,439	11,013,279	42,416,526
Current liabilities	(25,475,006)	(3,189,422)	(19,714,368)
Non-current liabilities	<u>(29,975,547)</u>	<u>(2,436,908)</u>	<u>(16,684,386)</u>
Equity	70,592,687	11,884,185	45,654,194
Non-controlling interests	<u>(5,143,568)</u>	<u>-</u>	<u>(7,033,732)</u>
	\$ 65,449,119	\$ 11,884,185	\$ 38,620,462

(Continued)

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 47,530,801	\$ 6,497,236	\$ 39,636,422
Proportion of the Group's ownership	22.21%	21.65%	18.30%
Equity attributable to the Group	\$ 14,536,249	\$ 2,572,926	\$ 7,067,545
Other adjustments	<u>59,412</u>	<u>28,102</u>	<u>1,186</u>
Carrying amount	<u>\$ 14,595,661</u>	<u>\$ 2,601,028</u>	<u>\$ 7,068,731</u>
Operating revenue	<u>\$ 60,683,171</u>	<u>\$ 5,399,201</u>	<u>\$ 35,599,197</u>
Net profit for the year	\$ 1,519,043	\$ 254,887	\$ 7,217,645
Other comprehensive income (loss)	<u>3,291,251</u>	<u>(49,194)</u>	<u>657,013</u>
Total comprehensive income for the year	<u>\$ 4,810,294</u>	<u>\$ 205,693</u>	<u>\$ 7,874,658</u> (Concluded)

December 31, 2019

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 37,557,286	\$ 3,836,916	\$ 29,074,560
Non-current assets	67,247,614	13,271,223	31,069,984
Current liabilities	(17,515,468)	(2,219,782)	(16,312,658)
Non-current liabilities	<u>(23,432,245)</u>	<u>(3,196,283)</u>	<u>(7,294,140)</u>
Equity	63,857,187	11,692,074	36,537,746
Non-controlling interests	<u>(2,836,565)</u>	<u>-</u>	<u>(2,716,095)</u>
	<u>\$ 61,020,622</u>	<u>\$ 11,692,074</u>	<u>\$ 33,821,651</u>
Proportion of the Group's ownership	22.21%	21.65%	18.30%
Equity attributable to the Group	\$ 13,552,680	\$ 2,531,334	\$ 6,189,362
Other adjustments	<u>47,176</u>	<u>18,067</u>	<u>(541)</u>
Carrying amount	<u>\$ 13,599,856</u>	<u>\$ 2,549,401</u>	<u>\$ 6,188,821</u>
Operating revenue	<u>\$ 48,771,434</u>	<u>\$ 6,158,099</u>	<u>\$ 30,140,875</u>
Net profit for the year	\$ 1,477,287	\$ 165,048	\$ 6,648,906
Other comprehensive income (loss)	<u>1,294,756</u>	<u>1,120,375</u>	<u>(9,168)</u>
Total comprehensive income for the year	<u>\$ 2,772,043</u>	<u>\$ 1,285,423</u>	<u>\$ 6,639,738</u>

## b. Associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
The Group's share of:		
Gain (loss) from continuing operations	\$ 119,854	\$ (653,272)
Other comprehensive income	<u>1,809,645</u>	<u>1,003,210</u>
Total comprehensive income for the year	<u>\$ 1,929,499</u>	<u>\$ 349,938</u>

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2020 and 2019 was based on the associates' financial statements audited by independent auditors for the same period.

The financial statements of certain equity-method investees included in the financial statements as of and for the year ended December 31, 2019 were audited by other auditors. The investment in such investees amounted to NT\$0 thousand and the investment loss amounted to NT\$1,004,729 thousand for the year ended December 31, 2019.

**17. PROPERTY, PLANT AND EQUIPMENT**

	<b>December 31</b>					
	<b>2020</b>		<b>2019</b>			
Assets used by the Group	<u>\$ 34,294,221</u>		<u>\$ 27,845,109</u>			
	<b>Land</b>	<b>Buildings and Improvements</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2020	\$ 3,453,378	\$ 16,144,426	\$ 25,268,998	\$ 6,375,790	\$ 2,001,693	\$ 53,244,285
Additions	30,617	71,752	250,651	554,663	7,840,247	8,747,930
Disposals	-	(6,290)	(252,518)	(132,739)	(15,476)	(407,023)
Reclassified	-	206,871	501,545	292,364	(1,000,780)	-
Reclassified as inventories	-	(20,674)	-	(2,782)	-	(23,456)
Effect of foreign currency exchange differences	-	<u>149,569</u>	<u>37,608</u>	<u>45,834</u>	<u>(248,696)</u>	<u>(15,685)</u>
Balance at December 31, 2020	<u>\$ 3,483,995</u>	<u>\$ 16,545,654</u>	<u>\$ 25,806,284</u>	<u>\$ 7,133,130</u>	<u>\$ 8,576,988</u>	<u>\$ 61,546,051</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ 8,067	\$ 5,531,108	\$ 15,120,400	\$ 4,739,601	\$ -	\$ 25,399,176
Disposals	-	(5,723)	(243,278)	(128,359)	-	(377,360)
Disposal of subsidiaries						
Impairment losses recognized in profit or loss	-	-	-	(691)	-	(691)
Depreciation expenses	-	696,929	1,021,262	385,930	-	2,104,121
Reclassified	-	-	(976)	976	-	-
Reclassified as inventories	-	-	-	(2,086)	-	(2,086)
Effect of foreign currency exchange differences	-	<u>43,658</u>	<u>50,723</u>	<u>34,289</u>	-	<u>128,670</u>

(Continued)



	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Balance at December 31, 2020	\$ <u>8,067</u>	\$ <u>6,265,972</u>	\$ <u>15,948,131</u>	\$ <u>5,029,660</u>	\$ <u>-</u>	\$ <u>27,251,830</u>
Carrying amount at December 31, 2020	\$ <u>3,475,928</u>	\$ <u>10,279,682</u>	\$ <u>9,858,153</u>	\$ <u>2,103,470</u>	\$ <u>8,576,988</u>	\$ <u>34,294,221</u>
<b>Cost</b>						
Balance at January 1, 2019	\$ 2,383,150	\$ 8,999,161	\$ 25,882,142	\$ 6,514,788	\$ 6,884,427	\$ 50,663,668
Additions	1,057,564	153,104	237,851	256,600	3,422,701	5,127,820
Disposals	(66)	(65,596)	(289,369)	(359,356)	(21,174)	(735,561)
Disposal of subsidiaries	-	(169,709)	(964,730)	(173,177)	(43,121)	(1,350,737)
Transferred from inventory	-	227,364	-	7,230	28,778	263,372
Reclassified	12,730	7,402,255	607,089	232,577	(8,259,641)	(4,990)
Effect of foreign currency exchange differences	-	(402,153)	(203,985)	(102,872)	(10,277)	(719,287)
Balance at December 31, 2019	\$ <u>3,453,378</u>	\$ <u>16,144,426</u>	\$ <u>25,268,998</u>	\$ <u>6,375,790</u>	\$ <u>2,001,693</u>	\$ <u>53,244,285</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2019	\$ 8,067	\$ 5,191,042	\$ 15,465,478	\$ 4,915,645	\$ -	\$ 25,580,232
Disposals	-	(29,999)	(239,411)	(307,960)	-	(577,370)
Disposal of subsidiaries	-	(86,540)	(915,362)	(142,965)	-	(1,144,867)
Impairment losses recognized in profit or loss	-	-	421	1,369	-	1,790
Depreciation expenses	-	515,880	999,536	332,638	-	1,848,054
Reclassified	-	2,969	(32,187)	28,779	-	(439)
Effect of foreign currency exchange differences	-	(62,244)	(158,075)	(87,905)	-	(308,224)
Balance at December 31, 2019	\$ <u>8,067</u>	\$ <u>5,531,108</u>	\$ <u>15,120,400</u>	\$ <u>4,739,601</u>	\$ <u>-</u>	\$ <u>25,399,176</u>
Carrying amount at December 31, 2019	\$ <u>3,445,311</u>	\$ <u>10,613,318</u>	\$ <u>10,148,598</u>	\$ <u>1,636,189</u>	\$ <u>2,001,693</u>	\$ <u>27,845,109</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Group's main buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 20-50 years and 18-20 years, respectively.

On September 27, 2019, Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. entered into an agreement with Shanghai Qingpu District Baihei Town Land Expropriation Office to sell the right-of-use assets and property, plant and equipment at Baihei Town, Qingpu District, Shanghai for RMB242,887 thousand (NT\$1,089,054 thousand). The transaction was completed in December 2019, resulting in proceeds of RMB213,900 thousand (NT\$959,486 thousand) from the disposal of property, plant and equipment under non-operating income and expenses.

WLC owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of December 31, 2020 and 2019, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand.

## 18. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Land	\$ 1,480,251	\$ 1,139,658
Buildings	156,056	193,133
Transportation equipment	<u>28,099</u>	<u>31,032</u>
	<u>\$ 1,664,406</u>	<u>\$ 1,363,823</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 424,199</u>	<u>\$ 107,244</u>
Disposal of subsidiaries	<u>\$ -</u>	<u>\$ (42,551)</u>
Disposal	<u>\$ (1,245)</u>	<u>\$ (34,317)</u>
Depreciation charge for right-of-use assets		
Land	\$ 53,383	\$ 40,593
Buildings	62,564	54,085
Transportation equipment	<u>15,469</u>	<u>12,771</u>
	<u>\$ 131,416</u>	<u>\$ 107,449</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Current	<u>\$ 75,261</u>	<u>\$ 76,467</u>
Non-current	<u>\$ 274,442</u>	<u>\$ 225,505</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	0.83%-6.123%	1.75%-6.123%
Buildings	1.409%-8%	1.409%-6.1%
Transportation equipment	3.038%-5.75%	3.038%-5.75%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 77,768</u>	<u>\$ 72,462</u>
Expenses relating to low-value asset leases	<u>\$ 663</u>	<u>\$ 749</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 8,683</u>	<u>\$ 9,621</u>
Total cash outflow for leases	<u>\$ (170,946)</u>	<u>\$ (158,649)</u>

## 19. INVESTMENT PROPERTIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Completed investment properties	<u>\$ 9,874,926</u>	<u>\$ 10,032,989</u>
		<b>Completed Investment Properties</b>
<u>Cost</u>		
Balance at January 1, 2020		\$ 12,248,696
Additions		547
Transferred to inventories		(2,188)
Effects of foreign currency exchange differences		<u>24,310</u>
Balance at December 31, 2020		<u>\$ 12,271,365</u>
Balance at January 1, 2019		\$ 12,331,072
Additions		12,397
Disposals		(106,214)
Reclassified		70,729
Transferred from property, plant and equipment		4,990
Effect of foreign currency exchange differences		<u>(64,278)</u>
Balance at December 31, 2019		<u>\$ 12,248,696</u>

(Continued)

	<b>Completed Investment Properties</b>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 2,215,707
Depreciation expense	169,976
Effect of foreign currency exchange differences	<u>10,756</u>
Balance at December 31, 2020	<u>\$ 2,396,439</u>
Balance at January 1, 2019	\$ 2,089,425
Disposal	(75,177)
Reclassified	18,559
Transferred from property, plant and equipment	439
Depreciation expense	207,952
Effect of foreign currency exchange differences	<u>(25,491)</u>
Balance at December 31, 2019	<u>\$ 2,215,707</u> (Concluded)

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

The main investment properties of the Group are Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Construction Co., Ltd. The building's valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2020 and 2019, the fair values of completed investment properties' were NT\$33,971,481 thousand and NT\$33,762,178 thousand, respectively.

## 20. BORROWINGS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term borrowings	<u>\$ 6,591,019</u>	<u>\$ 12,457,481</u>
Current portion of long-term borrowings	<u>\$ 6,162,400</u>	<u>\$ 6,564,196</u>
Long-term borrowings	<u>\$ 31,406,829</u>	<u>\$ 16,929,215</u>

- a. Short-term borrowings as of December 31, 2020 and 2019 were as follows:

	<b>December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Interest Rate</b>		<b>Interest Rate</b>	
	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>
Procurement loans	0.7-0.9	\$ 5,091,019	-	\$ -
Bank's lines of credit	0.65	<u>1,500,000</u>	0.8-5.75	<u>12,457,481</u>
		<u>\$ 6,591,019</u>		<u>\$ 12,457,481</u>

Refer to Notes 6 and 32 for collateral pledged for short-term borrowings as of December 31, 2019.

- b. Long-term borrowings as of December 31, 2020 and 2019 were as follows:


	<b>December 31</b>		
	<b>2020</b>	<b>2019</b>	
	<b>Significant Covenant</b>	<b>Amount</b>	<b>Amount</b>
Bank of Taiwan	Long-term credit loan, principal repayment at maturity, from August 7, 2017 to May 9, 2020	\$ -	\$ 1,000,000
Taishin International Bank	Long-term credit loan; principal repayment at maturity, from September 22, 2017 to September 22, 2020	-	2,000,000
Taipei Fubon Commercial Bank	Long-term credit loan; principal repayment at maturity, from September 22, 2017 to September 22, 2020	-	1,000,000
Chang Hwa Commercial Bank	Long-term credit loan; principal repayment at maturity, from September 22, 2017 to September 22, 2020	-	1,500,000
First Commercial Bank	Long-term credit loan; principal repayment at maturity, from September 22, 2017 to September 22, 2020	-	1,000,000
First Commercial Bank	Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021	1,000,000	1,000,000
Hua Nan Commercial Bank	Long-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021	1,500,000	1,500,000
Hua Nan Commercial Bank	Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021	1,500,000	1,500,000
Chinatrust Commercial Bank	Mid-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021	1,000,000	1,000,000
Mega International Commercial Bank Co., Ltd.	Long-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021	1,000,000	1,000,000
Bank of Taiwan	Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022	3,000,000	3,000,000
Cathay United Bank	Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022	1,500,000	1,500,000
Taiwan Cooperative Bank	Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022	1,000,000	1,000,000
Taipei Fubon Commercial Bank	Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022	1,000,000	1,000,000
Chang Hwa Commercial Bank	Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022	1,000,000	1,000,000
KGI Bank	Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022	1,500,000	1,500,000
Chinatrust Commercial Bank	Long-term credit loan; principal repayment at maturity, from September 3, 2019 to September 3, 2022	1,500,000	1,500,000
Standard Chartered Bank	Long-term credit loan; applied for the extension of the final maturity date to December 31, 2022 on December 18, 2020; principal repayment at maturity, from January 14, 2020 to December 31, 2022	5,352,144	-
DBS Bank	Long-term credit loan; extended the drawdown term to 3 years on September 30, 2020; principal repayment at maturity, from March 30, 2020 to March 30, 2023	3,028,500	-

(Continued)

		December 31	
		2020	2019
	Significant Covenant	Amount	Amount
DBS Bank	Long-term credit loan; extended the drawdown term to 3 years on September 30, 2020; principal repayment at maturity, from March 30, 2020 to March 30, 2023	3,018,600	-
DBS Bank	Long-term credit loan; extended the drawdown term to 3 years on October 15, 2020; principal repayment at maturity, from April 15, 2020 to April 15, 2023	3,010,000	-
Standard Chartered Bank	Long-term credit loan; applied for the extension of the final maturity date to December 31, 2022 on December 18, 2020; principal repayment at maturity, from December 3, 2020 to December 31, 2022	2,093,000	-
Bank of Taiwan	Long-term credit loan; principal repayments at maturity, from September 22, 2020 to September 22, 2025; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively.	3,000,000	-
The Export-Import Bank of the Republic of China	Long-term credit loan from September 22, 2020 to September 22, 2025; principal to be repaid evenly in seven phases; 1st repayment due 48 months after the drawdown date, after which repayments are due once every six months	1,137,770	-
Cathay United Bank	Long-term secured loan; from December 15, 2011 to December 15, 2021; the grace period for principal is 6 months, after which repayments are due monthly	117,844	137,485
Cathay United Bank	Long-term secured loan; from September 27, 2012 to September 27, 2022; the grace period for principal is 6 months, after which repayments are due monthly	122,844	141,019
Cathay United Bank	Long-term secured loan; from February 21, 2012 to February 21, 2022; the grace period for principal is 6 months, after which repayments are due monthly	101,218	117,632
Taipei Fubon Bank	Long-term secured loan; from December 25, 2013 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly	31,167	34,833
Taipei Fubon Bank	Long-term secured loan; from February 14, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly	27,467	30,667
Taipei Fubon Bank	Long-term secured loan; from October 6, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly	<u>28,675</u>	<u>31,775</u>
		37,569,229	23,493,411
Less: Current portion of long-term borrowings		<u>(6,162,400)</u>	<u>(6,564,196)</u>
		<u>\$ 31,406,829</u>	<u>\$ 16,929,215</u> (Concluded)

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

- a) Ratio of current assets to current liabilities not less than 100%;
- b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
- c) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
- d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.

- 
- 2) As of December 31, 2020 and 2019, the effective interest rate range of the credit borrowings was 0.10%-1.50% and 1.25%-1.40% per annum, respectively. As of December 31, 2020 and 2019, the effective interest rate range of the secured borrowings was 1.66%-2.07% and 1.94%-2.27% per annum, respectively.
  - 3) As of December 31, 2020 and 2019, the Group's current portion of long-term borrowings were NT\$6,162,400 thousand and NT\$6,564,196 thousand, respectively, under the loan agreements. The Group's consolidated financial statements for the years ended December 31, 2020 and 2019 showed that the Group was in compliance with the aforementioned financial ratio requirements.
  - 4) Refer to Note 32 for collaterals pledged on bank borrowings as of December 31, 2020 and 2019.

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

The total expense recognized in profit or loss for the years ended December 31, 2020 and 2019 was NT\$89,868 thousand and NT\$89,411 thousand, respectively, which represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

### b. Defined benefit plans

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 1,371,774	\$ 1,462,115
Fair value of plan assets	<u>(1,083,800)</u>	<u>(1,003,099)</u>
Net defined benefit liabilities	<u>\$ 287,974</u>	<u>\$ 459,016</u>

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2019	\$ 1,462,879	\$ (881,651)	\$ 581,228
Service cost			
Current service cost	14,653	-	14,653
Past service cost	1,941	-	1,941
Net interest expense (income)	14,575	(8,778)	5,797
Recognized in profit or loss	<u>31,169</u>	<u>(8,778)</u>	<u>22,391</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(30,782)	(30,782)
Actuarial loss - change in demographic assumption	3,142	-	3,142
Actuarial loss - changes in financial assumption	32,948	-	32,948
Actuarial loss - experience adjustments	17,478	-	17,478
Recognized in other comprehensive income (loss)	<u>53,568</u>	<u>(30,782)</u>	<u>22,786</u>
Contributions from the employer	-	(151,344)	(151,344)
Benefits paid	(69,456)	69,456	-
Account paid	(16,045)	-	(16,045)
Balance at December 31, 2019	<u>1,462,115</u>	<u>(1,003,099)</u>	<u>459,016</u>
Service cost			
Current service cost	12,743	-	12,743
Net interest expense (income)	10,917	(7,483)	3,434
Recognized in profit or loss	<u>23,660</u>	<u>(7,483)</u>	<u>16,177</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,941)	(32,941)
Actuarial loss - changes in demographic assumptions	3,949	-	3,949
Actuarial loss - changes in financial assumptions	30,358	-	30,358
Actuarial gain - experience adjustments	(45,036)	-	(45,036)
Recognized in other comprehensive income (loss)	<u>(10,729)</u>	<u>(32,941)</u>	<u>(43,670)</u>
Contributions from the employer	-	(128,929)	(128,929)
Benefits paid	(88,652)	88,652	-
Account paid	(14,620)	-	(14,620)
Balance at December 31, 2020	<u>\$ 1,371,774</u>	<u>\$ (1,083,800)</u>	<u>\$ 287,974</u>



An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating costs	\$ 9,465	\$ 12,015
Selling and marketing expenses	1,286	1,630
General and administrative expenses	4,947	8,512
Research and development expenses	<u>479</u>	<u>234</u>
	<u>\$ 16,177</u>	<u>\$ 22,391</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates	0.50%	0.75%
Expected rates of salary increase	2.25%	2.25%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates		
0.5% increase	<u>\$ (59,752)</u>	<u>\$ (64,814)</u>
0.5% decrease	<u>\$ 63,935</u>	<u>\$ 69,431</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 61,541</u>	<u>\$ 66,962</u>
0.5% decrease	<u>\$ (58,145)</u>	<u>\$ (63,183)</u>

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

## 22. EQUITY

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Share capital		
Ordinary shares	\$ 32,260,002	\$ 33,260,002
Capital surplus	15,690,406	16,055,238
Retained earnings	36,330,187	31,179,511
Others	187,640	(3,110,410)
Non-controlling interests	<u>2,812,595</u>	<u>1,181,773</u>
	<u>\$ 87,280,830</u>	<u>\$ 78,566,114</u>

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,226,000</u>	<u>3,326,000</u>
Amount of issued shares	<u>\$ 32,260,002</u>	<u>\$ 33,260,002</u>

As of December 31, 2019, the amount of WLC's paid-in capital was NT\$33,260,002 thousand, consisted of 3,326,000 thousand shares at par value of NT\$10.

WLC cancelled 100,000 thousand treasury shares in August 2020 and November 2020. As of December 31, 2020, the amount of WLC's paid-in capital was NT\$32,260,002 thousand, consisted of 3,260,002 thousand shares at par value of NT\$10.

As of December 31, 2020, two thousand GDRs of WLC were traded on the Luxemburg Stock Exchange. The number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).

### b. Capital surplus

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Issuance of ordinary shares	\$ 9,867,654	\$ 10,173,533
Share of changes in capital surplus of associates	467,070	331,766
Treasury share transactions	2,254,074	2,448,303

(Continued)



	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,027,377</u>	<u>1,027,405</u>
	<u>\$ 15,690,406</u>	<u>\$ 16,055,238</u>

(Concluded)

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

The capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Based on WLC's Articles of Incorporation, 10% of WLC's annual earnings, net of tax and any deficit, should be appropriated as legal reserve until this reserve equals WLC's paid-in capital. Also, WLC appropriated earnings to special reserve based on the applicable laws and regulations. Any remaining balance of distributable earnings resolved by the shareholders will be retained partially by WLC and will be distributed to shareholders. WLC shall reserve no lesser than 40% of the balance amount as shareholder's profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; Cash dividends shall not be lesser than 70% of the total dividends.

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

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

The appropriation of earnings for 2019 and 2018, which were approved in the shareholders' meeting on May 29, 2020 and May 24, 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 314,968	\$ 1,175,678	\$ -	\$ -
Special reserve	(932,728)	1,330,888	-	-
Cash dividends	<u>1,663,000</u>	<u>3,991,200</u>	0.5	1.2
	<u>\$ 1,045,240</u>	<u>\$ 6,497,766</u>		

The appropriation of earnings for 2020, which were proposed by WLC's board of directors on February 26, 2021, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 681,368	\$ -
Special reserve	(398,160)	-
Cash dividends	<u>3,088,200</u>	0.9
	<u>\$ 3,371,408</u>	

The appropriations of earnings for 2020 are subject to the resolution of the shareholders in their meeting to be held on May 28, 2021.

d. Special reserve

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Special reserve	<u>\$ 3,110,410</u>	<u>\$ 4,043,138</u>

Information regarding any changes to the above special reserve was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 4,043,138	\$ 2,712,250
Appropriations	<u>(932,728)</u>	<u>1,330,888</u>
Balance at December 31	<u>\$ 3,110,410</u>	<u>\$ 4,043,138</u>

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (5,546,359)	\$ (3,567,540)
Share from subsidiaries and associates accounted for using the equity method	<u>(358,776)</u>	<u>(1,978,819)</u>
Balance at December 31	<u>\$ (5,905,135)</u>	<u>\$ (5,546,359)</u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.



2) Unrealized valuation gain (loss) on financial assets at FVOCI

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 2,435,949	\$ (474,446)
Unrealized gain - equity instruments	1,258,198	1,572,352
Share from associates accounted for using the equity method	<u>2,398,628</u>	<u>1,338,043</u>
Balance at December 31	<u>\$ 6,092,775</u>	<u>\$ 2,435,949</u>

3) Cash flow hedges

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ -	\$ (1,151)
Transferred to initial carrying amount of hedged items	<u>-</u>	<u>1,151</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising from changes in fair value of the hedging instruments that was recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

f. Treasury shares

Treasury share transactions for the year ended December 31, 2020 were summarized as follows:

<b>Purpose of Buy-back</b>	<b>Number of Shares at January 1, 2020</b>	<b>Increase During the Period</b>	<b>Decrease During the Period</b>	<b>Number of Shares at December 31, 2020</b>
To restore credibility and preserve shareholders' rights	<u>-</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>-</u>

Article 28.2 of the Securities and Exchange Act stipulates that the number of treasury shares held by WLC should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional paid-in capital and other realized capital surplus. In addition, WLC shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

**23. OPERATING REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Sales revenue	\$ 105,217,487	\$ 131,991,667
Sales of real estate	5,495,319	571,573
Revenue from the rendering of services	160,465	224,120
Construction contract revenue	43,350	485,431
Rental income	1,201,247	1,193,894
Other revenue	<u>428,735</u>	<u>337,720</u>
	<u>\$ 112,546,603</u>	<u>\$ 134,804,405</u>

**24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS****Non-operating Income and Expense - Gain (Loss) on Disposal of Investment**

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss on disposal of investments - commodity futures	\$ (217,842)	\$ (1,287,899)
Gain on disposal of subsidiaries (Note 27)	-	2,145,199
Gain (loss) on disposal of investments - foreign exchange forward contracts	142,504	(34,418)
Gain on disposal of investments - exchange rate swap contracts	2,349	-
Loss on disposal of investments - options	<u>(2,938)</u>	<u>-</u>
	<u>\$ (75,927)</u>	<u>\$ 822,882</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Investments accounted for using the equity method	\$ -	\$ (1,678,639)
Property, plant and equipment	691	(1,790)
Others (value increment tax)	<u>17</u>	<u>(146)</u>
	<u>\$ 674</u>	<u>\$ (1,680,575)</u>

## Employee Benefits Expense, Depreciation and Amortization

<b>For the Year Ended December 31, 2020</b>				
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Short-term employment benefits	<u>\$ 3,132,714</u>	<u>\$ 2,254,057</u>	<u>\$ -</u>	<u>\$ 5,386,771</u>
Post-employment benefits	<u>\$ 103,937</u>	<u>\$ 75,465</u>	<u>\$ -</u>	<u>\$ 179,402</u>
Other employee benefits	<u>\$ 410,065</u>	<u>\$ 232,115</u>	<u>\$ -</u>	<u>\$ 642,180</u>
Depreciation				
Property, plant and equipment	\$ 1,839,259	\$ 261,784	\$ 3,078	\$ 2,104,121
Right-of-use assets	31,990	99,426	-	131,416
Investment properties	<u>164,050</u>	<u>5,926</u>	<u>-</u>	<u>169,976</u>
	<u>\$ 2,035,299</u>	<u>\$ 367,136</u>	<u>\$ 3,078</u>	<u>\$ 2,405,513</u>
Amortization	<u>\$ 5,664</u>	<u>\$ 29,821</u>	<u>\$ -</u>	<u>\$ 35,485</u>
<b>For the Year Ended December 31, 2019</b>				
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Short-term employment benefits	<u>\$ 3,606,413</u>	<u>\$ 2,123,478</u>	<u>\$ -</u>	<u>\$ 5,729,891</u>
Post-employment benefits	<u>\$ 218,489</u>	<u>\$ 134,462</u>	<u>\$ -</u>	<u>\$ 352,951</u>
Other employee benefits	<u>\$ 431,794</u>	<u>\$ 265,680</u>	<u>\$ -</u>	<u>\$ 697,474</u>
Depreciation				
Property, plant and equipment	\$ 1,663,677	\$ 179,015	\$ 5,362	\$ 1,848,054
Right-of-use assets	19,296	88,153	-	107,449
Investment properties	<u>200,125</u>	<u>7,827</u>	<u>-</u>	<u>207,952</u>
	<u>\$ 1,883,098</u>	<u>\$ 274,995</u>	<u>\$ 5,362</u>	<u>\$ 2,163,455</u>
Amortization	<u>\$ 3,378</u>	<u>\$ 7,845</u>	<u>\$ -</u>	<u>\$ 11,223</u>

According to WLC's Articles, WLC accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the years ended December 31, 2020 and 2019, the compensation of employees amounted to NT\$68,500 thousand and NT\$48,500 thousand, respectively, and the remuneration of directors and supervisors amounted to NT\$34,050 thousand and NT\$21,000 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 were approved by the Group's board of directors on February 26, 2021 and February 27, 2020, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2019 and 2018 resolved by WLC's board of directors on February 27, 2020 and February 22, 2019, respectively, and the respective amounts were recognized in the consolidated financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by WLC's board of directors for 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. The major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
Current tax		
In respect of the current year	\$ 1,155,082	\$ 955,935
Income tax on unappropriated earnings	48,843	418,342
Adjustments for prior year	(5,279)	(151,896)
Land value increment tax	1,375,227	75,742
Others	16,218	-
	<u>2,590,090</u>	<u>1,298,123</u>
Deferred tax		
In respect of the current year	(280,516)	(377,663)
Adjustments for prior year	(64,710)	36,483
	<u>(345,226)</u>	<u>(341,180)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,244,864</u>	<u>\$ 956,943</u>

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Profit before tax from continuing operations	<u>\$ 9,250,665</u>	<u>\$ 4,740,267</u>
Income tax expense calculated at the statutory rate	\$ 2,961,094	\$ 1,112,669
Equity in investees' net gain	(1,008,704)	(768,494)
Foreign dividend income	-	6,529
Tax-exempt dividend income	(21,701)	(26,125)
(Loss) gain on disposal of equity investments	(560,411)	7,370
Loss on investments	-	(164,000)
Tax-exempt grants	(3,880)	-
Others	(344,580)	(59,418)

(Continued)





	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Unrecognized loss carryforwards/deductible temporary differences	(131,035)	469,741
Adjustments for prior years' tax	(69,989)	(115,413)
Effect of tax rate changes		
Income tax on unappropriated earnings	48,843	418,342
Land value increment tax	<u>1,375,227</u>	<u>75,742</u>
Income tax expense recognized in profit or loss	<u>\$ 2,244,864</u>	<u>\$ 956,943</u> (Concluded)

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.

In addition, in accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Group has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 and IFRS 15 when calculating the tax on unappropriated earnings for 2018.

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable (recorded under other non-current assets - others)	<u>\$ 47,864</u>	<u>\$ 976</u>
Current tax liabilities		
Income tax payable	<u>\$ 4,557,761</u>	<u>\$ 4,587,562</u>

c. Deferred tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deferred tax assets		
Loss carryforwards	\$ 300,951	\$ 34,097
Pension expense not currently deductible	32,000	58,000
Provision for devaluation loss on obsolete and slow-moving inventories	34,564	94,626
Provision for impairment loss on idle assets	17,000	18,000
Unrealized gross profit from intercompany transactions	6,489	2,474

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Provision for devaluation loss on long-term investments	547,000	552,000
Difference between financial and tax accounting of the depreciation of property, plant and equipment	400	121
Prepaid expense	1,173,984	1,031,313
Others	316,157	257,547
Deferred income tax liabilities		
Difference between financial and tax accounting of the depreciation of property, plant and equipment	(60,930)	(13,589)
Reserve for land value increment tax	(173,329)	(148,006)
Others	<u>19,802</u>	<u>(17,721)</u>
	<u>\$ 2,214,088</u>	<u>\$ 1,868,862</u>
Deferred tax assets - non-current	\$ 2,428,545	\$ 2,048,176
Deferred tax liabilities - non-current	<u>(214,457)</u>	<u>(179,314)</u>
	<u>\$ 2,214,088</u>	<u>\$ 1,868,862</u>

(Concluded)

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were as follows:

<b>Loss Carryforwards</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Expiry in 2020	\$ -	\$ 293,031
Expiry in 2021	643,157	633,209
Expiry in 2022	77,524	111,545
Expiry in 2023	109,241	123,151
Expiry in 2024	90,064	134,536
Expiry in 2025	<u>3,937</u>	<u>-</u>
	<u>\$ 923,923</u>	<u>\$ 1,295,472</u>

- e. The Group's tax loss carryforwards as of December 31, 2020 were as follows:

<b>Expiry Year</b>	<b>Tax Loss Carryforwards</b>
2021	\$ 649,914
2022	77,524
2023	127,316
2024	90,064
2025	16,037
2029	84
2030	<u>263,935</u>
	<u>\$ 1,224,874</u>

- f. Except for 2017, WLC's income tax returns through 2017 had been examined and cleared by the tax authorities.

## 26. EARNINGS PER SHARE

	For the Year Ended December 31					
	2020			2019		
	Amounts (Numerator) Net Profit for the Year Attributable to Owners of WLC	Number of Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) Net Profit for the Year Attributable to Owners of WLC	Amounts (Numerator) Net Profit for the Year Attributable to Owners of WLC	Number of Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) Net Profit for the Year Attributable to Owners of WLC
Basic earnings per share						
Net income	\$ 6,691,149	3,276,128	\$ <u>2.04</u>	\$ 3,149,679	3,326,000	\$ <u>0.95</u>
Effect of potentially dilutive ordinary shares						
Diluted earnings per share	-	4,100		-	4,136	
Employee bonus	\$ <u>6,691,149</u>	<u>3,280,228</u>	\$ <u>2.04</u>	\$ <u>3,149,679</u>	<u>3,330,136</u>	\$ <u>0.95</u>

## 27. DISPOSAL OF SUBSIDIARIES

In May 2019, the Group entered into a sale agreement with Zhuhai Gree Electric Enterprise Co., Ltd. for the disposal of the Group's equity interest in Nanjing Walsin Metal Co., Ltd. On May 27, 2019, the Group's representatives (director and supervisor) resigned from Nanjing Walsin Metal Co., Ltd. and the Group ceased to have control over Nanjing Walsin Metal Co., Ltd.

- a. Consideration received from disposals

	<b>Nanjing Walsin Metal Co., Ltd.</b>
Consideration received in cash and cash equivalents	\$ 97,528
Sales proceeds receivable (recorded under other receivables)	<u>6,553,570</u>
Total consideration received	<u>\$ 6,651,098</u>

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

Current assets	
Cash and cash equivalents	\$ 1,321,694
Notes receivable	148,312
Trade receivables	1,442,433
Inventories	1,656,511
Other receivables	330,610
Other current assets	26,392
	(Continued)

Non-current assets	
Property, plant and equipment	205,870
Right-of-use assets	42,551
Refundable deposits	3,108
Other non-current assets	<u>59,982</u>
Total assets	<u>\$ 5,237,463</u>
Current liabilities	
Financial liabilities at fair value through profit or loss - current	\$ 75,838
Notes payable and trade payables	169,473
Other payables	126,421
Other current liabilities	153,582
Non-current liabilities	
Other non-current liabilities	<u>6,777</u>
Total liabilities	<u>\$ 532,091</u>
Net assets disposed	<u>\$ 4,705,372</u> (Concluded)

## c. Gain on disposals of subsidiaries

Consideration received from disposal of equity shares	\$ 6,651,098
Costs of disposal	(3,335)
Non-controlling interests	262,777
Carrying amount of equity investment at the date of disposal	(4,705,372)
Effect of foreign currency exchange	<u>(59,969)</u>
Gain on disposals	<u>\$ 2,145,199</u>

The gain on disposal of equity shares was recorded under gain on disposal of investment for the year ended December 31, 2019.

## d. Net consolidated cash inflow on the date control was lost

Consideration received from disposal of equity shares	\$ 6,651,098
Less: Receivables from disposal of investment at the end of the period (recorded under other receivables)	(6,553,570)
Less: Cash and cash equivalent balances at the date of disposal	(1,321,694)
Add: Advance deposits (recorded under other current liabilities)	4,478,042
Effect on foreign currency exchange from loss of control	<u>(16,844)</u>
Net cash inflow on disposals of subsidiaries	<u>\$ 3,237,032</u>

The registration of the equity transaction had been completed on August 9, 2019. As of December 31, 2019, the Group received a payment of RMB978,685 thousand (NT\$4,205,732 thousand) from the disposal of equity interest in Nanjing Walsin Metal Co., Ltd.; however, due to the deposit requirement of equity transaction, it was accounted for under other current liabilities as of December 31, 2019. The sales proceeds receivable were collected and the advance deposits were released on April 29, 2020.



## 28. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of investment properties owned by the Group with lease terms between 5 and 10 years, with an option to extend for another 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

As of December 31, 2020 and 2019, deposits received under operating leases amounted to NT\$303,187 thousand and NT\$303,648 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2020, the Group's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

2021	\$ 1,306,730
2022-2026	3,088,547
After 2026	<u>202,863</u>
	<u>\$ 4,598,140</u>

## 29. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel, consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 30. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximates of the fair values.

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

- 1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 73,329	\$ -	\$ -	\$ 73,329
Corporate bonds	-	-	5,683,859	5,683,859
Derivatives financial assets for hedging	<u>-</u>	<u>8,282</u>	<u>-</u>	<u>8,282</u>
	<u>\$ 73,329</u>	<u>\$ 8,282</u>	<u>\$ 5,683,859</u>	<u>\$ 5,765,470</u>
<u>Financial assets at fair value FVOCI</u>				
Investments in equity instruments				
Listed securities in the ROC	\$ 6,475,588	\$ -	\$ -	\$ 6,475,588
Unlisted securities	<u>-</u>	<u>-</u>	<u>435,056</u>	<u>435,056</u>
	<u>\$ 6,475,588</u>	<u>\$ -</u>	<u>\$ 435,056</u>	<u>\$ 6,910,644</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>\$ -</u>	<u>\$ 8,374</u>	<u>\$ -</u>	<u>\$ 8,374</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>\$ 69,510</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 69,795</u>
<u>Financial assets at fair value FVOCI</u>				
Investments in equity instruments				
Listed securities in the ROC	\$ 4,729,384	\$ -	\$ -	\$ 4,729,384
Unlisted securities	<u>-</u>	<u>-</u>	<u>593,981</u>	<u>593,981</u>
	<u>\$ 4,729,384</u>	<u>\$ -</u>	<u>\$ 593,981</u>	<u>\$ 5,323,365</u>

(Continued)



	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 6,026	\$ -	\$ 6,026
Derivative financial liabilities for hedging	<u>-</u>	<u>14,346</u>	<u>-</u>	<u>14,346</u>
	<u>\$ -</u>	<u>\$ 20,372</u>	<u>\$ -</u>	<u>\$ 20,372</u>

(Concluded)

- 2) There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2020 and 2019.
- 3) Financial assets which belong to Level 3 are recognized in other comprehensive income - change in fair value, and there are no other adjustment.
- 4) Valuation techniques and inputs applied for Level 2 fair value measurement

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted equity securities	Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees.
Derivatives - options	Option pricing models. Fair values are determined using option pricing models where significant unobservable input is historical volatility.
Hybrid instruments - corporate bonds	Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties.

## c. Categories of financial instruments

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 11,944,408	\$ 11,753,006
Contract assets - current	4,460,992	4,014,672
Notes receivable and trade receivables (including related parties)	10,517,263	11,214,092
Finance lease receivables (current and non-current)	776,713	830,991
Other receivables	887,091	8,076,664
Other financial assets	705,277	317,733
Refundable deposits	221,314	183,291
Financial assets at amortized cost - current	1,315,970	1,470,571
Derivative financial assets for hedging	8,282	-
Financial assets at FVTPL (current and non-current)	5,757,188	69,795
Financial assets at FVTOCI (current and non-current)	6,910,644	5,323,365
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)		
	8,374	6,026
Derivative financial liabilities for hedging (current and non-current)	-	14,346
Financial liabilities at amortized cost		
Short-term borrowings	6,591,019	12,457,481
Notes payable and trade payables	7,729,729	7,310,226
Other payables	5,143,921	4,901,323
Long-term borrowings (including current portion)	37,569,229	23,493,411
Deposits received (accounted for as other current and non-current liabilities)	532,530	5,168,697

## d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, borrowings, trade receivables, and trade payables. The Group'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 which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

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





1) Market risk

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

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
U.S. dollar	\$ 7,361,149	\$ 4,820,850
Japanese yen	27,663	30,990
Euro	487,961	350,497
Singapore dollar	-	2,091
Hong Kong dollar	8,771	9,444
Australian dollar	12,493	1,946
Malaysian ringgit	713,350	21,814
Indonesian rupiah	111,268	16,418
<u>Liabilities</u>		
U.S. dollar	14,723,112	10,306,467
Japanese yen	1,108	-
Euro	159	-
Malaysian ringgit	48,113	54,505

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Assets</u>		
U.S. dollar	\$ 8,661,457	\$ 252,948
Euro	-	219,193
<u>Liabilities</u>		
U.S. dollar	8,951,264	11,092,136
Euro	317,514	-

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the end of the reporting period for a 1% change in foreign currency rates.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ (95,784)	\$ (163,248)

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash flow interest rate risk		
Financial assets	\$ 1,315,970	\$ 1,470,571
Financial liabilities	44,160,248	35,950,892

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for financial instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding

at the end of the year was outstanding for the whole year.

If interest rates had been 100 basis points, higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased by NT\$428,443 thousand and NT\$344,803 thousand, respectively.

### Hedge accounting

#### For the year ended December 31, 2020

The Group's hedging strategy is to enter into exchange rate swap contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency denominated receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Effectiveness
						Asset	Liability	
Fair value hedges								
Exchange rate swap contracts	USD to NTD	USD21,000/ NTD607,457	2021.1.13	\$ 590,059	Financial liabilities for hedging	\$ -	\$ (17,398)	\$ -
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,795	2021.1.13	842,940	Financial liabilities for hedging	-	(24,855)	-
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
Exchange rate swap contracts	USD to NTD	USD21,000/ NTD607,467	2021.1.13	590,058	Financial liabilities for hedging	-	(17,409)	-
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
Exchange rate swap contracts	USD to NTD	USD27,000/ NTD781,029	2021.1.13	758,646	Financial liabilities for hedging	-	(22,383)	-
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
Exchange rate swap contracts	USD to NTD	USD11,000/ NTD318,197	2021.1.13	309,078	Financial liabilities for hedging	-	(9,119)	-
Exchange rate swap contracts	USD to RMB	USD21,000/ RMB141,259	2021.1.15	RMB 145,695	Financial assets for hedging	RMB 4,436	-	-
Exchange rate swap contracts	USD to RMB	USD80,000/ RMB538,128	2021.1.15	RMB 555,027	Financial assets for hedging	RMB 16,899	-	-
Exchange rate swap contracts	USD to RMB	USD21,000/ RMB141,246	2021.1.15	RMB 145,669	Financial assets for hedging	RMB 4,423	-	-
Exchange rate swap contracts	USD to RMB	USD40,000/ RMB269,040	2021.1.15	RMB 277,466	Financial assets for hedging	RMB 8,426	-	-
Exchange rate swap contracts	USD to RMB	USD27,000/ RMB181,607	2021.1.15	RMB 187,300	Financial assets for hedging	RMB 5,693	-	-

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

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

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

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

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

#### December 31, 2020

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 12,753,419	\$ 18,144,584	\$ 12,124,475	\$ 1,137,770	\$ 44,160,248
Lease liabilities	110,061	69,523	129,031	153,615	462,230
Non-interest bearing	<u>13,262,780</u>	<u>28,216</u>	<u>115,184</u>	<u>-</u>	<u>13,406,180</u>
	<u>\$ 26,126,260</u>	<u>\$ 18,242,323</u>	<u>\$ 12,368,690</u>	<u>\$ 1,291,385</u>	<u>\$ 58,028,658</u>

#### December 31, 2019

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 19,021,677	\$ 7,162,400	\$ 9,766,815	\$ -	\$ 35,950,892
Lease liabilities	90,125	76,861	87,691	129,181	383,858
Non-interest bearing	<u>17,220,360</u>	<u>26,850</u>	<u>119,567</u>	<u>13,469</u>	<u>17,380,246</u>
	<u>\$ 36,332,162</u>	<u>\$ 7,266,111</u>	<u>\$ 9,974,073</u>	<u>\$ 142,650</u>	<u>\$ 53,714,996</u>

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

December 31, 2020

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Total</b>
<u>Net settled</u>					
Commodity futures contracts	\$ (617)	\$ 62,663	\$ 11,283	\$ -	\$ 73,329
Exchange forward contracts	(8,020)	(44)	(310)	-	(8,374)
Exchange rate swap contracts	<u>8,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,282</u>
	<u>\$ (355)</u>	<u>\$ 62,619</u>	<u>\$ 10,973</u>	<u>\$ -</u>	<u>\$ 73,237</u>

December 31, 2019

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Total</b>
<u>Net settled</u>					
Commodity futures contracts	\$ 36,980	\$ 32,803	\$ (273)	\$ -	\$ 69,510
Exchange forward contracts	(120)	1,941	(7,847)	-	(6,026)
Exchange rate swap contracts	<u>(8,689)</u>	<u>(5,372)</u>	<u>-</u>	<u>-</u>	<u>(14,061)</u>
	<u>\$ 28,171</u>	<u>\$ 29,372</u>	<u>\$ (8,120)</u>	<u>\$ -</u>	<u>\$ 49,423</u>

## e. Transfers of financial assets

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

Counterparty	Proceeds from Receivables Factoring	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2020</u>					
CTBC bank	\$ 137,121	\$ 21,266	US\$ 2,700	-	-
<u>December 31, 2019</u>					
CTBC bank	162,569	13,636	US\$ 2,700	-	-

## 31. TRANSACTIONS WITH RELATED PARTIES

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

## a. Related party name and category

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

## b. Sales

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates	\$ 8,782	\$ 11,336
Other related parties	<u>903,376</u>	<u>958,959</u>
	<u>\$ 912,158</u>	<u>\$ 970,295</u>



c. Rental income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ 44,514	\$ 41,765
Other related parties	<u>993</u>	<u>12,355</u>
	<u>\$ 45,507</u>	<u>\$ 54,120</u>

d. Purchases of goods

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ 30,100	\$ 30,830
Other related parties	<u>3,891</u>	<u>2,676</u>
	<u>\$ 33,991</u>	<u>\$ 33,506</u>

e. Administrative expenses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ 12,955	\$ 11,232
Other related parties	<u>10,725</u>	<u>12,311</u>
	<u>\$ 23,680</u>	<u>\$ 23,543</u>

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

f. Dividend income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
HannStar Display Corp.	\$ -	\$ 71,188
HannStar Board Corp.	106,722	58,825
Other related parties	<u>2,890</u>	<u>4,816</u>
	<u>\$ 109,612</u>	<u>\$ 134,829</u>

g. Notes receivable

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ 6,312	\$ 4,073
Other related parties	<u>-</u>	<u>28,248</u>
	<u>\$ 6,312</u>	<u>\$ 32,321</u>

## h. Trade receivables

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ -	\$ 330
Other related parties	<u>39,054</u>	<u>26,393</u>
	<u>\$ 39,054</u>	<u>\$ 26,723</u>

## i. Notes payable

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	<u>\$ 16,857</u>	<u>\$ 14,837</u>

## j. Trade payables

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ -	\$ 721
Other related parties	<u>684</u>	<u>116</u>
	<u>\$ 684</u>	<u>\$ 837</u>

## k. Other receivables (excluding financing provided)


	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates	\$ 9,945	\$ 8,784
Other related parties	<u>2,598</u>	<u>2,549</u>
	<u>\$ 12,543</u>	<u>\$ 11,333</u>

## l. Financing provided

Financing provided for years ended December 31, 2020 and 2019 are as follows:

	<b>December 31, 2020</b>			
<b>Related Parties</b>	<b>Highest Balance for the Period</b>	<b>Ending Balance</b>	<b>Interest Income</b>	<b>Interest Rate</b>
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,663</u>	<u>\$ 349,187</u>	<u>\$ 16,159</u>	4.35%-4.79%





Related Parties	December 31, 2019			
	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	\$ 367,935	\$ 343,786	\$ 17,402	4.79%

m. Guarantee deposits

	December 31	
	2020	2019
Associates	\$ 7,225	\$ 8,916
Other related parties	282	417
	<u>\$ 7,507</u>	<u>\$ 9,333</u>

n. Disposal of property, plant and equipment (included investment properties)

	For the Year Ended December 31			
	2020		2019	
	Price	Gain on Disposals	Price	Gain on Disposals
Prosperity Dielectrics Co., Ltd.	\$ 295	\$ 295	\$ 278,246	\$ 246,877

In 2019, the Group disposed of investment properties to Prosperity Dielectrics Co., Ltd. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and appraisal report.

o. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

	December 31	
	2020	2019
Short-term benefits	\$ 127,218	\$ 117,365
Post-employment benefits	1,414	17,594
	<u>\$ 128,632</u>	<u>\$ 134,959</u>

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

**32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Refundable deposits (recorded under other financial assets - current)	\$ 79,977	\$ 45,962
Restricted deposits (recorded under other financial assets - current)	538,468	271,771
Pledged time deposits (recorded under other financial assets - non-current)	8,730	8,595
Finance lease receivables - current	56,128	54,278
Finance lease receivables - non-current	720,585	776,713
Other non-current assets	<u>52,406</u>	<u>85,958</u>
	<u>\$ 1,456,294</u>	<u>\$ 1,243,277</u>

**33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

In addition to those disclosed in other notes, unrecognized commitments and significant contingencies of the Group at December 31, 2020 and 2019 were as follows:

- a. Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2020 and 2019 were as follows (in thousands):

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
U.S. Dollar	US\$ 17,455	US\$ 20,182
Japanese Yen	JPY 108,812	JPY 94,529
Euro	EUR 4,770	EUR 5,277
Renminbi	RMB 13,134	RMB 13,134
New Taiwan dollar	NT\$ 82,347	NT\$ 30,799

- b. As of December 31, 2020, the outstanding standby letters of credit not reflected in the accompanying financial statements amounted to approximately NT\$392,784 thousand, US\$30 thousand and RMB41,533 thousand. As of December 31, 2019, the outstanding standby letters of credit not reflected in these consolidated financial statements amounted to approximately NT\$336,075 thousand, US\$10 thousand and RMB59,390 thousand. As of December 31, 2020 and 2019, tariff letters of credit amounted to approximately NT\$434,000 thousand and NT\$524,000 thousand, RMB3,500 thousand.
- c. Non-cancelable copper plate procurement contracts with commodity trading companies such as ERAMET and MITSUBISHI with total contract values of US\$22,681 thousand and US\$23,404 thousand were in effect as of December 31, 2020 and 2019, respectively.
- d. The Group entered into a contract for the construction of new plant and purchases of machinery and equipment with PT. Plenty Bumi International and Eternal Tsingshan Group Limited. As of December 31, 2020, unrecognized commitments amounted to US\$115,670

thousand.

### 34. OTHER ITEMS

Due to the impact of the COVID-19 pandemic in 2020, some of the Group's subsidiaries had suspended operations in compliance with local regulatory guidelines. The Group's operations have returned to normal; therefore, there was no material impact on the Group's going concern, asset impairment and financing risk. With pandemic uncertainties, the Group will continue to monitor the situation.

### 35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 6, 2011, WLC issued 205,332,690 shares in exchange for 171,103,730 shares of TECO Electric & Machinery Co., Ltd. WLC and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry.

In addition, the acquisition of shares of TECO Electric & Machinery Co., Ltd. for a total price of no more than NT\$1.8 billion was approved by WLC's board of directors on January 22, 2011.

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

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

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 258,467	28.4800	\$ 7,361,149
Japanese yen	100,120	0.2763	27,663
Euro	13,934	35.0200	487,961
Hong Kong dollar	2,388	3.6730	8,771
Australian dollar	596	21.9500	12,493
Malaysian ringgit	105,067	6.7895	713,350
Indonesian rupiah	54,811,630	0.0020	111,268
Non-monetary items			
U.S. dollar	201,893	28.4800	5,749,918
Renminbi	43,268	4.3648	188,857

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	516,963	28.4800	14,723,112
Japanese yen	4,011	0.2763	1,108
Malaysian ringgit	7,086	6.7895	48,113
Swiss franc	182,191	4.3648	795,234
Renminbi	17	32.3050	549
Non-monetary items			
U.S. dollar	6,377	28.4800	181,613 (Concluded)

December 31, 2019

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 160,802	29.9800	\$ 4,820,850
Japanese yen	112,281	0.2760	30,990
Euro	10,435	33.5900	350,497
Singapore dollar	94	22.2800	2,091
Hong Kong dollar	2,454	3.8490	9,444
Australian dollar	93	21.0050	1,946
Malaysian ringgit	3,102	7.0330	21,814
Indonesian rupiah	7,531,211	0.0022	16,418
Non-monetary items			
U.S. dollar	9,554	29.9800	286,428

Financial liabilities

Monetary items			
U.S. dollar	343,778	29.9800	10,306,467
Malaysian ringgit	7,750	7.0330	54,505
Swiss franc	17	30.925	526
Non-monetary items			
U.S. dollar	1,848	29.9800	55,402

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were NT\$(66,726) thousand and NT\$112,757 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Group.



### 37. SEPARATELY DISCLOSED ITEMS

- a. Information about on significant transactions and information on investees:
- 1) Financing provided to others (Table 1)
  - 2) Endorsements/guarantees provided (Table 2)
  - 3) Marketable securities held (Table 3)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
  - 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 6)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
  - 9) Trading in derivative instrument (Notes 7 and 8)
  - 10) Information on investees (Table 8)
  - 11) Intercompany relationships and significant intercompany transactions (Table 10)
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period;
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period;
    - c) The amount of property transactions and the amount of the resultant gains or losses;
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes;

- e) The highest balance, the ending period balance, the interest rate range, and total current period interest with respect to the financing of funds; and
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

### 38. SEGMENT INFORMATION

#### a. Basic information

##### 1) Classification

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

##### a) Wires and cables

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

##### b) Stainless steel

The segment's main products included smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshafts, machine tools, plumbing, heat exchange, drainage, petrochemicals and construction.

##### c) Real estate

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

##### d) Administration and investing

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

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

Accounting policies of operating segments are the same with those summarized in Note 4 to the consolidated financial statements. Operating segment income and expenses are measured based on estimated future potential profit and pre-tax operating profit adjusted by hedge accounting. Sales and transfers between segments are treated as transactions

with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by chief operating decision maker.

### 3) Identification of operating segments

The reported operating segments are classified according to the different products and services that are managed separately because they use different technology and selling strategies.

## b. Financial information

### 1) Segment revenue and results:

	(In Thousands of NT\$)				
	Wires and Cables	Stainless Steel	Real Estate	Administration and Investing	Total
<u>For the year ended December 31, 2020</u>					
External net sales and operating revenue	\$ 41,378,992	\$ 46,030,715	\$ 7,099,820	\$ 18,037,076	\$ 112,546,603
Operating profit	1,242,325	1,196,472	3,583,825	1,198,817	7,221,439
Net non-operating income (expenses)					(278,459)
Net interest income (expenses)					(278,459)
Share of profit of associates under the equity method					1,696,319
Dividend income					110,990
Loss on disposal of property, plant and equipment					(7,979)
Gain on disposal of investments					87,696
Foreign exchange loss, net					(66,726)
Gain on financial assets and liabilities at fair value through profit or loss					732,121
Impairment loss reversed					674
Net other income (expenses)					(245,410)
Consolidated income before income tax					\$ 9,250,665
<u>For the year ended December 31, 2019</u>					
External net sales and operating revenue	60,557,082	56,737,975	2,098,825	15,410,523	\$ 134,804,405
Operating profit	1,148,885	879,274	283,341	1,719,631	4,031,131
Net non-operating income (expenses)					(291,258)
Net interest income (expenses)					(291,258)
Share of profit of associates under the equity method					727,962
Dividend income					136,772
Gain on disposal of property, plant and equipment					854,514
Gain on disposal of investment properties					246,877
Gain on disposal of investments					822,882
Foreign exchange gain, net					112,757
Loss on financial assets and liabilities at fair value through profit or loss					(106,368)
Impairment loss recognized					(1,680,575)
Net other income (expenses)					(114,427)
Consolidated income before income tax					\$ 4,740,267

## 2) Segment assets and liabilities

	<b>Wires and Cables</b>	<b>Stainless Steel</b>	<b>Real Estate</b>	<b>Administration and Investing</b>	<b>Total</b>
<u>Segment assets</u>					
December 31, 2020	\$ 11,209,815	\$ 30,235,244	\$ 27,684,853	\$ 82,434,094	\$ 151,564,006
December 31, 2019	\$ 7,794,262	\$ 31,357,528	\$ 28,269,666	\$ 70,644,946	\$ 138,066,402
<u>Segment liabilities</u>					
December 31, 2020	\$ 3,902,905	\$ 14,463,048	\$ 12,371,783	\$ 33,545,440	\$ 64,283,176
December 31, 2019	\$ 2,140,001	\$ 13,311,082	\$ 14,311,511	\$ 29,737,694	\$ 59,500,288

## 3) Geographical information

The Group's revenue from external customers and non-current assets, excluding those classified as held for sale, financial instruments, deferred tax assets, and post-employment benefit, categorized by geographical location is as follows:

	<b>Revenue from External Customers</b>		<b>Non-current Assets December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Asia	\$ 90,763,089	\$ 116,540,861	\$ 46,169,318	\$ 39,430,534
United States of America	17,896,829	14,561,842	156,460	214,988
Europe	2,048,572	2,451,408	-	-
Others	1,838,113	1,250,294	-	-
	<u>\$ 112,546,603</u>	<u>\$ 134,804,405</u>	<u>\$ 46,325,778</u>	<u>\$ 39,645,522</u>

Note: Revenue from external customers is classified by geographical location.

## 4) Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.



**TABLE 1**

**WALSIN LIHWA CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In thousands of New Taiwan Dollars and U.S. Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	\$ 16,809,300 (US\$ 570,000)	\$ 16,233,600 (US\$ 570,000)	\$ 5,340,000 (US\$ 187,500)	3.50	Operating capital	\$ -	Operating capital and equipment purchase	\$ -	-	\$ -	\$ 33,787,294 (US\$ 1,186,352)	\$ 33,787,294 (US\$ 1,186,352)

Notes:

1. According to the financing provided by Walsin Lihwa Corporation, the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:  
PT. Walsin Nickel Industrial Indonesia =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)
  - b. The limit on the amount of financing provided was as follows:  
The limit on the amount of financing provided =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rate as of December 31, 2020 was as follows: US\$ to NT\$ = 1:28.48.

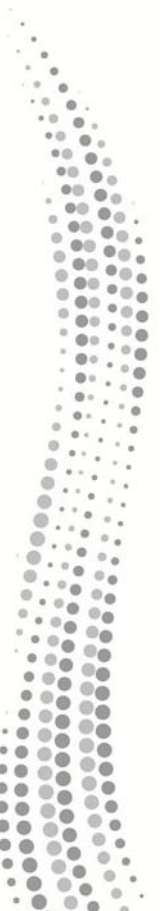


TABLE 1-1

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

## FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 9,589,228 (US\$ 154,000) (RMB 1,127,000)	\$ - (US\$ -) (RMB -)	\$ - (US\$ -) (RMB -)	2.48-3.68	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 33,787,294 (US\$ 1,186,352)	\$ 33,787,294 (US\$ 1,186,352)
		Walsin Lihwa Corporation	Other receivables	Yes	6,050,000 (US\$ 200,000)	- (US\$ -)	- (US\$ -)	0.19-1.65	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
2	Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Other receivables	Yes	350,663 (RMB 80,000)	349,187 (RMB 80,000)	349,187 (RMB 80,000)	4.35-4.79	Operating capital	-	Operating capital	-	-	-	1,673,785 (US\$ 58,770)	1,673,785 (US\$ 58,770)
		Walsin (Nanjing) Construction Limited	Other receivables	Yes	10,958,225 (RMB 2,500,000)	10,912,100 (RMB 2,500,000)	1,091,502 (RMB 250,067)	4.05-5.22	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	6,798,490 (US\$ 80,000) (RMB 1,000,000)	6,601,762 (US\$ 100,000) (RMB 860,000)	3,955,741 (US\$ 72,304) (RMB 434,500)	1.65-3.915	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,884,545 (US\$ 45,000) (RMB 120,000)	1,805,381 (US\$ 45,000) (RMB 120,000)	1,267,388 (US\$ 44,501) (RMB -)	1.65	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	2,057,850 (US\$ 58,000) (RMB 70,000)	1,957,379 (US\$ 58,000) (RMB 70,000)	1,327,424 (US\$ 46,609) (RMB -)	1.65	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Dongguan Walsin Wire & Cable Co., Ltd.	Other receivables	Yes	3,116,526 (US\$ 80,000) (RMB 160,000)	2,976,774 (US\$ 80,000) (RMB 160,000)	2,235,367 (US\$ 78,489) (RMB -)	1.65	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	2,055,216 (US\$ 10,000) (RMB 400,000)	2,030,736 (US\$ 10,000) (RMB 400,000)	1,569,987 (US\$ 9,973) (RMB 294,617)	1.65-3.915	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	272,250 (US\$ 9,000)	256,320 (US\$ 9,000)	255,551 (US\$ 8,973)	1.65	Operating capital	-	Operating capital	-	-	-	418,446 (US\$ 14,693)	1,673,785 (US\$ 58,770)
3	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	2,849,139 US\$ - (RMB 650,000)	2,837,146 US\$ - (RMB 650,000)	2,453,494 US\$ - (RMB 562,104)	2.7-3.1	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
4	Walsin International Investments Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	16,472,548 (US\$ 382,000) (RMB 1,127,000)	15,798,535 (US\$ 382,000) (RMB 1,127,000)	10,521,079 (US\$ 258,000) (RMB 727,000)	1.48-3.68	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
		Walsin Lihwa Corporation	Other receivables	Yes	6,050,000 (US\$ 200,000)	5,696,000 (US\$ 200,000)	5,696,000 (US\$ 200,000)	0.06-1.2	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)

(Continued)

Notes:

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

Jiangyin Walsin Steel Cable Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. =  $\text{US}\$146,926 \times 10\% = \text{US}\$14,693$  (\$418,446)  
Walsin (China) Investment Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Walsin Lihwa Corporation =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Walsin (Nanjing) Construction Limited =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Yantai Walsin Stainless Steel Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Changshu Walsin Specialty Steel Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Dongguan Walsin Wire & Cable Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Walsin Lihwa Holdings Limited =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Hangzhou Walsin Power Cable & Wire Co., Ltd. =  $\text{US}\$146,926 \times 40\% = \text{US}\$58,770$  (\$1,673,785)
  - b. The limit on the amount of financing provided was as follows:

Walsin Lihwa Corporation =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Walsin (China) Investment Co., Ltd. =  $\text{US}\$146,926 \times 40\% = \text{US}\$58,770$  (\$1,673,785)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
3. The currency exchange rates as of December 31, 2020 were as follows: US\$ to NT\$ = 1:28.48; RMB to NT\$ = 1:4.36484; US\$ to RMB = 1:6.5249.

(Concluded)



TABLE 1-2

## CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

### FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
5	Concord Industries Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 5,535,750 (US\$ 183,000)	\$ - US\$ -	\$ - US\$ -	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 33,787,294 (US\$ 1,186,352)	\$ 33,787,294 (US\$ 1,186,352)
6	Yantai Walsin Stainless Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	4,383,290 (RMB 1,000,000)	4,364,840 (RMB 1,000,000)	RMB - RMB -	3.10	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
7	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	306,830 (RMB 70,000)	305,539 (RMB 70,000)	213,720 (RMB 48,964)	2.7-3.1	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)
8	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	876,658 (RMB 200,000)	872,968 (RMB 200,000)	758,155 (RMB 173,696)	2.7-3.1	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)

#### Notes:

- According to the financing regulations of Concord Industries Limited, Yantai Walsin Stainless Steel Co., Ltd., Changshu Walsin Specialty Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd., the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company's equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
  - The limit on the amount of financing provided to a single enterprise was as follows:  

$$\text{Walsin (China) Investment Co., Ltd.} = \$84,468,235 \times 40\% = \$33,787,294 \text{ (US\$1,186,352)}$$
  - The limit on the amount of financing provided was as follows:  

$$\text{The limit on the amount of financing provided} = \$84,468,235 \times 40\% = \$33,787,294 \text{ (US\$1,186,352)}$$
- Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- The currency exchange rates as of December 31, 2020 were as follows: US\$ to NT\$ = 1:28.48; RMB to NT\$ = 1:4.36484; US\$ to RMB = 1:6.5249.

TABLE 1-3

## JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

## FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
9	Joint Success Enterprises Limited	Walsin (Nanjing) Construction Co., Ltd.	Other receivables	Yes	\$ 801,020 (US\$ 26,480)	\$ 754,150 (US\$ 26,480)	\$ 754,150 (US\$ 26,480)	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 33,787,294 (US\$ 1,186,352)	\$ 33,787,294 (US\$ 1,186,352)
10	Walsin (Nanjing) Construction Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	2,191,645 (RMB 500,000)	2,182,420 (RMB 500,000)	RMB - RMB -	-	Operating capital	-	Operating capital	-	-	-	33,787,294 (US\$ 1,186,352)	33,787,294 (US\$ 1,186,352)

## Notes:

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

Walsin (Nanjing) Construction Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)  
Walsin (China) Investment Co., Ltd. =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)
  - The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided =  $\$84,468,235 \times 40\% = \$33,787,294$  (US\$1,186,352)
- Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
- The currency exchange rates as of December 31, 2020 were as follows: US\$ to NT\$ = 1:28.48; RMB to NT\$ = 1:4.36484; US\$ to RMB = 1:6.5249.

TABLE 1-4

## WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
11	Walsin Info-Electric Corp.	Walsin Lihwa Corporation	Other receivables	Yes	\$ 130,000	\$ 130,000	\$ 72,000	0.70	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 137,045	\$ 137,045

Notes:

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

- a. The limit on the amount of financing provided to a single enterprise was as follows:

$$\text{Walsin Lihwa Corporation} = \$342,613 \times 40\% = \$137,045$$

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

$$\text{The limit on the amount of financing provided} = \$342,613 \times 40\% = \$137,045$$

TABLE 2

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies
		Name	Relationship (Note 2)										
1	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	c	\$ 10,461,103 (US\$ 367,314)	\$ 1,361,358 (RMB 310,579)	\$ 1,355,628 (RMB 310,579)	\$ - US\$ -	\$ -	1.73	\$ 84,468,235	No	No	Yes

Notes:

- The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
  - "0" represents Walsin Lihwa Corporation.
  - Subsidiaries are numbered consecutively starting from 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
  - A company with which Walsin Lihwa Corporation does business.
  - A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
  - A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
  - A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
  - A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
  - A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
  - A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
  - The limit on the amount of endorsements/guarantees provided was as follows:  

$$\text{NT\$}84,468,235 \times 100\% = 84,468,235$$
  - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:  

$$\text{Walsin (China) Investment Co., Ltd.: US\$}146,926 \times 250\% \times 100\% = \text{US\$}367,314$$
- The currency exchange rates as of December 31, 2020 were as follows: US\$ to NT\$ = 1:28.48; RMB to NT\$ = 1:4.36484.

TABLE 2-1

## CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

### ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies
		Name	Relationship (Note 2)										
2	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	d	\$ 10,461,103 (US\$ 367,314)	\$ 1,361,358 (RMB 310,579)	\$ 1,355,628 (RMB 310,579)	\$ - US\$ -	\$ -	1.73	\$ 84,468,235	No	No	Yes

Notes:

- The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
  - "0" represents Walsin Lihwa Corporation.
  - Subsidiaries are numbered consecutively starting from 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into six categories.
  - A company with which Walsin Lihwa Corporation does business.
  - A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
  - A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
  - A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
  - A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
  - A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
  - A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
  - The limit on the amount of endorsements/guarantees provided was as follows:  

$$\text{NT\$}84,468,235 \times 100\% = \text{NT\$}84,468,235$$
  - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:  

$$\text{Walsin (China) Investment Co., Ltd.: US\$}146,926 \times 250\% \times 100\% = \text{US\$}367,314$$
- The currency exchange rates as of December 31, 2020 were as follows: US\$ to NT\$ = 1:28.48; RMB to NT\$ = 1:4.36484



TABLE 3

## WALSIN LIHWA CORPORATION

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 3,685,476	9.90	\$ 3,685,476	
	HannStar Board Corp.	-	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,763,734	12.06	2,763,734	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	954,000	26,378	0.05	26,378	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	210,382	9.39	210,382	
	Taiwan Submarine Cable Co., Ltd. (formerly known as One-Seven Trading Co., Ltd.)	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	30,000	184	6.67	184	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	50,078	2.97	50,078	
	WK Technology Fund	-	Financial assets at fair value through other comprehensive income - non-current	380,477	5,949	1.91	5,949	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	11,128	1.16	11,128	
Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuer company	Financial assets at fair value through other comprehensive income - non-current	3,000,000	29,920	15.00	29,920		

TABLE 3-1

**CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2020  
(In Thousands of Renminbi)**

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Lv Jing Technology Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Tianhong Silicon Industrial Corporation	-	Financial assets at fair value through other comprehensive income - non-current	N/A	\$ -	19.00	\$ -	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Electronic Group Optoelectronics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	N/A	21,788	6.02	21,788	

TABLE 3-2

## JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Jin-Cherng Construction Co.	Share							
	Chinshan Hotspring Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	8	\$ -	8.00	\$ -	
	Gsharp Corporation	-	Financial assets at fair value through other comprehensive income - non-current	270,000	-	2.73	-	

**TABLE 3-3****WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Info-Electric Corp.	Share W T International Inc.	-	Financial assets at fair value through other comprehensive income - non-current	228,000	\$ 2,614	5.43	\$ 2,614	
	Ufi Space Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	270,000	29,700	1.07	29,700	

TABLE 4

## WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Corporation	<u>Share</u> Walsin Lihwa Holdings Limited	Investments accounted for using the equity method	Capital investment	Subsidiary	320,230,393	\$ 20,054,589	163,000,000	\$ 6,081,203 (Note 1)	-	\$ -	\$ -	\$ -	483,230,393	\$ 26,135,792
	PT. Walsin Nickel Industrial Indonesia	Investments accounted for using the equity method	Capital investment	Subsidiary	-	-	500,000	1,306,341 (Note 1)	-	-	-	-	500,000	1,306,341
	Concord Industries Limited	Investments accounted for using the equity method	Capital investment/capital reduction	Subsidiary	505,903,187	11,007,234	20,000,000	569,400 (Note 1)	240,000,000	-	6,945,453 (Note 1)	-	285,903,187	4,631,181
	<u>Corporate bonds</u> Golden Harbour International Pte. Ltd.	Financial assets at fair value through profit or loss	Golden Harbour International Pte. Ltd.	-	N/A	-	N/A	5,683,859 (Note 2)	-	-	-	-	N/A	5,683,859

Note 1: The amount included subscription for shares, investment income or loss and the share of the change in capital surplus from investments in associates accounted for using the equity method.

Note 2: The amount included evaluation of income or loss.

TABLE 4-1

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of Renminbi)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Holdings Limited	Share Walsin International Investments Limited	Investments accounted for using the equity method	Capital investment	Subsidiary	10,000,002	\$ (15,896)	4,293,960,200	\$ 3,890,346 (Note)	-	\$ -	\$ -	\$ -	4,303,960,202	\$ 3,874,450
Walsin (China) Investment Co., Ltd.	Certificate of capital verification	Financial assets at amortized cost	Fubon Bank	-	N/A	-	N/A	1,400,000	N/A	1,105,020	1,100,000	5,020	N/A	300,000
	Fubon Bank (China) RMB structured deposits													
Dongguan Walsin Wire & Cable Co., Ltd.	Standard Chartered structured deposits	Financial assets at amortized cost	Standard Chartered	-	N/A	-	N/A	200,000	N/A	200,822	200,000	822	N/A	-
	Certificate of capital verification	Financial assets at amortized cost	Shanghai Pudong Development Bank	-	N/A	-	N/A	385,000	N/A	387,233	385,000	2,233	N/A	-
	Shanghai Pudong Development Bank RMB structured deposits													
China CITIC Bank RMB structured deposits	Financial assets at amortized cost	China CITIC Bank	-	N/A	-	N/A	1,200,000	N/A	1,204,493	1,200,000	4,493	N/A	-	

Note: The amount included subscription for shares and investment income or loss.

TABLE 4-2

## CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of Renminbi)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa (Changzhou) Investment Co., Ltd.	Certificate of capital verification Shanghai Bank No. 2 Structured Product	Financial assets at amortized cost	Bank of Shanghai	-	N/A	\$ 340,000	N/A	\$ 340,000	N/A	\$ 686,260	\$ 680,000	\$ 6,260	N/A	\$ -

**TABLE 5****PT. WAL SIN NICKEL INDUSTRIAL INDONESIA**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
PT. Walsin Nickel Industrial Indonesia	Land and plant	Contract date: 2020/04/22	\$2,686,315	According to the contract	PT. Plenty Bumi International and Eternal Tsingshan Group Limited	N/A	N/A	N/A	N/A	N/A	Market quotations	Production and operation	N/A



TABLE 6

## WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (2,482,034)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ 207,701	2	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(200,926)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	99,820	1	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(903,376)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	39,054	-	

**TABLE 6-1****WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchases	\$ 2,482,034	22	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ (207,701)	(90)	

TABLE 6-2

## CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	\$ (234,934)	(11)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ 30,471	5	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	(172,669)	(8)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	26,445	4	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchases	46,306	20	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(22,869)	(33)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	172,669	73	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(26,445)	(39)	
Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	234,934	60	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(30,471)	(29)	

**TABLE 7****WALSIN LIHWA CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 207,701	4.27	\$ -	-	\$ 174,724	\$ -
	PT. Walsin Nickel Industrial Indonesia	50% owned subsidiary	Long-term receivables 5,349,885	-	-	-	-	-

TABLE 7-1

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2020  
 (In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Action Taken			
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	100% directly owned subsidiary	Other receivables RMB 321,124	-	\$ -	-	\$ -	\$ -	
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Parent company	Other receivables US\$ 4,900	-	-	-	-	-	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 72,407 RMB 435,970	-	-	-	-	-	
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 46,675	-	-	-	-	-	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	18.37% directly owned subsidiary	Other receivables US\$ 44,564	-	-	-	-	-	
	Jiangyin Walsin Steel Cable Co., Ltd.	100% directly owned subsidiary	Other receivables US\$ 9,987 RMB 295,409	-	-	-	-	-	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	95.71% directly owned subsidiary	Other receivables US\$ 8,986	-	-	-	-	-	
	Walsin (Nanjing) Construction Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 250,291	-	-	-	-	-	
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate	Other receivables RMB 81,218	-	-	-	-	-	
	XiAn Walsin Metal Product Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 173,857	-	-	-	-	-	
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 55,292	-	-	-	-	-	
	Dongguan Walsin Wire & Cable Co., Ltd.	100% directly owned subsidiary	Other receivables US\$ 78,600	-	-	-	-	-	
	Walsin International Investments Limited	Walsin Lihwa Corporation Limited	Parent company	Other receivables RMB 1,305,589	-	-	-	-	-
		Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 2,436,212	-	-	-	-	-

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

TABLE 7-2

**CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2020  
(In Thousands of Renminbi)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables \$ 30,471	7.92	\$ -	-	\$ 25,808	\$ -
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables 26,445	7.15	-	-	17,301	-
Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 49,075	-	-	-	-	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 174,069	-	-	-	-	-

**TABLE 7-3****JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2020  
(In Thousands of Renminbi)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Joint Success Enterprises Limited	Walsin (Nanjing) Construction Co., Ltd.	Subsidiary	Other receivables    \$ 177,219	-	\$ -	-	\$ -	\$ -

TABLE 8

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Information of investees that Walsin Lihwa Corporation has controlling power or significant influence over was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	\$ 14,760,298	\$ 9,861,333	483,230,393	100.00	\$ 26,135,792	\$ 958,095	\$ 963,213	
	Concord Industries Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	12,724,589	19,281,719	285,903,187	100.00	4,631,181	365,570	365,570	
	Touch Micro-System Technology Corp.	566 Gaoshin Road, Yangmei Township, Taoyuan 326 Taiwan, R.O.C.	OEM on MEMS foundry services	-	750,000	-	-	-	(50)	(50)	(Note 1)
	Ace Result Global Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	1,587,416	1,587,416	44,739,988	100.00	339,349	29,383	29,383	
	Energy Pilot Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	-	562,829	-	-	-	9,331	9,331	(Note 2)
	Market Pilot Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	-	3,799,884	-	-	-	(1,004)	(1,004)	(Note 3)
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Solar power systems management, design, and installation	180,368	180,368	26,565,000	100.00	334,644	38,121	38,121	
	Waltuo Green Resources Corporation	No. 47, Bade Rd., Yanshui District, Tainan City 73743, Taiwan, R.O.C.	Waste disposal, resource recovery and cement products	10,000	10,000	1,000,000	100.00	8,837	(732)	(732)	
	Jin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction	611,688	611,688	515,699,455	99.22	6,452,096	720,099	714,449	
	Walsin Info-Electric Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	270,034	66,406	29,854,246	99.51	340,934	3,385	3,373	
	PT. Walsin Lippo Industries	Jl. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	Steel wires	481,663	481,663	10,500	70.00	783,754	23,311	16,317	
	PT. Walsin Lippo Kabel	Jl. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	8,916	12,617	8,832	
	Joint Success Enterprises Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	1,164,273	1,164,273	36,058,184	49.05	5,319,464	1,398,647	647,736	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	2,237,969	2,237,969	179,468,270	37.00	6,002,698	196,303	62,125	
	Walsin Color Co., Ltd.	1F., No. 5, Ln. 199, Liaoning St., Zhong Shan Dist., Taipei City, Taiwan, R.O.C.	Management of investments and conglomerates	457,610	457,610	49,831,505	33.97	1,132,611	54,447	18,496	
	Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	185,428	(39,579)	(10,556)	
Winbond Electronics Corp.	No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan, R.O.C.	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	14,595,661	1,359,787	302,009		
Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.65	2,601,028	254,887	57,735		

(Continued)



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
	Walsin Technology Corp.	24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Production and sale of ceramic capacitors	\$ 1,649,039	\$ 1,649,039	88,902,325	18.30	\$ 7,068,731	\$ 6,638,742	\$ 1,216,721	
	Powertec Electrochemical Corp.'s	13 F, No. 337, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.	Basic industrial chemical manufacturing and energy technical services	2,945,925	2,945,925	318,522,792	22.46	-	-	-	
	PT. Walsin Nickel Industrial Indonesia	Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto No. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta	Manufacture and sale of nickel pig iron	1,509,171	-	500,000	50.00	1,306,341	(38,694)	(134,405)	

Note 1: The liquidation of Touch Micro-system Technology Corp. was completed on June 5, 2020.

Note 2: The liquidation of Energy Pilot Limited was completed on September 3, 2020.

Note 3: The liquidation of Market Pilot Limited was completed on December 9, 2020.

(Continued)

2. Information of investees that Walsin Lihwa Holdings Limited and its subsidiaries have controlling power or significant influence over was as follows (in thousands of U.S. dollars/Hong Kong dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Rm. 2804, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	Investments	US\$ 78,600	US\$ 78,600	N/A	100.00	\$ 958,675	\$ 68,982	\$ 68,982	
	Walsin International Investments Limited	Unit 9-15, 22/F, Millennium City, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	Investments	HK\$ 4,303,960	HK\$ 10,000	4,303,960,202	100.00	3,874,450	(11,584)	(11,584)	
	Renowned International Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI	Investments	US\$ 8,469	US\$ 8,469	-	-	-	(32,165)	(27,009)	(Note 1)
	Walcom Chemicals Industrial Limited	Unit 714,7/F, Miramat Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	Commerce	US\$ 0.030	US\$ 0.030	325,000	65.00	0.191	HK\$ -	HK\$ -	
	Borrego Solar Systems, Inc.	6210 Lake Shore Drive, San Diego, CA92119, USA	Specializes in commercial, residential, and public sector turnkey, grid-connected solar electric systems	US\$ 15,000	US\$ 15,000	1,460,458	73.66	658,633	290,535	215,917	
	Nanjing Taiwan Trade Mart Management Co., Ltd.	No. 230, Hexi Avenue, Nanjing	Business and asset management, consulting and advertising services	US\$ 1,000	US\$ 1,000	N/A	100.00	(99,224)	(12,287)	(12,287)	
	Jiangsu Taiwan Trade Mart Development Co., Ltd.	No. 901, Yingtian Avenue, Jianye Zone, Nanjing	Nanjing Taiwan Trade Mart Management Co., Ltd. development and construction, and management	2,000	2,000	N/A	20.00	2,126	60	29	
Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	No. 9, 12 Road, Xiasha Economic & Technology Development Zone, Hangzhou, Zhejiang	Production and sale of cables and wires	US\$ 25,405	US\$ 25,405	N/A	14.41	45,379	28,153	4,057	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai	Production and sale of cables and wires	US\$ 14,956	US\$ 14,956	N/A	95.71	238,259	18,961	18,147	
	Jiangyin Walsin Steel Cable Co., Ltd.	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu	Manufacture and sale of steel cables and wires	US\$ 26,041	US\$ 26,041	N/A	100.00	181,444	18,348	18,348	
	Dongguan Walsin Wire & Cable Co., Ltd.	Xiniupo Industrial Zone District, Dalang Town, Dongguan, Guangdong	Production and sale of bare copper cables and wires	US\$ 26,000	US\$ 26,000	N/A	100.00	378,705	20,541	20,541	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	Cold-rolled stainless steel and flat rolled products	US\$ 9,000	US\$ 9,000	N/A	18.37	70,572	29,116	5,349	

Note 1: The liquidation of Renowned International Limited was completed on August 24, 2020.

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

(Continued)

3. Information of investees that Concord Industries Limited and its subsidiaries have controlling power or significant influence over was as follows (in thousands of U.S. dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Concord Industries Limited	Walsin Specialty Steel Corp.	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI	Commerce and investments	US\$ 101,400 (Note 2)	US\$ 101,400 (Note 2)	101,400,000	100.00	\$ 222,140	\$ 45,457	\$ 45,457	
	Walsin Precision Technology Sdn. Bhd.	2115-1, Kawasan Perindustrian air Keroh, Fasaiv, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	US\$ 8,470	US\$ 8,470	32,178,385	100.00	168,042	12,543	12,543	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	Cold-rolled stainless steel and flat-rolled products	US\$ 40,000	US\$ 40,000	N/A	81.63	313,598	29,116	23,768	
	XiAn Walsin Metal Product Co., Ltd.	2/F, Building B, No. 15, Shanglinyuan First Road, New Industrial Park, Hi-and-New Tech Park of XiAn, Shaanxi	Production and sale of medium and heavy specialized stainless steel plates	US\$ 55,350	US\$ 10,150	N/A	100.00	(173,371)	(2,499)	(2,499)	(Note 4)
	Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road, ETDZ Yantai City, Shantung Province, P.R.C.	Production and sale of electronic components and new alloy materials	US\$ 132,927	US\$ 132,927	N/A	54.40	412,010	5,384	2,929	(Note 3)
	Changzhou China Steel Precision Materials Co., Ltd.	No. 281, Changhong Road (West), Wujin Economic & Technology Development Zone, Changzhou City, Jiangsu Province	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	US\$ 13,080	US\$ 13,080	N/A	30.00	87,024	355	107	
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	6/F, No. 2, Tenglong Road, Wujin Economic Development Area, Jiangsu	Commerce and investments	US\$ -	US\$ 49,000	N/A	-	-	3,820	3,820	
	XiAn Walsin Opto-electronic Limited	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of XiAn, Shaanxi	LED, micro projector, and solar cell assembly	US\$ -	US\$ -	N/A	-	-	-	-	(Note 4)
	XiAn Lv Jing Technology Co., Ltd.	No. 15, Shanglinyuan First Road, Hi-and-New Tech Park of XiAn, Shaanxi	Solar module assembly	US\$ -	US\$ 45,200	N/A	-	-	-	-	(Note 4)
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road, ETDZ Yantai City, Shantung Province, P.R.C.	Production and sale of electronic components and new alloy materials	168,086	168,086	N/A	45.60	345,361	5,384	2,455
Walsin Specialty Steel Corp.	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	No. 2402, Waiqingsong Road, Baihe Town, Qing Pu Zone, Shanghai	Manufacture and sale of stainless steel	US\$ 39,000	US\$ 39,000	N/A	100.00	50,644	(1,866)	(1,866)	
	Changshu Walsin Specialty Steel Co., Ltd.	No. 56 Renmin Road, Haiyu Town, Changshu City, Jiangsu Province	Manufacture and sale of specialized steel tubes	US\$ 97,000	US\$ 97,000	N/A	100.00	152,217	47,358	47,358	

Note 1: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

Note 2: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 3: Yantai Walsin Stainless Steel Co., Ltd. merged the Yantai Huangui Iron & Steel Co., Ltd. and Yantai Dazong.

Note 4: XiAn Walsin Metal Product Co., Ltd. merged the XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited

(Continued)

## 4. Information of investees that Jin-Cherng Construction Co. and its subsidiaries have controlling power or significant influence over was as follows (in thousands of U.S. dollars/New Taiwan dollars/Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Jin-Cherng Construction Co.	Joint Success Enterprises Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI	Investments	\$ 1,202,993	\$ 1,202,993	37,461,816	50.95	\$ 5,423,712	\$ 1,398,647	\$ 712,611	
	Dingsin Development Co., Ltd.	5th Floor, 192 Jingye 1st Road, Zhongshan District, Taipei 104, Taiwan, R.O.C.	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	39,680	3,130	1,106	
	Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,198	(39,579)	(7)	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	54,154	54,154	3,264,092	0.67	110,423	196,303	1,132	
Joint Success Enterprises Limited	Walsin (Nanjing) Construction Co., Ltd.	No. 236 Jiangdong Road, Jianye District, Nanjing, Jiangsu Province	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	US\$ 50,000	N/A	100.00	RMB2,275,761	RMB 326,364	RMB 326,364	
Walsin (Nanjing) Construction Co., Ltd.	Nanjing Walsin Property Management Co., Ltd.	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu	Property management, business management and housing leasing	RMB 1,000	RMB 1,000	N/A	100.00	RMB 196	RMB (327)	RMB (327)	
	Walsin Nanjing Culture and Arts Co., Ltd.	Room 3, 1st basement, No. 236, Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	RMB 1,500	RMB 1,500	N/A	100.00	RMB (1,995)	RMB (1,093)	RMB (1,093)	
	Walsin Nanjing Commercial Management Co., Ltd.	Room 3, 1st basement, No. 236, Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu.	Business management, food marketing, catering services and sale of groceries	RMB -	RMB 6,500	N/A	-	RMB -	RMB (1,236)	RMB (1,236)	(Note 2)

Note 1: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.

Note 2: The liquidation of Walsin Nanjing Commercial Management Co., Ltd. was completed on December 7, 2020

(Continued)

5. Information of investees that Energy Pilot Limited and its subsidiaries have controlling power or significant influence over was as follows (in thousands of U.S. dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Energy Pilot Limited	Green Lake Capital, LLC.	2500 Venture Oaks Way, Ste 390 Sacramento CA 95833, USA	Solar power business	\$ -	\$ 20,670	N/A	-	\$ -	\$ 301	\$ 301	(Note)

Note: The liquidation of Green Lake Capital, LLC. was completed on May 24, 2020.

(Continued)



6. Information of investees that Market Pilot Limited has controlling power or significant influence over was as follows (in thousands of Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	1/F, Building A, No. 29, Jinye First Road, Gaoxin District, XiAn, Shannxi	Electronic devices and modules	\$ -	\$ 642,719	N/A	-	\$ -	\$ (159)	\$ (159)	(Note)

Note: The liquidation of XiAn Walsin United Technology Co., Ltd. was completed on December 7, 2020.

(Continued)

7. Information of investees that Ace Result Global Limited has controlling power or significant influence over was as follows (in thousands of Renminbi):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Ace Result Global Limited	Hangzhou Walsin Power Cable & Wire Co., Ltd.	No. 9, 12 Road, Xiasha Economic & Technology Development Zone, Hangzhou, Zhejiang	Production and sale of cables and wires	\$ 271,744	\$ 271,744	N/A	24.52	\$ 77,219	\$ 28,153	\$ 6,903	

(Concluded)

TABLE 9

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

## A. Walsin Lihwa Corporation

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 569,600 (US\$ 20,000)	b	\$ 741,648 (US\$ 26,041) (Note 2)	\$ - -	\$ - -	\$ 741,648 (US\$ 26,041) (Note 2)	\$ 78,641	100.00	\$ 78,641	\$ 791,974	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	445,057 (US\$ 15,627)	b	425,947 (US\$ 14,956) (Note 3)	- -	- -	425,947 (US\$ 14,956) (Note 3)	81,268	95.71	77,779	1,039,962	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	4,616,038 (US\$ 162,080)	b	2,592,591 (US\$ 91,032) (Note 4)	- -	- -	2,592,591 (US\$ 91,032) (Note 4)	120,666	38.93	46,975	535,121	-
Walsin (China) Investment Co., Ltd.	Investments	2,238,528 (US\$ 78,600)	b	2,238,528 (US\$ 78,600) (Note 5)	- -	- -	2,238,528 (US\$ 78,600) (Note 5)	295,662	100.00	295,662	4,184,463	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,762,560 (US\$ 97,000)	b	2,762,560 (US\$ 97,000) (Note 6)	- -	- -	2,762,560 (US\$ 97,000) (Note 6)	202,980	100.00	202,980	664,403	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	484,160 (US\$ 17,000) (Note 7)	b	1,110,720 (US\$ 39,000) (Note 8)	- -	- -	1,110,720 (US\$ 39,000) (Note 8)	(7,998)	100.00	(7,998)	221,053	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	740,480 (US\$ 26,000)	b	740,480 (US\$ 26,000) (Note 9)	- -	- -	740,480 (US\$ 26,000) (Note 9)	88,040	100.00	88,040	1,652,987	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,395,520 (US\$ 49,000)	b	1,395,520 (US\$ 49,000) (Note 10)	- -	- -	1,395,520 (US\$ 49,000) (Note 10)	124,794	100.00	124,794	1,676,841	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,576,368 (US\$ 55,350)	b	289,072 (US\$ 10,150)	569,600 (US\$ 20,000)	- -	858,672 (US\$ 30,150)	(10,711)	100.00	(10,711)	(756,737)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	7,833,851 (US\$ 275,065) (Note 11)	b	3,785,761 (US\$ 132,927)	- -	- -	3,785,761 (US\$ 132,927)	23,076	100.00	23,076	3,305,803	-
Walsin Lihwa (Changzhou) Investment Co., Ltd. (Note 16)	Commerce and investments	- US\$ -	b	1,395,520 (US\$ 49,000)	- -	1,395,520 (US\$ 49,000)	- US\$ -	16,373	-	16,373	-	-

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,241,728 (US\$ 43,600)	b	\$ 372,518 (US\$ 13,080)	\$ -	\$ -	\$ 372,518 (US\$ 13,080)	\$ 1,522	30.00	\$ 459	\$ 379,846	\$ 869,210 (US\$ 30,520)
XiAn Walsin United Technology Co., Ltd. (Note 17)	Electronic devices and modules	US\$ -	b	2,846,804 (US\$ 99,958)	-	2,846,804 (US\$ 99,958)	-	(681)	-	(681)	-	-
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	28,480 (US\$ 1,000)	b	28,480 (US\$ 1,000)	-	-	28,480 (US\$ 1,000)	(52,663)	100.00	(52,663)	(433,097)	-
XiAn Lv Jing Technology Co., Ltd. (Note 13)	Solar module assembly	- US\$ -	c	569,600 (US\$ 20,000)	-	569,600 (US\$ 20,000)	-	-	-	-	-	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,237,808 (RMB 1,200,000)	b	- US\$ -	-	-	- US\$ -	(2,768,581)	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	43,648 (RMB 10,000)	b	8,658 (US\$ 304)	-	-	8,658 (US\$ 304)	257	20.00	124	9,280	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	679,156 (RMB 155,597)	b	- RMB -	-	-	- RMB -	19,455	6.02	-	95,101	-
Walsin (Nanjing) Construction Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,424,000 (US\$ 50,000)	b	1,418,304 (US\$ 49,800) (Note 15)	-	-	1,418,304 (US\$ 49,800) (Note 15)	1,398,820	99.60	1,393,263	9,893,857	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,365 (RMB 1,000)	b	- RMB -	-	-	- RMB -	(1,400)	99.60	(1,393)	851	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	6,547 (RMB 1,500)	b	- RMB -	-	-	- RMB -	(4,685)	99.60	(4,668)	(8,673)	-
Walsin Nanjing Commercial Management Co., Ltd. (Note 18)	Business management, food marketing, catering services and sale of groceries	- RMB -	b	- RMB -	-	-	- RMB -	(5,298)	99.60	(5,276)	-	-

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

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
\$ 16,241,859 (US\$ 570,290)	\$ 18,412,647 (US\$ 646,511)	N/A (Note 19)

(Continued)

## Notes:

1. Investments can be classified into the following three categories:
  - a. Direct investment in mainland China.
  - b. Reinvestment in mainland China through companies in a third country.
  - c. Others.
2. Including US\$7,563 thousand of investment through Walsin (China) Investment Co., Ltd.
3. Including US\$7,929 thousand of investment through Walsin (China) Investment Co., Ltd.
4. Including US\$2,800 thousand of investment through Walsin (China) Investment Co., Ltd., and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Including US\$8,000 thousand of investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. Inclusive of capital reduction to cover accumulated deficits US\$22,000 thousand.
8. Including US\$4,800 thousand of investment through Walsin (China) Investment.
9. Investment through Walsin (China) Investment Co., Ltd.
10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand made through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.
13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
15. The amount included investment through Joint Success Enterprise Limited approved in the previous years.
16. The liquidation of Walsin Lihwa (Changzhou) Investment Co., Ltd. was completed on October 19, 2020.
17. The liquidation of XiAn Walsin United Technology Co., Ltd. was completed on December 7, 2020.
18. The liquidation of Walsin Nanjing Commercial Management Co., Ltd. was completed on December 7, 2020.
19. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
20. The currency exchange rates as of December 31, 2020 were as follows: US\$ to NT\$ = 1:28.48, RMB to NT\$ = 1:4.36484. The average exchange rates of December 31, 2020 were as follows: US\$ to NT\$ = 1:29.549, RMB to NT\$ = 1:4.28608.
21. Amount was recognized based on reviewed financial statements.
22. Upper limit on investment:

WLC was approved as the operation headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China".

(Continued)

B. Jin-Cherng Construction Co.

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

(In Thousands of U.S. and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	Note 1	US\$ 25,475	\$ -	\$ -	US\$ 25,475	\$ 326,364	50.95	\$ 166,282	\$ 1,159,500	\$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	(327)	50.95	(166)	100	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	1,500	Note 1	-	-	-	-	(1,093)	50.95	(557)	(1,016)	-
Walsin Nanjing Commercial Management Co., Ltd.	Business management, food marketing, catering services and sale of groceries	-	Note 1	-	-	-	-	(1,236)	50.95	(630)	-	-

2. The upper limit on investment in mainland China

Accumulated Outward Remittance for Mainland China as of December 31, 2020 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
US\$25,475	US\$25,475	NT\$3,901,555 (Note 3)

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

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

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

$$\text{NT\$6,502,592 thousand} \times 60\% = \text{NT\$3,901,555 thousand.}$$

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

(Concluded)

TABLE 10

## WALSIN LIHWA CORPORATION AND INVESTEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019  
 (In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 207,701	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	7,732	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	99,820	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	2,482,034	The terms are set by quotations on the local market and are similar to those of general customers	2
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	47,457	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	200,926	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	1,733	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	18,654	The terms are set by quotations on the local market and are similar to those of general customers	-
		PT. Walsin Nickel Industrial Indonesia	Transactions between parent company and subsidiaries	Long-term receivables	5,349,885	Based on capital demand	4
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 321,124	Based on capital demand	1
		Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Trade receivables	RMB 10,499	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprise Limited	Walsin (Nanjing) Construction Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 177,219	Based on capital demand	1

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 72,407	Based on capital demand	3
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 435,970	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 44,564	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 9,987	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 295,409	Based on capital demand	1
		Walsin (Nanjing) Construction Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 46,675	Based on capital demand	1
		Hangzhou Walsin Power Cable & Wire Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 250,291	Based on capital demand	-
		XiAn Walsin Metal Product Co., Ltd.	Associates	Other receivables	RMB 81,218	Based on capital demand	1
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 173,857	Based on capital demand	-
Dongguan Walsin Wire & Cable Co., Ltd	Transactions between subsidiaries	Other receivables	RMB 55,292	Based on capital demand	1		
4	Walsin International Investments Limited	Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Other receivables	US\$ 78,600	Based on capital demand	-
		Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 1,305,589	Based on capital demand	4
5	Yantai Walsin Stainless Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,436,212	Based on capital demand	7
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 30,471	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 26,445	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 234,934	The terms are set by quotations on the local market and are similar to those of general customers	1
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 172,669	The terms are set by quotations on the local market and are similar to those of general customers	1		
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 6,228	Based on capital demand	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 2,066	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 11,060	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 174,069	Based on capital demand	1
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 553	Based on capital demand	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
8	Changshu Walsin Specialty Steel Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 71	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 7,122	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Sales	RMB 50	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Sales	RMB 871	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 6,677	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 49,075	Based on capital demand	-
		Changzhou China Steel Precision Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 1,220	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changzhou China Steel Precision Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 1,945	The terms are set by quotations on the local market and are similar to those of general customers	-
0	Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 955,288	The terms are set by quotations on the local market and are similar to those of general customers	1
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	35,579	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	16,734	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	28,382	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	4,045,695	The terms are set by quotations on the local market and are similar to those of general customers	3
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	60,608	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	130,807	The terms are set by quotations on the local market and are similar to those of general customers	-
		Nanjing Walsin Metal Co., Ltd.	Transactions between parent company and subsidiaries	Sales	19,156	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	1,149	The terms are set by quotations on the local market and are similar to those of general customers	-
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 1,748,310	Based on capital demand	5
		Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Other receivables	RMB 1,129,975	Based on capital demand	4
2	Nanjing Walsin Metal Co., Ltd.	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 154,826	The terms are set by quotations on the local market and are similar to those of general customers	1
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 70,184	The terms are set by quotations on the local market and are similar to those of general customers	-
3	Concord Industries Limited	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 1,241,764	Based on capital demand	4

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
4	Joint Success Enterprise Limited	Walsin (Nanjing) Construction Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 188,808	Based on capital demand	1
5	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 63,725	Based on capital demand	1
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 44,744	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 9,848	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 191,758	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 53,963	Based on capital demand	1
		Walsin (Nanjing) Construction Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 921,772	Based on capital demand	3
		Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associates	Other receivables	RMB 81,319	Based on capital demand	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 92,777	Based on capital demand	-
		XiAn Walsin Metal Product Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 171,568	Based on capital demand	1
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 67,453	Based on capital demand	-
Dongguan Walsin Wire & Cable Co., Ltd	Transactions between subsidiaries and parent company	Other receivables	US\$ 24,111	Based on capital demand	1		
6	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 28,874	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 21,846	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 237,676	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 120,835	The terms are set by quotations on the local market and are similar to those of general customers	-
7	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 2,161	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 12,568	The terms are set by quotations on the local market and are similar to those of general customers	-
8	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries and parent company	Other receivables	RMB 8,453	Based on capital demand	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between subsidiaries and parent company	Other receivables	RMB 553	Based on capital demand	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
9	Changshu Walsin Specialty Steel Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 79	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 3,450	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Sales	RMB 78	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Sales	RMB 1,324	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 5,993	The terms are set by quotations on the local market and are similar to those of general customers	-

(Concluded)



  
**TABLE 11****WALSIN LIHWA CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	247,025,000	7.65
Winbond Electronics Corp.	222,000,000	6.88
Chin-Xin Investment Co., Ltd.	210,011,000	6.81

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by WLC as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

## **5. Financial report of the parent company of the most recent year audited and certified by Supervisors**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

#### **Opinion**

We have audited the accompanying financial statements of Walsin Lihwa Corporation (the “Company”), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements as of and for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are key audit matter of the Company's financial statements as of and for the year ended December 31, 2020:



### Sales Revenue Recognition

In 2020, the main products of the Company's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Company prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 20 to the financial statements for related accounting policies and disclosure of information relating to revenue recognition.

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

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

### **Other Matter**

The financial statements of certain equity-method investees included in the financial statements as of and for the years ended December 31, 2020 and 2019 were audited by other auditors. Our opinion, insofar as it relates to such investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT\$4,238,472 thousand and NT\$3,574,547 thousand, which constituted 3.02% and 2.97% of the total assets as of December 31, 2020 and 2019, respectively; and the investment gains amounted to NT\$995,518 thousand and NT\$56,873 thousand for the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Kwan-Chung Lai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2021

#### Notice to Readers

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

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

## WALSIN LIHWA CORPORATION

BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,511,090	3	\$ 1,284,354	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	66,059	-	52,589	-
Contract assets - current (Notes 4 and 8)	12,937	-	331,195	-
Notes receivable from unrelated parties (Notes 4, 9 and 27)	27,277	-	52,753	-
Trade receivables from unrelated parties (Notes 4 and 9)	2,243,175	2	1,590,771	2
Trade receivables from related parties (Notes 4, 9 and 27)	342,552	-	1,014,422	1
Other receivables (Note 27)	271,722	-	2,555,588	2
Inventories (Notes 4 and 10)	8,502,797	6	9,359,888	8
Other current assets (Note 6)	2,443,728	2	373,906	-
Total current assets	18,421,337	13	16,615,466	14
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	5,683,859	4	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	6,783,229	5	5,047,457	4
Investments accounted for using equity method (Notes 4 and 12)	77,247,465	55	71,708,531	59
Property, plant and equipment (Notes 4 and 13)	17,493,296	12	17,621,858	15
Right-of-use assets (Notes 4 and 14)	80,629	-	44,086	-
Investment properties (Notes 4 and 15)	8,314,798	6	8,417,355	7
Deferred tax assets - non-current (Notes 4 and 22)	981,573	1	863,000	1
Refundable deposits	26,913	-	59,779	-
Long-term receivables (Note 27)	5,349,885	4	-	-
Other non-current assets	87,872	-	1	-
Total non-current assets	122,049,519	87	103,762,067	86
<b>TOTAL</b>	<b>\$ 140,470,856</b>	<b>100</b>	<b>\$ 120,377,533</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 6,591,019	5	\$ 9,350,000	8
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	15,839	-	-	-
Derivative financial liabilities hedging - current (Notes 4 and 17)	165,774	-	55,402	-
Trade payables to unrelated parties	2,522,328	2	2,499,976	2
Current tax liabilities (Notes 4 and 22)	108,164	-	278,669	-
Other payables to unrelated parties	2,237,404	2	2,056,203	2
Other payables to related parties (Note 27)	5,772,308	4	4,809,068	4
Lease liabilities - current (Notes 4 and 14)	20,500	-	19,218	-
Current portion of long-term borrowings (Note 16)	6,000,000	4	6,500,000	5
Other current liabilities	759,039	-	131,813	-
Total current liabilities	24,192,375	17	25,700,349	21
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	31,140,014	22	16,500,000	14
Deferred tax liabilities - non-current (Notes 4 and 22)	131,132	-	131,132	-
Lease liabilities - non-current (Notes 4 and 14)	61,202	-	25,265	-
Net defined benefit liabilities (Notes 4 and 18)	290,237	1	462,196	1
Other non-current liabilities (Note 24)	187,661	-	174,250	-
Total non-current liabilities	31,810,246	23	17,292,843	15
Total liabilities	56,002,621	40	42,993,192	36
<b>EQUITY (Note 19)</b>				
Share capital	32,260,002	23	33,260,002	28
Capital surplus	15,690,406	11	16,055,238	13
Retained earnings				
Legal reserve	5,428,200	4	5,113,232	4
Special reserve	3,110,410	2	4,043,138	4
Unappropriated earnings	27,791,577	20	22,023,141	18
Total retained earnings	36,330,187	26	31,179,511	26
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(5,905,135)	(4)	(5,546,359)	(5)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6,092,775	4	2,435,949	2
Total other equity	187,640	-	(3,110,410)	(3)
Total equity	84,468,235	60	77,384,341	64
<b>TOTAL</b>	<b>\$ 140,470,856</b>	<b>100</b>	<b>\$ 120,377,533</b>	<b>100</b>

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

(With Deloitte & Touche auditors' report dated February 26, 2021)

# WALSIN LIHWA CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 20)	\$ 64,097,690	100	\$ 71,596,648	100
OPERATING COSTS (Note 10)	(59,641,481)	(93)	(67,448,244)	(94)
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>1,357</u>	-	<u>7,447</u>	-
GROSS PROFIT	<u>4,457,566</u>	<u>7</u>	<u>4,155,851</u>	<u>6</u>
OPERATING EXPENSES				
Selling and marketing expenses	745,090	1	764,642	1
General and administrative expenses	915,989	2	804,823	1
Research and development expenses	<u>115,346</u>	-	<u>141,208</u>	-
Total operating expenses	<u>1,776,425</u>	<u>3</u>	<u>1,710,673</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>2,681,141</u>	<u>4</u>	<u>2,445,178</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	151,325	-	14,756	-
Dividend income	110,905	-	136,125	-
Other income	70,318	-	42,830	-
Loss (gain) on disposal of property, plant and equipment	(5,483)	-	902	-
Gain on disposal of investment properties (Note 27)	-	-	246,877	1
Foreign exchange gain, net	73,937	-	61,396	-
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss	728,770	1	(85,444)	-
Impairment loss (Note 21)	-	-	(1,678,822)	(2)
Other expenses	(264,156)	-	(60,700)	-
Loss on disposal of investments (Note 21)	(365,451)	-	(1,289,999)	(2)
Interest expense	(452,964)	-	(535,938)	(1)
Share of profit of subsidiaries and associates under the equity method	<u>3,935,768</u>	<u>6</u>	<u>3,792,534</u>	<u>5</u>
Total non-operating income and expenses	<u>3,982,969</u>	<u>7</u>	<u>644,517</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	6,664,110	11	3,089,695	5
INCOME TAX BENEFIT (Notes 4 and 22)	<u>27,039</u>	-	<u>59,984</u>	-
NET PROFIT FOR THE YEAR	<u>6,691,149</u>	<u>11</u>	<u>3,149,679</u>	<u>5</u>

(Continued)

## WALSIN LIHWA CORPORATION

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 18)	\$ 43,670	-	\$ (22,786)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,258,198	2	1,572,352	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,479,966</u>	<u>4</u>	<u>1,361,083</u>	<u>2</u>
	<u>3,781,834</u>	<u>6</u>	<u>2,910,649</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(276,160)	(1)	(1,748,719)	(3)
Gain on cash flow hedges	-	-	1,151	-
Share of other comprehensive loss of associates accounted for using the equity method	<u>(82,616)</u>	<u>-</u>	<u>(230,099)</u>	<u>-</u>
	<u>(358,776)</u>	<u>(1)</u>	<u>(1,977,667)</u>	<u>(3)</u>
Other comprehensive income for the year, net of income tax	<u>3,423,058</u>	<u>5</u>	<u>932,982</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,114,207</u>	<u>16</u>	<u>\$ 4,082,661</u>	<u>6</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 2.04</u>		<u>\$ 0.95</u>	
Diluted	<u>\$ 2.04</u>		<u>\$ 0.95</u>	

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

(With Deloitte & Touche auditors' report dated February 26, 2021)

(Concluded)



WALSIN LIHWA CORPORATION

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Cash Flow Hedges		
BALANCE AT JANUARY 1, 2019	\$ 33,260,002	\$ 15,966,420	\$ 3,937,554	\$ 2,712,250	\$ 25,494,923	\$ (3,567,540)	\$ (474,446)	\$ (1,151)	\$ -	\$ 77,328,012
Appropriation of 2018 earnings (Note 19)										
Legal reserve	-	-	1,175,678	-	(1,175,678)	-	-	-	-	-
Special reserve	-	-	-	1,330,888	(1,330,888)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,991,200)	-	-	-	-	(3,991,200)
Excess of the consideration received over the carrying amount of the subsidiaries' disposed net assets	-	(615)	-	-	(123,950)	-	-	-	-	(124,565)
Change in capital surplus and retained earnings from investments in accounted for using the equity method	-	89,443	-	-	55,134	-	(55,134)	-	-	89,443
Net profit for the year ended December 31, 2019	-	-	-	-	3,149,679	-	-	-	-	3,149,679
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(54,879)	(1,978,819)	2,965,529	1,151	-	932,982
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,094,800	(1,978,819)	2,965,529	1,151	-	4,082,661
Others	-	(10)	-	-	-	-	-	-	-	(10)
BALANCE AT DECEMBER 31, 2019	33,260,002	16,055,238	5,113,232	4,043,138	22,023,141	(5,546,359)	2,435,949	-	-	77,384,341
Appropriation of 2019 earnings (Note 19)										
Legal reserve	-	-	314,968	-	(314,968)	-	-	-	-	-
Special reserve	-	-	-	(932,728)	932,728	-	-	-	-	-
Cash dividends	-	-	-	-	(1,663,000)	-	-	-	-	(1,663,000)
Excess of the consideration received over the carrying amount of the subsidiaries' disposed net assets	-	-	-	-	(2,481)	-	-	-	-	(2,481)
Change in capital surplus from investments in associates accounted for using the equity method	-	135,304	-	-	97,145	-	(97,145)	-	-	135,304
Net profit for the year ended December 31, 2020	-	-	-	-	6,691,149	-	-	-	-	6,691,149
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	27,863	(358,776)	3,753,971	-	-	3,423,058
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,719,012	(358,776)	3,753,971	-	-	10,114,207
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,500,108)	(1,500,108)
Cancellation of treasury shares	(1,000,000)	(500,108)	-	-	-	-	-	-	1,500,108	-
Others	-	(28)	-	-	-	-	-	-	-	(28)
BALANCE AT DECEMBER 31, 2020	\$ 32,260,002	\$ 15,690,406	\$ 5,428,200	\$ 3,110,410	\$ 27,791,577	\$ (5,905,135)	\$ 6,092,775	\$ -	\$ -	\$ 84,468,235

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated February 26, 2021)

## WALSIN LIHWA CORPORATION

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 6,664,110	\$ 3,089,695
Adjustments for:		
Depreciation expense	1,279,845	1,205,774
Amortization expense	222	-
Expected credit loss reversed on trade receivables	-	(900)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(728,770)	85,444
Interest expense	452,964	535,938
Interest income	(151,325)	(14,756)
Dividend income	(110,905)	(136,125)
Share of profit of subsidiaries and associates under the equity method	(3,935,768)	(3,792,534)
Loss (gain) on disposal of property, plant and equipment	5,483	(902)
Gain on disposal of investment properties	-	(246,877)
Loss on disposal of investments	365,451	1,289,999
Impairment loss recognized on non-financial assets	-	1,678,822
Realized gain on the transaction with associates	(1,357)	(7,447)
Gain on lease modifications	(38)	-
Net loss on foreign currency exchange	130,929	52,238
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(214,241)	(1,077,055)
Decrease (increase) in contract assets	318,258	(286,857)
Decrease in notes receivable	25,476	31,695
Decrease in trade receivables	19,466	453,555
Decrease (increase) in other receivables	20,229	(20,589)
Decrease in inventories	857,092	1,925,349
(Increase) decrease in other current assets	(1,982,992)	361,958
Increase in other financial assets	(86,833)	-
Increase in other operating assets	(85,778)	-
Increase (decrease) in trade payables	22,352	(1,345,812)
Increase (decrease) in other payables	7,471	(287,145)
Decrease in net defined benefit liabilities	(128,289)	(144,668)
Increase (decrease) in other current liabilities	628,583	(28,502)
Increase (decrease) in other operating liabilities	13,412	(26,524)
Cash generated from operations	3,385,047	3,293,774
Interest paid	(373,617)	(542,489)
Interest received	151,360	14,799
Dividends received	1,023,577	2,701,498
Income tax paid	(264,356)	(608,646)
Net cash generated from operating activities	<u>3,922,011</u>	<u>4,858,936</u>

(Continued)

# WALSIN LIHWA CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (477,574)	\$ (169,868)
Purchase of financial assets at fair value through profit or loss	(5,353,790)	-
Proceeds from sale of derivative financial assets for hedging	-	1,151
Acquisition of associates accounted for using the equity method	(7,181,164)	(835,688)
Repatriation through the liquidation and capital reduction of investee companies accounted for using the equity method	10,044,855	-
Payments for property, plant and equipment	(1,025,204)	(2,397,498)
Proceeds from disposal of property, plant and equipment	1,465	1,588
Decrease (increase) in refundable deposits	32,866	(1,487)
Increase in other receivables	(5,573,463)	-
Payments for investment properties	-	(1,211)
Proceeds from the disposal of investment properties	-	250,420
Other investing activities	<u>(370,896)</u>	<u>(424,258)</u>
Net cash used in investing activities	<u>(9,902,905)</u>	<u>(3,576,851)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments of) proceeds from short-term borrowings	(2,708,228)	1,254,304
Proceeds from long-term borrowings	20,640,014	10,500,000
Decrease in long-term borrowings	(6,500,000)	(11,500,000)
Increase in other payables to related parties	962,923	2,807,134
Repayment of the principal portion of lease	(24,052)	(18,097)
Cash dividends paid	(1,662,891)	(3,991,018)
Payments for buy-back of ordinary shares	(1,500,108)	-
Other financing activities	<u>(28)</u>	<u>(10)</u>
Net cash generated from (used in) financing activities	<u>9,207,630</u>	<u>(947,687)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,226,736</b>	<b>334,398</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>1,284,354</u></b>	<b><u>949,956</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 4,511,090</u></b>	<b><u>\$ 1,284,354</u></b>

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

(With Deloitte & Touche auditors' report dated February 26, 2021)

(Concluded)

# WALSIN LIHWA CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

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### 1. GENERAL INFORMATION

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

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1972. In October 1995 and November 2010, the Company increased its share capital and issued global depository shares (GDR), which are listed on the Luxembourg Stock Exchange under stock number 168527.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 26, 2021.

### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

- 1) Amendments to IFRS 3 “Definition of a Business”

The Company applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments require that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To judge whether the acquired process is substantive, there will be different judgement requirements depending on whether there is output on the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.



2) Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Upon retrospective application of the amendments, the Company complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Company adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to “could reasonably be expected to influence” and, therefore, the disclosures in the financial report have been adjusted and immaterial information that may obscure material information has been deleted.

4) Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Related accounting policies are stated in Note 4. Before the application of the amendment, the Company was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Company applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on retained earnings as of January 1, 2020.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedge accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- 1) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
  - 2) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
  - 3) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
  - 4) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.
- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture”



will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

### 3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

### 4) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

### 5) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company will restate its comparative information when it initially applies the aforementioned amendments.

### 6) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Company will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.





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

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

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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


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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period and

- 
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

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

1) Investment in subsidiaries

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

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

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

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

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

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

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

## 2) Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity



of associates.

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

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

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investments and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value on that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

i. Intangible assets

Intangible assets are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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



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

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

k. Financial instruments

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

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

Financial assets

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

1) Measurement category

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

## a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

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

## b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which are terminated before maturity are higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.





c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, operating lease receivables, as well as contract assets.

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

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

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

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

### 3) Derecognition of financial assets

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

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

#### Equity instruments

Equity instruments issued by the Company entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

#### Financial liabilities

##### 1) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:


##### a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

##### b) Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.



## 2) Derecognition of financial liabilities

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

### Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

### 1. Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

#### 1) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

#### 2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

m. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

n. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

o. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of wires, cables and stainless steel. Sales of wires, cables and stainless steel are recognized as revenue when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service income is recognized when services are rendered. Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligation.



p. Leases

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

1) The Company as lessor

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

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

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

Government grants are recognized profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

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

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.



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

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

s. Income tax

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 1,050	\$ 1,230
Checking accounts and cash in bank	<u>4,510,040</u>	<u>1,283,124</u>
	<u>\$ 4,511,090</u>	<u>\$ 1,284,354</u>

The market rate intervals of cash in the bank at the end of the year were as follows (except for checking accounts' interest rate of 0.00%):

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Bank balance	0.001%-0.30%	0.01%-0.66%



As of December 31, 2020 and 2019, certain time deposits were classified and pledged as follows:

	Purpose	December 31	
		2020	2019
Other current assets			
Refundable deposits	Negotiable certificate of deposits (not expired)	\$ 2,300	\$ -
	Repatriation of offshore fund	65,760	-
	Projects grants	<u>19,400</u>	<u>-</u>
		<u>87,460</u>	<u>-</u>
Non-current assets			
Refundable deposits	To meet required security deposits	600	600
	To meet contract requirements for completing constructions	-	34,062
		<u>600</u>	<u>34,662</u>
		<u>\$ 88,060</u>	<u>\$ 34,662</u>

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

	December 31	
	2020	2019
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ 66,059	\$ 39,088
Foreign exchange forward contracts	-	13,216
Exchange rate swap contracts	-	285
Options	-	-
Hybrid financial assets		
Corporate bonds	<u>5,683,859</u>	<u>-</u>
Financial assets at FVTPL	<u>\$ 5,749,918</u>	<u>\$ 52,589</u>
Current	\$ 66,059	\$ 52,589
Non-current	<u>5,683,859</u>	<u>-</u>
	<u>\$ 5,749,918</u>	<u>\$ 52,589</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 15,839</u>	<u>\$ -</u>
Financial liabilities at FVTPL	<u>\$ 15,839</u>	<u>\$ -</u>

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current	\$ 15,839	\$ -
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 15,839</u>	<u>\$ -</u> (Concluded)

As of December 31, 2020 and 2019, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2020</u>							
Commodity futures							
Copper	Buy	10,250	2020.04.30-2020.12.31	2021.01.20-2021.10.20	US\$ 76,919	US\$ 79,276	US\$ 2,357
Nickel	Sell	882	2020.10.15-2020.12.17	2021.01.15-2021.03.17	US\$ 14,560	US\$ 14,597	US\$ (37)
<u>December 31, 2019</u>							
Commodity futures							
Copper	Buy	9,625	2019.08.12-2019.12.31	2020.02.19-2020.05.20	US\$ 58,603	US\$ 59,235	US\$ 632
Copper	Sell	8,875	2019.12.11-2019.12.30	2020.01.15	US\$ 54,386	US\$ 54,657	US\$ (271)
Nickel	Buy	1,020	2019.12.27-2019.12.31	2019.03.27-2020.03.31	US\$ 14,511	US\$ 14,333	US\$ (178)
Nickel	Sell	2,634	2019.10.17-2019.12.23	2019.01.17-2019.03.23	US\$ 38,116	US\$ 36,944	US\$ 1,122

As of December 31, 2020 and 2019, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	EUR to USD	2021.04.08	EUR8,180/USD10,065
Sell	USD to NTD	2021.04.08	USD10,000/NTD280,870
Buy	USD to NTD	2021.01.05	USD60,000/NTD1,699,190
Buy	USD to JPY	2021.01.28	USD5,343/JPY553,220
<u>December 31, 2019</u>			
Sell	USD to NTD	2020.01.03-2020.01.08	USD50,000/NTD1,505,900
Buy	USD to JPY	2020.01.08	USD7,537/JPY800,000

As of the December 31, 2019, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2019</u>	USD to JPY	2020.01.08	USD3,985/JPY434,000

For the years ended December 31, 2020 and 2019, the Company's strategy for commodity futures contracts, forward exchange contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.

In January 2020, the Company bought 2-year corporate bonds of Golden Harbour International Pte. Ltd. in the amount of US\$178,500 thousand. The bonds are embedded derivative instruments that pay a fixed interest rate of 5% plus a floating spread per annum.

In January 2020, the Company bought an option contract for US\$50 thousand. Under the contract, the issuer of the option will make an unconditional payment to the Company for the principal and interest of the abovementioned bonds if Golden Harbour International Pte. Ltd fails to redeem the bonds at maturity.

## 8. CONTRACT ASSETS

At the end of the year, contract balances were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Contract assets		
Cable installation	\$ 12,937	\$ 331,195
Less: Allowance for impairment loss	<u>          -</u>	<u>          -</u>
Contract assets - current	<u>\$ 12,937</u>	<u>\$ 331,195</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Notes receivable</u>		
Notes receivable	\$ 26,292	\$ 23,354

(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable - non-operating</u>		
Notes receivable from related parties	<u>985</u>	<u>29,399</u>
	<u>\$ 27,277</u>	<u>\$ 52,753</u>
<u>Trade receivables</u>		
Trade receivables	\$ 2,243,175	\$ 1,590,771
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>2,243,175</u>	<u>1,590,771</u>
Trade receivables from related parties	<u>342,552</u>	<u>1,014,422</u>
	<u>\$ 2,585,727</u>	<u>\$ 2,605,193</u>
		(Concluded)

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

The Company applies the simplified approach to allowances for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit loss allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

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

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

## December 31, 2020

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 365 Days	Total
Expected credit loss rate	0%	0%	7.5%	10%	100%	
Gross carrying amount	\$ 2,576,308	\$ 9,419	\$ -	\$ -	\$ -	\$ 2,585,727
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 2,576,308</u>	<u>\$ 9,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,585,727</u>

## December 31, 2019

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 365 Days	Total
Expected credit loss rate	0%	0%	7.5%	10%	100%	
Gross carrying amount	\$ 2,521,459	\$ 83,734	\$ -	\$ -	\$ -	\$ 2,605,193
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 2,521,459</u>	<u>\$ 83,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,605,193</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ -	\$ 1,332
Add: Net remeasurement of loss allowance	-	(900)
Less: Amounts written off	-	(432)
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

## 10. INVENTORIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Raw materials	\$ 1,808,818	\$ 2,052,950
Raw materials in transit	1,392,585	1,858,130
Supplies	1,082,773	1,291,432
Work-in-process	1,038,714	1,194,073
Finished goods and merchandise	2,862,295	2,963,303
Construction in progress	<u>317,612</u>	<u>-</u>
	<u>\$ 8,502,797</u>	<u>\$ 9,359,888</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was NT\$59,353,177 thousand and NT\$67,161,816 thousand, respectively.

The cost of goods sold for the years ended December 31, 2020 and 2019 included reversals of inventory write-downs of NT\$299,477 thousand and NT\$115,791 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2020 and 2019 resulted from the inventory closeout.

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

	<u>December 31</u>	
	2020	2019
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 3,685,476	\$ 2,089,584
HannStar Board Corp.	2,763,734	2,639,800
TECO ELECTRIC AND MACHINERY CO., LTD.	26,378	-
Domestic unlisted ordinary shares	<u>307,641</u>	<u>318,073</u>
	<u>\$ 6,783,229</u>	<u>\$ 5,047,457</u>
Current	\$ -	\$ -
Non-current	<u>6,783,229</u>	<u>5,047,457</u>
	<u>\$ 6,783,229</u>	<u>\$ 5,047,457</u>

These investments in equity instruments are not held for trading. Instead, they 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 values in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2020	2019
Investments in subsidiaries	\$ 45,661,308	\$ 43,784,763
Investments in associates	<u>31,586,157</u>	<u>27,923,768</u>
	<u>\$ 77,247,465</u>	<u>\$ 71,708,531</u>

a. Investments in subsidiaries

Name of Subsidiary	December 31			
	2020		2019	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies:				
Walsin Lihwa Holdings Ltd.	\$ 26,135,792	100.00	\$ 20,054,589	100.00
Concord Industries Ltd.	4,631,181	100.00	11,007,234	100.00
Energy Pilot Ltd.	-	-	812,145	100.00
Min Maw Precision Industry Corp.	334,644	100.00	325,608	100.00
Ace Result Limited	339,349	100.00	304,640	100.00
Walsin Info-Electric Inc.	340,934	99.51	139,550	98.87
Chin-Cherng Construction Co., Ltd.	6,452,096	99.22	5,622,577	99.22
P.T Walsin Lippo Industries	783,754	70.00	819,232	70.00
Joint Success Enterprises Ltd.	5,319,464	49.05	4,587,752	49.05
PT. Walsin Nickel Industrial Indonesia	1,306,341	50.00 (Note)	-	-
Others	<u>17,753</u>		<u>111,436</u>	
	<u>\$ 45,661,308</u>		<u>\$ 43,784,763</u>	

The liquidation of Energy Pilot Limited and Market Pilot Limited was completed on September 3, 2020 and December 9, 2020, respectively.

Note: In January 2020, the Company invested capital to establish PT. Walsin Nickel Industrial Indonesia (“WNII”). New Hono Investment Pte. Ltd (“NHI”) held 42% equity of WNII. According to the joint venture agreement signed by the Company and NHI in January 2020, the Company had the right to purchase 100% of NHI’s shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly.

b. Investments in associates

Name of Associate	December 31			
	2020		2019	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 14,595,661	22.21	\$ 13,599,856	22.21
Walton Advanced Engineering, Inc.	2,601,028	21.65	2,549,401	21.65
Walsin Technology Corp.	7,068,731	18.30	6,188,821	18.30

(Continued)

Name of Associate	December 31			
	2020		2019	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Associates that are not individually material				
Others	<u>7,320,737</u>		<u>5,585,690</u>	
	<u>\$ 31,586,157</u>		<u>\$ 27,923,768</u>	(Concluded)

Refer to Table 6 “Information on Investees” and Table 7 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

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

On December 30, 2019, the Company subscribed for 47,861 thousand shares of Powertec Electrochemical Corp. through a private placement for a cash consideration of NT\$239,303 thousand. The transfer of the ordinary shares within 3 years from the acquisition date is prohibited by regulations.

On February 26, 2020, Powertec Electrochemical Corp. filed for bankruptcy with resolution of the board of directors in accordance with Company Act, No. 211 and relevant regulations. Management of the Company carried out an impairment review by comparing their respective recoverable amount with the carrying amount. Based on the assessment, the Company’s interest in Powertec Electrochemical Corp. of NT\$1,678,639 thousand is not recoverable. The whole amount was recognized as impairment loss under non-operating income and expenses in 2019.

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

Name of Associate	December 31	
	2020	2019
Winbond Electronics Corp.	<u>\$ 25,675,797</u>	<u>\$ 17,279,237</u>
Walton Advanced Engineering, Inc.	<u>\$ 1,512,872</u>	<u>\$ 1,277,171</u>
Walsin Technology Corp.	<u>\$ 20,491,986</u>	<u>\$ 21,247,656</u>

All the associates were accounted for using the equity method.



The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

1) Material associates

December 31, 2020

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 47,530,801	\$ 6,497,236	\$ 39,636,422
Non-current assets	78,512,439	11,013,279	42,416,526
Current liabilities	(25,475,006)	(3,189,422)	(19,714,368)
Non-current liabilities	<u>(29,975,547)</u>	<u>(2,436,908)</u>	<u>(16,684,386)</u>
Equity	70,592,687	11,884,185	45,654,194
Non-controlling interests	<u>(5,143,568)</u>	<u>-</u>	<u>(7,033,732)</u>
	<u>\$ 65,449,119</u>	<u>\$ 11,884,185</u>	<u>\$ 38,620,462</u>
Proportion of the Company's ownership	22.21%	21.65%	18.30%
Equity attributable to the Company	\$ 14,536,249	\$ 2,572,926	\$ 7,067,545
Other adjustments	<u>59,412</u>	<u>28,102</u>	<u>1,186</u>
Carrying amount	<u>\$ 14,595,661</u>	<u>\$ 2,601,028</u>	<u>\$ 7,068,731</u>
Operating revenue	<u>\$ 60,683,171</u>	<u>\$ 5,399,201</u>	<u>\$ 35,599,197</u>
Net profit for the year	\$ 1,519,043	\$ 254,887	\$ 7,217,645
Other comprehensive income (loss)	<u>3,291,251</u>	<u>(49,194)</u>	<u>657,013</u>
Total comprehensive income for the year	<u>\$ 4,810,294</u>	<u>\$ 205,693</u>	<u>\$ 7,874,658</u>

December 31, 2019

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 37,557,286	\$ 3,836,916	\$ 29,074,560
Non-current assets	67,247,614	13,271,223	31,069,984
Current liabilities	(17,515,468)	(2,219,782)	(16,312,658)
Non-current liabilities	<u>(23,432,245)</u>	<u>(3,196,283)</u>	<u>(7,294,140)</u>

(Continued)

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Equity	63,857,187	11,692,074	36,537,746
Non-controlling interests	<u>(2,836,565)</u>	<u>-</u>	<u>(2,716,095)</u>
	<u>\$ 61,020,622</u>	<u>\$ 11,692,074</u>	<u>\$ 33,821,651</u>
Proportion of the Company's ownership	22.21%	21.65%	18.30%
Equity attributable to the Company	\$ 13,552,680	\$ 2,531,334	\$ 6,189,362
Other adjustments	<u>47,176</u>	<u>18,067</u>	<u>(541)</u>
Carrying amount	<u>\$ 13,599,856</u>	<u>\$ 2,549,401</u>	<u>\$ 6,188,821</u>
Operating revenue	<u>\$ 48,771,434</u>	<u>\$ 6,158,099</u>	<u>\$ 30,140,875</u>
Net profit for the year	\$ 1,447,287	\$ 165,048	\$ 6,648,906
Other comprehensive income (loss)	<u>1,294,756</u>	<u>1,120,375</u>	<u>(9,168)</u>
Total comprehensive income for the year	<u>\$ 2,772,043</u>	<u>\$ 1,285,423</u>	<u>\$ 6,639,738</u> (Concluded)

## 2) Associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
The Company's share of:		
Profit (loss) from continuing operations	\$ 70,065	\$ (625,051)
Other comprehensive income	<u>1,779,371</u>	<u>989,446</u>
Total comprehensive income for the year	<u>\$ 1,849,436</u>	<u>\$ 364,395</u>

The Company's share of profit and other comprehensive income of associates for the years ended December 31, 2020 and 2019 was based on the associates' financial statements audited by independent auditors for the same period. The financial statements of certain equity-method investees included in the financial statements were not audited by the auditors of the Company, but were audited by other independent auditors. The investment in such investee amounted to NT\$4,238,472 thousand and NT\$3,574,547 thousand as of December 31, 2020 and 2019, respectively; investment gain amounted to NT\$995,518 thousand and NT\$56,873 thousand for the years ended December 31, 2020 and 2019, respectively.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<b>Cost</b>						
Balance at January 1, 2020	\$ 3,453,378	\$ 6,656,121	\$ 19,710,620	\$ 3,788,415	\$ 1,467,291	\$ 35,075,825
Additions	30,617	47,012	229,209	150,553	574,927	1,032,318
Disposals	-	(1,265)	(231,033)	(88,582)	-	(320,880)
Reclassified	-	196,768	393,268	168,255	(758,291)	-
Balance at December 31, 2020	<u>\$ 3,483,995</u>	<u>\$ 6,898,636</u>	<u>\$ 20,102,064</u>	<u>\$ 4,018,641</u>	<u>\$ 1,283,927</u>	<u>\$ 35,787,263</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2020	\$ 8,067	\$ 3,996,520	\$ 10,918,051	\$ 2,531,329	\$ -	\$ 17,453,967
Disposals	-	(1,265)	(224,182)	(88,485)	-	(313,932)
Depreciation expense	-	151,441	771,511	230,980	-	1,153,932
Reclassified	-	-	(976)	976	-	-
Balance at December 31, 2020	<u>\$ 8,067</u>	<u>\$ 4,146,696</u>	<u>\$ 11,464,404</u>	<u>\$ 2,674,800</u>	<u>\$ -</u>	<u>\$ 18,293,967</u>
Carrying amount at December 31, 2020	<u>\$ 3,475,928</u>	<u>\$ 2,751,940</u>	<u>\$ 8,637,660</u>	<u>\$ 1,343,841</u>	<u>\$ 1,283,927</u>	<u>\$ 17,493,296</u>
<b>Cost</b>						
Balance at January 1, 2019	\$ 2,383,150	\$ 6,466,083	\$ 19,158,538	\$ 3,531,582	\$ 1,391,488	\$ 32,930,841
Additions	1,057,564	45,833	190,080	182,712	795,060	2,271,249
Disposals	(66)	-	(87,333)	(33,876)	-	(121,275)
Reclassified	12,730	144,205	449,335	107,997	(719,257)	(4,990)
Balance at December 31, 2019	<u>\$ 3,453,378</u>	<u>\$ 6,656,121</u>	<u>\$ 19,710,620</u>	<u>\$ 3,788,415</u>	<u>\$ 1,467,291</u>	<u>\$ 35,075,825</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2019	\$ 8,067	\$ 3,859,059	\$ 10,269,995	\$ 2,361,514	\$ -	\$ 16,498,635
Disposals	-	-	(87,333)	(32,927)	-	(120,260)
Depreciation expense	-	137,900	735,206	202,742	-	1,075,848
Impairment losses recognized in profit or loss	-	-	183	-	-	183
Reclassified	-	(439)	-	-	-	(439)
Balance at December 31, 2019	<u>\$ 8,067</u>	<u>\$ 3,996,520</u>	<u>\$ 10,918,051</u>	<u>\$ 2,531,329</u>	<u>\$ -</u>	<u>\$ 17,453,967</u>
Carrying amount at December 31, 2019	<u>\$ 3,445,311</u>	<u>\$ 2,659,601</u>	<u>\$ 8,792,569</u>	<u>\$ 1,257,086</u>	<u>\$ 1,467,291</u>	<u>\$ 17,621,858</u>

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

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Company's main building and electrical and mechanical power equipment are depreciated over their estimated useful lives of 50 years and 20 years, respectively.

The Company owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, the Company keeps in its possession the land titles with the annotation of being pledged to the Company. As of December 31, 2020 and 2019, the recorded total carrying value of such parcels of land amounted to NT\$491,917 thousand and NT\$491,917 thousand, respectively.

After appropriate evaluation, the Company recognized an impairment loss on property, plant and equipment of NT\$183 thousand for the year ended December 31, 2019.

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Land	\$ 56,108	\$ 18,092
Buildings	5,710	10,073
Transportation equipment	<u>18,811</u>	<u>15,921</u>
	<u>\$ 80,629</u>	<u>\$ 44,086</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 60,951</u>	<u>\$ 9,013</u>
Disposal	<u>\$ (1,052)</u>	<u>\$ (193)</u>
Depreciation charge for right-of-use assets		
Land	\$ 7,916	\$ 7,853
Buildings	5,228	5,177
Transportation equipment	<u>10,212</u>	<u>7,730</u>
	<u>\$ 23,356</u>	<u>\$ 20,760</u>

##### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Current	<u>\$ 20,500</u>	<u>\$ 19,218</u>
Non-current	<u>\$ 61,202</u>	<u>\$ 25,265</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	1.75%-3.759%	1.75%-3.759%
Buildings	1.409%-1.9%	1.409%-1.9%
Transportation equipment	3.038%	3.038%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 11,370</u>	<u>\$ 10,219</u>
Expenses relating to low-value asset leases	<u>\$ 109</u>	<u>\$ 225</u>
Total cash outflow for leases	<u>\$ (35,531)</u>	<u>\$ (29,739)</u>

## 15. INVESTMENT PROPERTIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Completed investment properties	<u>\$ 8,314,798</u>	<u>\$ 8,417,355</u>
		<b>Completed Investment Properties</b>
<u>Cost</u>		
Balance at January 1, 2020		\$ 9,975,140
Additions		<u>-</u>
Balance at December 31, 2020		<u>\$ 9,975,140</u>
Balance at January 1, 2019		\$ 10,075,153
Additions		1,211
Transfers from property, plant and equipment		4,990
Disposals		<u>(106,214)</u>
Balance at December 31, 2019		<u>\$ 9,975,140</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1, 2020		\$ 1,557,785
Depreciation expense		<u>102,557</u>
Balance at December 31, 2020		<u>\$ 1,660,342</u>

(Continued)

	<b>Completed Investment Properties</b>
Balance at January 1, 2019	\$ 1,523,357
Depreciation expense	109,166
Transfers from property, plant and equipment	439
Disposals	<u>(75,177)</u>
Balance at December 31, 2019	<u>\$ 1,557,785</u> (Concluded)

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

The main investment properties of the Company are the Walsin Xin Yi Building and other completed investment properties. The building valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2020 and 2019, the fair values of completed investment properties were NT\$29,252,925 thousand and NT\$29,098,613 thousand, respectively.

## 16. BORROWINGS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term borrowings	<u>\$ 6,591,019</u>	<u>\$ 9,350,000</u>
Current portion of long-term borrowings	<u>\$ 6,000,000</u>	<u>\$ 6,500,000</u>
Long-term borrowings	<u>\$ 31,140,014</u>	<u>\$ 16,500,000</u>

a. Short-term borrowings as of December 31, 2020 and 2019 were as follows:

	<b>December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Interest Rate</b>		<b>Interest Rate</b>	
	%	Amount	%	Amount
Materials procurement loans	0.70%-0.90%	\$ 5,091,019	-	\$ -
Bank line of credit	0.65%	<u>1,500,000</u>	0.8-1.2097%	<u>9,350,000</u>
		<u>\$ 6,591,019</u>		<u>\$ 9,350,000</u>

b. Long-term borrowings as of December 31, 2020 and 2019 were as follows:

		December 31	
		2020	2019
	Significant Covenant	Amount	Amount
Bank of Taiwan	Long-term credit loan, principal repayments at maturity, from August 7, 2017 to May 9, 2020	\$ -	\$ 1,000,000
Taishin International Bank	Long-term credit loan; principal repayments at maturity, from September 22, 2017 to September 22, 2020	-	2,000,000
Taipei Fubon Commercial Bank	Long-term credit loan; principal repayments at maturity, from September 22, 2017 to September 22, 2020	-	1,000,000
Chang Hwa Commercial Bank	Long-term credit loan; principal repayments at maturity, from September 22, 2017 to September 22, 2020	-	1,500,000
First Commercial Bank	Long-term credit loan; principal repayments at maturity, from September 22, 2017 to September 22, 2020	-	1,000,000
First Commercial Bank	Long-term credit loan; principal repayments at maturity, from December 28, 2018 to December 28, 2021	1,000,000	1,000,000
Hua Nan Commercial Bank	Long-term credit loan; principal repayments at maturity, from March 5, 2018 to March 5, 2021	1,500,000	1,500,000
Hua Nan Commercial Bank	Long-term credit loan; principal repayments at maturity, from December 28, 2018 to December 28, 2021	1,500,000	1,500,000
Chinatrust Commercial Bank	Mid-term credit loan; principal repayments at maturity, from March 5, 2018 to March 5, 2021	1,000,000	1,000,000
Mega International Commercial Bank Co., Ltd.	Long-term credit loan; principal repayments at maturity, from March 5, 2018 to March 5, 2021	1,000,000	1,000,000
Bank of Taiwan	Long-term credit loan; principal repayments at maturity, from March 4, 2019 to March 4, 2022	3,000,000	3,000,000
Cathay United Bank	Long-term credit loan; principal repayments at maturity, from March 4, 2019 to March 4, 2022	1,500,000	1,500,000
Taiwan Cooperative Bank	Long-term credit loan; principal repayments at maturity, from March 4, 2019 to March 4, 2022	1,000,000	1,000,000
Taipei Fubon Commercial Bank	Long-term credit loan; principal repayments at maturity, from June 3, 2019 to June 3, 2022	1,000,000	1,000,000
Chang Hwa Commercial Bank	Long-term credit loan; principal repayments at maturity, from June 3, 2019 to June 3, 2022	1,000,000	1,000,000
KGI Bank	Long-term credit loan; principal repayments at maturity, from June 3, 2019 to June 3, 2022	1,500,000	1,500,000
Chinatrust Commercial Bank	Long-term credit loan; principal repayments at maturity, from September 3, 2019 to September 3, 2022	1,500,000	1,500,000
Standard Chartered Bank	Long-term credit loan; applied for the extension of the final maturity date to December 31, 2022 on December 18, 2020; principal repayments at maturity, from January 14, 2020 to December 31, 2022	5,352,144	-
DBS Bank	Long-term credit loan; extended the drawdown term to 3 years on September 30, 2020; principal repayments at maturity, from March 30, 2020 to March 30, 2023	3,028,500	-
DBS Bank	Long-term credit loan; extended the drawdown term to 3 years on September 30, 2020; principal repayments at maturity, from March 30, 2020 to March 30, 2023	3,018,600	-
DBS Bank	Long-term credit loan; extended the drawdown term to 3 years on October 15, 2020; principal repayments at maturity, from April 15, 2020 to April 15, 2023	3,010,000	-
Standard Chartered Bank	Long-term credit loan; applied for the extension of the final maturity date to December 31, 2022 on December 18, 2020; principal repayments at maturity, from December 3, 2020 to December 31, 2022	2,093,000	-

(Continued)

			December 31	
			2020	2019
	Significant Covenant	Amount	Amount	Amount
Bank of Taiwan	Long-term credit loan; principal repayments at maturity, from September 22, 2020 to September 22, 2025; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively.	\$ 3,000,000	\$	-
The Export-Import Bank of the Republic of China	Long-term credit loan from September 22, 2020 to September 22, 2025; principal to be repaid evenly in seven phases; 1st repayment due 48 months after the drawdown date, after which repayments are due once every six months	<u>1,137,770</u>	-	-
		37,140,014	23,000,000	-
Less current portion of long-term borrowings		<u>(6,000,000)</u>	<u>(6,500,000)</u>	-
		<u>\$ 31,140,014</u>	<u>\$ 16,500,000</u>	(Concluded)

- 1) Under the loan agreements with DBS Bank, the Company should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:
- a) Ratio of current assets to current liabilities not less than 100%;
  - b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
  - c) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
  - d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.

The range of weighted average effective interest rates of the credit borrowings was 0.10%-1.50% and 1.25%-1.40% per annum as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the Company's current portion of long-term borrowings was NT\$6,000,000 thousand and NT\$6,500,000 thousand, respectively, under the loan agreement. The Company's financial statements for the years ended December 31, 2020 and 2019 showed that the Company was in compliance with these ratio requirements.

## 17. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

			December 31	
			2020	2019
<u>Derivative financial liabilities for hedging - current</u>				
Fair value hedges - exchange rate swap contracts		<u>\$ 165,774</u>	<u>\$</u>	<u>55,402</u>

The Company used exchange rate swap contracts to minimize its exposure to changes in the exchange rate of its foreign-currency trade receivable and trade payable. The exchange rate swaps



and the corresponding financial assets have the same terms, and management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Company at the end of the reporting period were as follows:

	Currencies	Contract Expiration Date	Contract Amount (In Thousands)
<u>December 31, 2020</u>			
Exchange rate swap contracts	USD to NTD	2022.01.13	USD21,000/NTD607,457
	USD to NTD	2022.01.13	USD21,000/NTD607,457
	USD to NTD	2022.01.13	USD30,000/NTD867,795
	USD to NTD	2022.01.13	USD30,000/NTD867,810
	USD to NTD	2022.01.13	USD30,000/NTD867,810
	USD to NTD	2022.01.13	USD30,000/NTD867,810
	USD to NTD	2022.01.13	USD11,000/NTD318,197
	USD to NTD	2022.01.13	USD27,000/NTD781,029
<u>December 31, 2019</u>			
Exchange rate swap contracts	USD to NTD	2020.01.14	USD41,000/NTD1,252,837
	USD to NTD	2020.02.05	USD20,000/NTD607,060
	USD to NTD	2020.02.05	USD35,000/NTD1,063,895
	USD to NTD	2020.02.05	USD10,000/NTD303,980
	USD to NTD	2020.02.05	USD17,000/NTD517,455
	USD to NTD	2020.02.05	USD17,000/NTD517,455
		<b>For the Year Ended December 31</b>	
		<b>2020</b>	<b>2019</b>
Losses on the hedging instruments		<u>\$ (165,774)</u>	<u>\$ (55,402)</u>
Gains on the hedged items		<u>\$ (90,000)</u>	<u>\$ (81,075)</u>

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

The total expense recognized in profit or loss for the years ended December 31, 2020 and 2019 was NT\$89,868 thousand and NT\$89,411 thousand, respectively, which represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are

deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 1,366,378	\$ 1,456,719
Fair value of plan assets	<u>(1,074,219)</u>	<u>(993,518)</u>
Net defined benefit liabilities	<u>\$ 292,159</u>	<u>\$ 463,201</u>

As of December 31, 2020 and 2019, net defined benefit liabilities of NT\$1,922 thousand and NT\$1,005 thousand, respectively, were recorded as "other payables - accrued expense."

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2019	<u>\$ 1,457,483</u>	<u>\$ (872,070)</u>	<u>\$ 585,413</u>
Service cost			
Current service cost	14,653	-	14,653
Past service cost	1,941	-	1,941
Net interest expense (income)	<u>14,575</u>	<u>(8,778)</u>	<u>5,797</u>
Recognized in profit or loss	<u>31,169</u>	<u>(8,778)</u>	<u>22,391</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(30,782)	(30,782)
Actuarial (gain) loss			
Changes in demographic assumptions	3,142	-	3,142
Changes in financial assumptions	32,948	-	32,948
Experience adjustments	<u>17,478</u>	<u>-</u>	<u>17,478</u>
Recognized in other comprehensive income	<u>53,568</u>	<u>(30,782)</u>	<u>22,786</u>
Contributions from the employer	-	(151,344)	(151,344)
Benefits paid	(69,456)	69,456	-
Account paid	<u>(16,045)</u>	<u>-</u>	<u>(16,045)</u>
Balance at December 31, 2019	<u>1,456,719</u>	<u>(993,518)</u>	<u>463,201</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Service cost			
Current service cost	12,743	-	12,743
Past service cost	-	-	-
Net interest expense (income)	<u>10,917</u>	<u>(7,483)</u>	<u>3,434</u>
Recognized in profit or loss	<u>23,660</u>	<u>(7,483)</u>	<u>16,177</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,941)	(32,941)
Actuarial (gain) loss			
Changes in demographic assumptions	3,949	-	3,949
Changes in financial assumptions	30,358	-	30,358
Experience adjustments	<u>(45,036)</u>	<u>-</u>	<u>(45,036)</u>
Recognized in other comprehensive income	<u>(10,729)</u>	<u>(32,941)</u>	<u>(43,670)</u>
Contributions from the employer	-	(128,929)	(128,929)
Benefits paid	(88,652)	88,652	-
Account paid	<u>(14,620)</u>	<u>-</u>	<u>(14,620)</u>
Balance at December 31, 2020	<u>\$ 1,366,378</u>	<u>\$ (1,074,219)</u>	<u>\$ 292,159</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating costs	\$ 9,465	\$ 12,015
Selling and marketing expenses	1,286	1,630
General and administrative expenses	4,947	8,512
Research and development expenses	<u>479</u>	<u>234</u>
	<u>\$ 16,177</u>	<u>\$ 22,391</u>

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

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

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.25%	2.25%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)		
0.5% increase	<u>\$ (59,752)</u>	<u>\$ (64,814)</u>
0.5% decrease	<u>\$ 63,935</u>	<u>\$ 69,431</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 61,541</u>	<u>\$ 66,962</u>
0.5% decrease	<u>\$ (58,145)</u>	<u>\$ (63,183)</u>

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

## 19. EQUITY

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Share capital		
Ordinary shares	\$ 32,260,002	\$ 33,260,002
Capital surplus	15,690,406	16,055,238
Retained earnings	36,330,187	31,179,511
Others	<u>187,640</u>	<u>(3,110,410)</u>
	<u>\$ 84,468,235</u>	<u>\$ 77,384,341</u>

a. Share capital

Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of authorized shares (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares, par value \$10	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,226,000</u>	<u>3,326,000</u>
Amount of issued and fully paid shares	<u>\$ 32,260,002</u>	<u>\$ 33,260,002</u>

As of December 31, 2019, the amount of the Company's paid-in capital was NT\$33,260,002 thousand, consisted of 3,326,000 thousand shares at par value of NT\$10.

The Company cancelled 100,000 thousand treasury shares in August and November 2020. As of December 31, 2020, the amount of the Company's paid-in capital was NT\$32,260,002 thousand, consisted of 3,226,000 thousand shares at par value of NT\$10.

As of December 31, 2020, two thousand GDRs of the Company were traded on the Luxembourg Stock Exchange. The total number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).

b. Capital surplus

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Issuance of ordinary shares	\$ 9,867,654	\$ 10,173,533
Share of changes in capital surplus of associates	467,070	331,766
Treasury share transactions	2,254,074	2,448,303
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,027,377</u>	<u>1,027,405</u>
	<u>\$ 15,690,406</u>	<u>\$ 16,055,238</u>

The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the 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 to once a year).

The capital surplus arises from changes in capital surplus of associates accounted for using the equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Based on Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years, and 10% of the remaining profit should be set aside as legal reserve. Any remaining profit together with any undistributed retained earnings should then be set aside as a special reserve in accordance with the applicable laws and regulations, and the remainder shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be

resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Company shall reserve no lesser than 40% of the remaining profit as shareholders' bonuses, which can be distributed in the form of cash or shares. However, the cash dividends distributed shall not be lesser than 70% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any 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.

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

Refer to Note 21 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2019 and 2018 was approved in the shareholders' meeting on May 29, 2020 and May 24, 2019, respectively. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 314,968	\$ 1,175,678	\$ -	\$ -
Special reserve	(932,728)	1,330,888	-	-
Cash dividends	<u>1,663,000</u>	<u>3,991,200</u>	0.50	1.20
	<u>\$ 1,045,240</u>	<u>\$ 6,497,766</u>		

The appropriations of earnings for 2020 had been proposed by the Company's board of director on February 26, 2021 were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 681,368	\$ -
Special reserve	(398,160)	-
Cash dividends	<u>3,088,200</u>	0.9
	<u>\$ 3,371,408</u>	

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in their meeting to be held on May 28, 2021.

d. Special reserve

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Special reserve	<u>\$ 3,110,410</u>	<u>\$ 4,043,138</u>

Information regarding any changes to the above special reserve was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 4,043,138	\$ 2,712,250
Appropriations	<u>(932,728)</u>	<u>1,330,888</u>
Balance at December 31	<u>\$ 3,110,410</u>	<u>\$ 4,043,138</u>

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (5,546,359)	\$ (3,567,540)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	<u>(358,776)</u>	<u>(1,978,819)</u>
Balance at December 31	<u>\$ (5,905,135)</u>	<u>\$ (5,546,359)</u>

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 2,435,949	\$ (474,446)
Recognized for the year		
Unrealized gain - equity instruments	1,258,198	1,572,352
Share from associates accounted for using the equity method	<u>2,398,628</u>	<u>1,338,043</u>
Balance at December 31	<u>\$ 6,092,775</u>	<u>\$ 2,435,949</u>

3) Cash flow hedges

	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ -	\$ (1,151)
Transferred to initial carrying amount of hedged items	<u>-</u>	<u>1,151</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising from changes in fair value of the hedging instruments that was recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

f. Treasury shares

Treasury shares transactions for the year ended December 31, 2020 were summarized as follows:

Purpose for Reacquisition of Ordinary Shares	Number of Treasury Shares at January 1, 2020	Treasury Shares Increase During the Year	Treasury Shares Decrease During the Year	Number of Treasury Shares as of December 31, 2020
Ordinary shares held by the Company as reserve for protecting company credit and equity	-	<u>100,000,000</u>	<u>100,000,000</u>	-

Article 28.2 of the Securities and Exchange Law stipulates that the number of treasury shares held by the Company should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional-paid-in capital and other realized capital surplus. In addition, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote, or exercise other shareholder's rights on the treasury shares.

## 20. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Sales revenue	\$ 63,215,460	\$ 70,227,489
Revenue from the rendering of services	103,917	105,152
Construction contract revenue	43,350	485,431
Rental income	684,318	702,730
Other revenue	<u>50,645</u>	<u>75,846</u>
	<u>\$ 64,097,690</u>	<u>\$ 71,596,648</u>



## 21. NET PROFIT FROM CONTINUING OPERATIONS

### Non-operating Income and Expenses - Gain (Loss) on Disposal of Investments

	<u>For the Year Ended December 31</u>	
	2020	2019
Loss on disposal of investments - commodity futures	\$ (240,856)	\$ (1,254,949)
Loss on disposal of investments - forward exchange contracts	(124,006)	(35,050)
Gain on disposal of investments - exchange rate swap contracts	2,349	-
Loss on disposal of investments - options	<u>(2,938)</u>	<u>-</u>
	<u>\$ (365,451)</u>	<u>\$ (1,289,999)</u>

### Non-operating Income and Expenses - Impairment Loss

	<u>For the Year Ended December 31</u>	
	2020	2019
Property, plant and equipment	\$ -	\$ 183
Investments accounted for using the equity method	<u>-</u>	<u>1,678,639</u>
	<u>\$ -</u>	<u>\$ 1,678,822</u>

### Employee Benefits Expense, Depreciation and Amortization

	<u>For the Year Ended December 31, 2020</u>			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	<u>\$ 1,396,553</u>	<u>\$ 999,715</u>	<u>\$ -</u>	<u>\$ 2,396,268</u>
Post-employment benefits	<u>\$ 65,415</u>	<u>\$ 40,630</u>	<u>\$ -</u>	<u>\$ 106,045</u>
Other employee benefits	<u>\$ 133,860</u>	<u>\$ 60,013</u>	<u>\$ -</u>	<u>\$ 193,873</u>
Depreciation				
Property, plant and equipment				
Right-of-use assets	\$ 1,038,978	\$ 114,954	\$ -	\$ 1,153,932
Investment property	3,218	20,138	-	23,356
	<u>96,632</u>	<u>5,925</u>	<u>-</u>	<u>102,557</u>
	<u>\$ 1,138,828</u>	<u>\$ 141,017</u>	<u>\$ -</u>	<u>\$ 1,279,845</u>
Amortization	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 222</u>

## For the Year Ended December 31, 2019

	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	\$ 1,413,796	\$ 948,375	\$ -	\$ 2,362,171
Post-employment benefits	\$ 69,075	\$ 42,726	\$ -	\$ 111,801
Other employee benefits	\$ 140,705	\$ 61,055	\$ -	\$ 201,760
Depreciation				
Property, plant and equipment	\$ 991,914	\$ 83,934	\$ -	\$ 1,075,848
Right-of-use assets	1,745	19,015	-	20,760
Investment property	101,339	7,827	-	109,166
	\$ 1,094,998	\$ 110,776	\$ -	\$ 1,205,774

In compliance with the Company's Articles; the amendments stipulated the distribution of compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration to directors and supervisors. For the years ended December 31, 2020 and 2019, the compensation of employees amounted to NT\$68,500 thousand and NT\$48,500 thousand, respectively, and the remuneration to directors and supervisors amounted to NT\$34,050 thousand and NT\$21,000 thousand, respectively. The compensation of employees and remuneration of directors and supervisors in cash for the years ended December 31, 2020 and 2019 were approved by the Company's board of directors on February 26, 2021, and February 27, 2020, respectively.

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

There was no compensation of employees and the remuneration of directors and supervisors for 2019 and 2018 that were respectively resolved by the Company's board of directors on February 27, 2020 and February 22, 2019 and the respective amounts were recognized in the financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. The major components of tax (benefit) expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 28,523	\$ 17,000
Income tax on unappropriated earnings	48,843	418,342

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Land value increment tax	-	12,660
Adjustments for prior year	-	(38,986)
Others	<u>16,217</u>	<u>-</u>
	<u>93,583</u>	<u>409,016</u>
Deferred tax		
In respect of the current year	(94,000)	(469,000)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>(26,622)</u>	<u>-</u>
	<u>(120,622)</u>	<u>(469,000)</u>
Income tax benefit recognized in profit or loss	<u>\$ (27,039)</u>	<u>\$ (59,984)</u> (Concluded)

A reconciliation of accounting profit and income tax benefit is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit before tax from continuing operations	<u>\$ 6,664,110</u>	<u>\$ 3,089,695</u>
Income tax expense calculated at the statutory rate	\$ 1,332,822	\$ 618,000
Land value increment tax	-	12,660
Tax-exempt gain on disposal of land	-	(43,000)
Equity in investees' net gain	(861,000)	(843,000)
Tax-exempt dividend income	(22,000)	(26,000)
Loss on investments	(495,100)	(164,000)
Tax-exempt subsidize revenue	(3,880)	-
Others	(102)	6,000
Income tax on unappropriated earnings	48,843	418,342
Adjustments for prior years' tax	<u>(26,622)</u>	<u>(38,986)</u>
Income tax benefit recognized in profit or loss	<u>\$ (27,039)</u>	<u>\$ (59,984)</u>

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 Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In addition, in accordance with Rule No. 10904558730 issued by the MOF, the Company has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 and IFRS 15 when calculating the tax on unappropriated earnings for 2018.

## b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets	<u>\$ -</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 108,164</u>	<u>\$ 278,669</u>

## c. Deferred tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deferred tax assets		
Pension expense not currently deductible	\$ 32,000	\$ 58,000
Provision for permanent devaluation loss on long-term investments	547,000	552,000
Provision for devaluation loss on obsolete and slow-moving inventories	28,000	88,000
Provision for impairment loss on idle assets	17,000	18,000
Loss deduction	254,000	-
Others	103,573	147,000
Deferred tax liabilities		
Reserve for land value increment tax	<u>(131,132)</u>	<u>(131,132)</u>
	<u>\$ 850,441</u>	<u>\$ 731,868</u>
Deferred tax assets - non-current	\$ 981,573	\$ 863,000
Deferred tax liabilities - non-current	<u>(131,132)</u>	<u>(131,132)</u>
	<u>\$ 850,441</u>	<u>\$ 731,868</u>

## d. The Company deducted the following amount of tax for the loss of subsequent loss as of December 31, 2020.

	<b>December 31, 2020</b>
Deduction loss	
Expired at 2030	<u>\$ 254,000</u>

## e. The Company's income tax returns through 2017 had been assessed by tax authorities.

## 23. EARNINGS PER SHARE

	For the Year Ended December 31					
	2020			2019		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net income	\$ 6,691,149	3,276,128	\$ <u>2.04</u>	\$ 3,149,679	3,326,000	\$ <u>0.95</u>
Effect of dilutive potential ordinary shares	-	4,100		-	4,136	
Diluted earnings per share						
Net income plus dilutive effect	\$ <u>6,691,149</u>	<u>3,280,228</u>	\$ <u>2.04</u>	\$ <u>3,149,679</u>	<u>3,330,136</u>	\$ <u>0.95</u>

## 24. OPERATING LEASE ARRANGEMENTS

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

As of December 31, 2020 and 2019, deposits received under operating leases amounted to NT\$170,228 thousand and NT\$170,550 thousand, respectively (recorded under other liabilities - non-current).

As of December 31, 2020, the Company's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

Years of 2021	\$ 697,193
2022-2026	<u>1,331,348</u>
	<u>\$ 2,028,541</u>

## 25. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate the fair values.

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

- Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at</u>				
<u>FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 66,059	\$ -	\$ -	\$ 66,059
Corporate bonds	<u>-</u>	<u>-</u>	<u>5,683,859</u>	<u>5,683,859</u>
	<u>\$ 66,059</u>	<u>\$ -</u>	<u>\$ 5,683,859</u>	<u>\$ 5,749,918</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
Securities listed in ROC	\$ 6,475,588	\$ -	\$ -	\$ 6,475,588
Unlisted securities	<u>-</u>	<u>-</u>	<u>307,641</u>	<u>307,641</u>
	<u>\$ 6,475,588</u>	<u>\$ -</u>	<u>\$ 307,641</u>	<u>\$ 6,783,229</u>
<u>Financial liabilities at</u>				
<u>FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 15,839	\$ -	\$ 15,839
Derivative financial liabilities for hedging	<u>-</u>	<u>165,774</u>	<u>-</u>	<u>165,774</u>
	<u>\$ -</u>	<u>\$ 181,613</u>	<u>\$ -</u>	<u>\$ 181,613</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 39,088	\$ 13,501	\$ -	\$ 52,589
<u>Financial assets at FVTOCI</u>				
Investments in equity securities				
Securities listed in ROC	\$ 4,729,384	\$ -	\$ -	\$ 4,729,384
Unlisted securities	-	-	318,073	318,073
	<u>\$ 4,729,384</u>	<u>\$ -</u>	<u>\$ 318,073</u>	<u>\$ 5,047,457</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities for hedging	\$ -	\$ 55,402	\$ -	\$ 55,402

- a) There were no transfers between Levels 1 and 2 in the nine months ended September 30, 2020 and 2019.
- b) Financial assets that belong to Level 3 of the fair value hierarchy were recognized in other comprehensive income - changes in fair value, and there were no other adjustments.
- c) Valuation techniques and inputs applied for Level 2 fair value measurement

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted equity securities	Market approach. Fair values are determined based on the observable share prices of comparable companies at the end of the reporting period, adjusted by the price earnings ratio and price-to-book ratio of the investees.
Derivatives - options	Option pricing models. Fair values are determined using option pricing models where the significant unobservable input is historical volatility.
Hybrid instruments - corporate bonds	Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties.

## c. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 4,511,090	\$ 1,284,354
Contract assets	12,937	331,195
Notes receivable and trade receivables (including related parties)	2,613,004	2,657,946
Other receivables	271,722	2,555,588
Long-term receivables (including related parties)	5,349,885	-
Refundable deposits	26,913	59,779
Financial assets at FVTPL (current and non-current)	5,749,918	52,589
Financial assets at FVTOCI	6,783,229	5,047,457
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	15,839	-
Derivative financial liabilities for hedging (current and non-current)	165,774	55,402
Financial liabilities at amortized cost		
Short-term borrowings	6,591,019	9,350,000
Trade payables	2,522,328	2,499,976
Other payables	8,009,712	6,865,271
Long-term borrowings (including current portion)	37,140,014	23,000,000
Deposits received (accounted for as other non-current liabilities)	186,325	172,913

## d. Financial risk management objectives and policies

The Company's major financial instruments include equity 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, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

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

#### 1) Market risk

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

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

#### a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

It is the Company's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Assets</u>		
U.S. dollar	\$ 2,098,969	\$ 1,190,790
Japanese yen	27,663	30,990
Euro	428,652	315,247
Singapore dollar	-	2,066
Hong Kong dollar	7,365	9,290
Australian dollar	12,493	1,946
Renminbi	5	5,232

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Liabilities</u>		
U.S. dollar	11,564,577	5,594,702
Euro	159	-
Swiss Franc	549	526
Japanese yen	1,108	-
		(Concluded)

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Assets</u>		
U.S. dollar	\$ 7,556,970	\$ 4,542,621
<u>Liabilities</u>		
U.S. dollar	284,800	1,499,000
Euro	232,966	-

#### Sensitivity analysis

The Company is mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ (24,264)	\$ (13,603)

#### b) Interest rate risk

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash flow interest rate risk		
Financial liabilities	\$ 43,731,033	\$ 32,350,000

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for financial instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would decrease by NT\$437,310 thousand and NT\$323,500 thousand, respectively.

#### Hedge accounting

##### For the year ended December 31, 2020

The Company's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency denominated receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the statements of comprehensive income.

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Effectiveness
						Asset	Liability	
Exchange rate swap contracts	USD to NTD	USD21,000/ NTD607,457	2021.1.13	\$ 590,058	Financial liabilities for hedging	\$ -	\$ (17,398)	\$ -
	USD to NTD	USD21,000/ NTD607,467	2021.1.13	590,058	Financial liabilities for hedging	-	(17,409)	-
	USD to NTD	USD30,000/ NTD867,795	2021.1.13	842,940	Financial liabilities for hedging	-	(24,855)	-
	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
	USD to NTD	USD11,000/ NTD318,197	2021.1.13	309,078	Financial liabilities for hedging	-	(9,119)	-
	USD to NTD	USD27,000/ NTD781,029	2021.1.13	758,646	Financial liabilities for hedging	-	(22,383)	-

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

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

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

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

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

December 31, 2020

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-derivative <u>financial liabilities</u>					
Variable interest rate liabilities	\$ 12,591,019	\$ 17,945,144	\$ 12,057,100	\$ 1,137,770	\$ 43,731,033
Lease liabilities	21,319	12,556	22,822	26,308	83,005
Non-interest bearing	4,084,602	28,216	115,184	-	4,948,002
Fixed interest rate liabilities	<u>5,768,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,768,000</u>
	<u>\$ 23,184,940</u>	<u>\$ 17,985,916</u>	<u>\$ 12,195,106</u>	<u>\$ 1,164,078</u>	<u>\$ 54,530,040</u>

December 31, 2019

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 15,850,000	\$ 7,000,000	\$ 9,500,000	\$ -	\$ 32,350,000
Lease liabilities	20,340	12,699	8,881	4,640	46,560
Non-interest bearing	4,581,474	26,850	119,567	13,469	4,741,360
Fixed interest rate liabilities	<u>4,796,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,796,800</u>
	<u>\$ 25,248,614</u>	<u>\$ 7,039,549</u>	<u>\$ 9,628,448</u>	<u>\$ 18,109</u>	<u>\$ 41,934,720</u>

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

December 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ (5,736)	\$ 58,469	\$ 13,326	\$ -	\$ 66,059
Foreign exchange forward contracts	(15,524)	-	(315)	-	(15,839)
Exchange rate swap contracts	<u>(165,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,774)</u>
	<u>\$ (187,034)</u>	<u>\$ 58,469</u>	<u>\$ 13,011</u>	<u>\$ -</u>	<u>\$ (115,554)</u>

December 31, 2019

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ 37,695	\$ 6,092	\$ (4,699)	\$ -	\$ 39,088
Foreign exchange forward contracts	13,216	-	-	-	13,216
Exchange rate swap contracts	<u>(18,887)</u>	<u>(36,230)</u>	<u>-</u>	<u>-</u>	<u>(55,117)</u>
	<u>\$ 32,024</u>	<u>\$ (30,138)</u>	<u>\$ (4,699)</u>	<u>\$ -</u>	<u>\$ (2,813)</u>

## e. Transfers of financial assets

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

Counterparty	Proceeds from Receivables Factoring	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>2020</u>					
CTBC bank	\$ <u>137,121</u>	\$ <u>21,266</u>	US\$ <u>2,700</u>	\$ <u>-</u>	-
<u>2019</u>					
CTBC bank	\$ <u>162,569</u>	\$ <u>13,636</u>	US\$ <u>2,700</u>	\$ <u>-</u>	-

## 27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows:

## a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Lihwa Holdings Ltd.	Subsidiary
Walsin Info-Electric Corp.	Subsidiary
Chin-Cherng Construction Co.	Subsidiary
Min Maw Precision Industry Corp.	Subsidiary
Dongguan Walsin Wire & Cable Co., Ltd.	Subsidiary
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Subsidiary
Walsin Specialty Steel Corp.	Subsidiary
Changshu Walsin Specialty Steel Co., Ltd.	Subsidiary
Borrego Solar Systems, Inc.	Subsidiary
Shanghai Walsin Power Cable & Wire Co., Ltd.	Subsidiary
Yantai Walsin Stainless Steel Co., Ltd.	Subsidiary
PT. Walsin Nickel Industrial Indonesia	Subsidiary
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Changzhou China Steel Precision Materials Co., Ltd.	Associate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Walsin Color Co., Ltd.	Associate
Winbond Electronics Corp.	Associate
Prosperity Dielectrics Co., Ltd.	Associate
Nuvoton Technology Corporation	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party
HannStar Board Corp.	Substantive related party

(Continued)



<u>Related Party Name</u>	<u>Related Party Category</u>
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party
VVG Inc.	Substantive related party
	(Concluded)

b. Sales

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 2,750,804	\$ 4,257,414
Other related parties	<u>903,376</u>	<u>958,958</u>
	<u>\$ 3,654,180</u>	<u>\$ 5,216,372</u>

c. Rental income

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 240	\$ 240
Associates	33,658	41,765
Other related parties	<u>993</u>	<u>1,499</u>
	<u>\$ 34,891</u>	<u>\$ 43,504</u>

d. Purchases of goods

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 8,938	\$ 361
Other related parties	<u>3,891</u>	<u>2,676</u>
	<u>\$ 12,829</u>	<u>\$ 3,037</u>

e. Construction contract

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ -</u>	<u>\$ 3,165</u>

## f. Administrative expenses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries	\$ 390	\$ 392
Associates	12,955	11,232
Other related parties	<u>10,725</u>	<u>12,311</u>
	<u>\$ 24,070</u>	<u>\$ 23,935</u>

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

## g. Dividend income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Other related parties		
HannStar Display Corp.	\$ -	\$ 71,188
HannStar Board Corp.	106,722	58,825
Others	<u>2,890</u>	<u>4,816</u>
	<u>\$ 109,612</u>	<u>\$ 134,829</u>

## h. Notes receivable

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates		
Prosperity Dielectrics Co., Ltd.	\$ 129	\$ 28,248
Others	<u>856</u>	<u>1,151</u>
	<u>\$ 985</u>	<u>\$ 29,399</u>

## i. Trade receivables

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries		
Dongguan Walsin Wire & Cable Co., Ltd.	\$ 207,701	\$ 955,288
Others	95,797	32,741
Other related parties	<u>39,054</u>	<u>26,393</u>
	<u>\$ 342,552</u>	<u>\$ 1,014,422</u>



j. Trade payables

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Other related parties	\$ <u>684</u>	\$ <u>116</u>

k. Other receivables

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries		
Walsin Lihwa Holdings Ltd.	\$ -	\$ 2,126,105
Associates	9,945	8,784
Other related parties	<u>2,598</u>	<u>2,549</u>
	<u>\$ 12,543</u>	<u>\$ 2,137,438</u>

l. Other payables (included loans from related parties)

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Walsin Lihwa Holdings Ltd.	\$ -	\$ 4,807,792
Walsin Lihwa International Investments Ltd.	5,698,656	-
Walsin Info-Electric Inc.	72,058	-
Subsidiaries	<u>1,594</u>	<u>1,276</u>
	<u>\$ 5,772,308</u>	<u>\$ 4,809,068</u>

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Interest expense</u>		
Subsidiaries	<u>\$ 22,415</u>	<u>\$ 87,776</u>

The Company obtained loans from related parties at rates comparable to market interest rates.

m. Disposals of property, plant and equipment (included investment properties)

<b>Related Party Category/Name</b>	<b>Proceeds</b>		<b>Gain on Disposal</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Walsin Info-Electric Inc.	\$ 17	\$ -	\$ -	\$ -
Prosperity Dielectrics Co., Ltd.	295	295	278,246	246,877
Shanghai Walsin Lihwa Power Wine & Cable Co., Ltd.	<u>91</u>	<u>91</u>	<u>-</u>	<u>-</u>
	<u>\$ 403</u>	<u>\$ 386</u>	<u>\$ 278,246</u>	<u>\$ 246,877</u>



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

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for construction contract and tariff guarantee for imported raw material:

	<u>December 31</u>	
	2020	2019
Refundable deposits (recorded under non-current assets)	\$ <u>600</u>	\$ <u>34,662</u>

## 29. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2020 and 2019 were as follows:

- a. Outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2020 and 2019 were as follows (in thousands):

	<u>December 31</u>	
	2020	2019
U.S. dollar	US\$ 17,455	US\$ 20,182
Japanese yen	JPY 108,812	JPY 94,529
Euro	EUR 4,770	EUR 5,277
Renminbi	RMB 13,134	RMB 13,134
New Taiwan dollar	NT\$ 82,347	NT\$ 30,799

- b. As of December 31, 2020, the outstanding standby letters of credit not reflected in the accompanying financial statements amounted to approximately NT\$392,784 thousand and US\$30 thousand. As of December 31, 2019, the outstanding standby letters of credit not reflected in the accompanying financial statements amounted to approximately NT\$336,075 thousand and US\$10 thousand. Tariff letters of credit amounted to approximately NT\$434,000 thousand and NT\$524,000 thousand as of December 31, 2020 and 2019, respectively.
- c. Non-cancelable copper and nickel procurement contracts with total contract value of US\$22,681 thousand and US\$23,404 thousand were in effect as of December 31, 2020 and 2019.

## 30. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On January 6, 2011, the Company issued 205,332,690 shares in exchange for 171,103,730 shares of TECO Electric & Machinery Co., Ltd. The Company and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry.

In addition, the acquisition of shares of TECO Electric & Machinery Co., Ltd. for a total price of no more than NT\$1.8 billion was approved by the Company's board of directors on January 22, 2011.

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

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

December 31, 2020

Unit: Foreign Currency/In Thousands of Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 73,700	28.4800	\$ 2,098,969
Japanese yen	100,120	0.2763	27,663
Euro	12,240	35.0200	428,652
Hong Kong dollar	2,005	3.6730	7,365
Australian dollar	569	21.9500	12,493
Renminbi	1	4.3648	5
Investments accounted for using the equity method			
U.S. dollar	28,042	28.4800	798,648
Renminbi	8,344,139	4.3648	36,420,832
Indonesia rupiah	4,184,015	0.0020	8,494
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	406,060	28.4800	11,564,577
Japanese yen	4,011	0.2763	1,108
Euro	5	35.0200	159
Swiss franc	17	32.3050	549

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 39,719	29.9800	\$ 1,190,790
Japanese yen	112,281	0.2760	30,990
Euro	9,385	33.5900	315,247
Singapore dollar	93	22.2800	2,066
Hong Kong dollar	2,414	3.8490	9,290
Australian dollar	93	21.0050	1,946
Renminbi	1,218	4.2973	5,232
Investments accounted for using the equity method			
U.S. dollar	54,416	29.9800	1,631,377
Renminbi	8,385,241	4.2973	36,034,149
Indonesia rupiah	83,955	0.0022	183
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	186,614	29.9800	5,594,702
Swiss franc	17	30.9250	526

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains were NT\$73,937 thousand and NT\$61,393 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company entities.

## 32. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
  - 1) Financing provided to others (Table 1)
  - 2) Endorsements/guarantees provided (None)
  - 3) Marketable securities held (Table 2)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
  - 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 4)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
  - 9) Trading in derivative instruments (Notes 7 and 16)
  - 10) Information on investees (Table 6)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
  - 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 7):
    - 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
- c. Information of shareholders: List all shareholders with ownership of 5% or quarter showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8).

### 33. SEGMENT INFORMATION

The Company has provided the financial information of the operating segments in the consolidated financial statements. These parent company only financial statements do not provide such information.

TABLE 1

## WALSIN LIHWA CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	\$ 16,809,300 (US\$ 570,000)	\$ 16,233,600 (US\$ 570,000)	\$ 5,340,000 (US\$ 187,500)	3.50	Operating capital	\$ -	Operating capital and purchase equipment	\$ -	-	\$ -	\$ 33,787,294 (US\$ 1,186,352)	\$ 33,787,294 (US\$ 1,186,352)

Notes:

1. The limit on the amount of financing provided to a single enterprise that holds less than 100% of a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company cannot exceed 40% of the parent company's equity as presented in the financial statements of a subsidiary.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:  
PT. Walsin Nickel Industrial Indonesia =  $\$84,468,235 \times 40\% = \$33,987,294$  (US\$1186,352)
  - b. The limit on the amount of financing provided was as follows:  
The limit on the amount of financing provided =  $\$84,468,235 \times 40\% = \$33,987,294$  (US\$1186,352)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The amounts were translated using the exchange rate as of December 31, 2020: US\$ to NT\$ = 1:28.48.

TABLE 2

## WALSIN LIHWA CORPORATION

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuing company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 3,685,476	9.90	\$ 3,685,476	
	HannStar Board Corp.	-	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,763,734	12.06	2,763,734	
	Teco Electric And Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	954,000	26,378	0.05	26,378	
	Kuang Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuing company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	210,382	9.39	210,382	
	Taiwan Submarine Cable Corp. (One-Seven Trading Co., Ltd.)	The holding company is a director of the issuing company	Financial assets at fair value through other comprehensive income - non-current	30,000	184	6.67	184	
	Global Investment Holdings	The holding company is a director of the issuing company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	50,078	2.97	50,078	
	WK Technology Fund	-	Financial assets at fair value through other comprehensive income - non-current	380,477	5,949	1.91	5,949	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	11,128	1.16	11,128	
Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuing company	Financial assets at fair value through other comprehensive income - non-current	3,000,000	29,920	15.00	29,920		



TABLE 3

## WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares/Units	Amount	Number of Shares/Units	Amount	Number of Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares/Units	Amount
Walsin Lihwa Corporation	Share Holdings Industries Limited	Investments accounted for using the equity method	Capital investment	Subsidiary	320,230,393	\$ 20,054,589	163,000,000	\$ 6,081,203 (Note 1)	-	\$ -	\$ -	\$ -	483,230,393	\$ 26,135,792
	PT. Walsin Nickel Industrial Indonesia	Investments accounted for using the equity method	Capital investment	Subsidiary	-	-	500,000	1,306,341 (Note 1)	-	-	-	-	500,000	1,306,341
	Concord Industries Limited	Investments accounted for using the equity method	Capital investment/capital reduction	Subsidiary	505,903,187	11,007,234	20,000,000	569,400 (Note 1)	240,000,000	-	6,945,453 (Note 1)	-	285,903,187	4,631,181
	Corporate bonds Golden Harbour International Pte. Ltd.	Financial assets at fair value through profit or loss	Golden Harbour International Pte. Ltd.	-	N/A	-	N/A	5,683,859 (Note 1)	-	-	-	-	N/A	5,683,859

Note 1: The amount included subscription for shares, capital reduction and investment income or loss and the share of the change in capital surplus from investments in associates accounted for using the equity method.

Note 2: The amount included evaluation of income or loss.

TABLE 4

## WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (2,482,034)	(4)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	\$ 207,701	8	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(903,376)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	39,054	1	
	Jianyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(200,926)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	99,820	4	

TABLE 5

## WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 207,701	4.27	\$ -	-	\$ 174,724	\$ -
	PT. Walsin Nickel Industrial Indonesia	50% directly owned subsidiary	Other receivables 5,349,885	-	-	-	-	-

TABLE 6

## WALSIN LIHWA CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

1. Information of investees that Walsin Lihwa Corporation has controlling power or significant influence was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	\$ 14,760,298	\$ 9,861,333	483,230,393	100.00	\$ 26,135,792	\$ 958,095	\$ 963,213	
	Concord Industries Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	12,724,589	19,281,719	285,903,187	100.00	4,631,181	365,570	365,570	
	Touch Micro-System Technology Corp.	566 Gaoshin Road, Yangmei Township, Taoyuan 326 Taiwan, R.O.C.	OEM on MEMS foundry services	-	750,000	-	-	-	(50)	(50)	(Note 1)
	Ace Result Global Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	1,587,416	1,587,416	44,739,988	100.00	339,349	29,383	29,383	
	Energy Pilot Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	-	562,829	-	-	-	9,331	9,331	(Note 2)
	Market Pilot Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	-	3,799,884	-	-	-	(1,004)	(1,004)	(Note 3)
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Solar power systems management, design, and installation	180,368	180,368	26,565,000	100.00	334,644	38,121	38,121	
	Waltuo Green Resources Corporation	No. 47, Bade Rd., Yanshui District, Tainan City 73743, Taiwan, R.O.C.	Waste disposal, resource recovery and cement products	10,000	10,000	1,000,000	100.00	8,837	(732)	(732)	
	Jin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Zhongshan District, Taipei 104, Taiwan, R.O.C.	Construction	611,688	611,688	515,699,455	99.22	6,452,096	720,099	714,449	
	Walsin Info-Electric Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	270,034	66,406	29,854,246	99.51	340,934	3,385	3,373	
	PT. Walsin Lippo Industries	Jl. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	Steel wires	481,663	481,663	10,500	70.00	783,754	23,311	16,317	
	PT. Walsin Lippo Kabel	Jl. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	8,916	12,617	8,832	
	Joint Success Enterprises Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	1,164,273	1,164,273	36,058,184	49.05	5,319,464	1,398,647	647,736	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	2,237,969	2,237,969	179,468,270	37.00	6,002,698	196,303	62,125	
	Walsin Color Co., Ltd.	1F., No.5, Ln.199, Liaoning St., Zhong Shan Dist., Taipei City, Taiwan, R.O.C.	Management of investments and conglomerates	457,610	457,610	49,831,505	33.97	1,132,611	54,447	18,496	
	Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	185,428	(39,579)	(10,556)	
Winbond Electronics Corp.	No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan, R.O.C.	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	14,595,661	1,359,787	302,009		
Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.65	2,601,028	254,887	57,735		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
	Walsin Technology Corp.	24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Production and sale of ceramic capacitors	\$ 1,649,039	\$ 1,649,039	88,902,325	18.30	\$ 7,068,731	\$ 6,638,742	\$ 1,216,721	
	Powertec Electrochemical Corp.'s	13 F, No. 337, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.	Basic industrial chemical manufacturing and energy technical services	2,945,925	2,945,925	318,522,792	22.46	-	-	-	
	PT. Walsin Nickel Industrial Indonesia	Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto No. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta	Manufacture and sale of nickel pig iron	1,509,171	-	500,000	50.00	1,306,341	(38,694)	(134,405)	

Note 1: The liquidation of Touch Micro-system Technology Corp. was completed on June 5, 2020.

Note 2: The liquidation of Energy Pilot Limited. was completed on September 3, 2020.

Note 3: The liquidation of Market Pilot Limited was completed on December 9, 2020.

(Concluded)

TABLE 7

## WALSIN LIHWA CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

## Walsin Lihwa Corporation

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 20)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 599,600 (US\$ 20,000)	b	\$ 780,709 (US\$ 26,041) (Note 2)	\$ - -	\$ - -	\$ 741,648 (US\$ 26,041) (Note 2)	\$ 78,641	100.00	\$ 78,641	\$ 791,974	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	445,057 (US\$ 15,627)	b	425,947 (US\$ 14,956) (Note 3)	- -	- -	425,947 (US\$ 14,956) (Note 3)	81,268	95.71	77,779	1,039,962	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	4,616,038 (US\$ 162,080)	b	2,592,591 (US\$ 91,032) (Note 4)	- -	- -	2,592,591 (US\$ 91,032) (Note 4)	120,666	38.93	46,975	535,121	-
Walsin (China) Investment Co., Ltd.	Investments	2,238,528 (US\$ 78,600)	b	2,238,528 (US\$ 78,600) (Note 5)	- -	- -	2,238,528 US\$ 78,600 (Note 5)	295,662	100.00	295,662	4,184,463	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,762,560 (US\$ 97,000)	b	2,762,560 (US\$ 97,000) (Note 6)	- -	- -	2,762,560 (US\$ 97,000) (Note 6)	202,980	100.00	202,980	664,403	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	484,160 (US\$ 17,000) (Note 7)	b	1,110,720 (US\$ 39,000) (Note 8)	- -	- -	1,110,720 (US\$ 39,000) (Note 8)	(7,998)	100.00	(7,998)	221,053	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	740,480 (US\$ 26,000)	b	740,480 (US\$ 26,000) (Note 9)	- -	- -	740,480 (US\$ 26,000) (Note 9)	88,040	100.00	88,040	1,652,987	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	1,395,520 (US\$ 49,000)	b	1,395,520 (US\$ 49,000) (Note 10)	- -	- -	1,395,520 (US\$ 49,000) (Note 10)	124,794	100.00	124,794	1,676,841	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,576,368 (US\$ 55,350)	b	289,072 (US\$ 10,150)	569,600 (US\$ 20,000)	- -	858,672 (US\$ 30,150)	(10,711)	100.00	(10,711)	(756,737)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	7,833,851 (US\$ 275,065) (Note 11)	b	3,785,761 (US\$ 132,927)	- -	- -	3,785,761 (US\$ 132,927)	23,076	100.00	23,076	3,305,803	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 20)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Walsin Lihwa (Changzhou) Investment Co., Ltd. (Note 16)	Commerce and investments	\$ - (US\$ -)	b	\$ 1,395,520 (US\$ 49,000)	\$ -	\$ 1,395,520 (US\$ 49,000)	\$ - (US\$ -)	\$ 16,373	-	\$ 16,373	\$ -	\$ -
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,241,728 (US\$ 43,600)	b	372,518 (US\$ 13,080)	-	-	372,518 (US\$ 13,080)	1,522	30.00	459	379,846	869,210 (US\$ 30,520)
XiAn Walsin United Technology Co., Ltd. (Note 17)	Electronic devices and modules	- (US\$ -)	b	2,846,804 (US\$ 99,958)	-	2,846,804 (US\$ 99,958)	- (US\$ -)	(681)	-	(681)	-	-
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	28,480 (US\$ 1,000)	b	28,480 (US\$ 1,000)	-	-	28,480 (US\$ 1,000)	(52,663)	100.00	(52,663)	(433,097)	-
XiAn Lvjing Technology Co., Ltd.	Solar module assembly	- (US\$ -)	c	569,600 (US\$ 20,000)	-	569,600 (US\$ 20,000)	- (US\$ -)	-	-	-	-	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,237,808 (RMB1,200,000)	b	- (US\$ -)	-	-	- (US\$ -)	(2,768,581)	19.00	-	-	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	43,648 (RMB 10,000)	b	8,658 (US\$ 304)	-	-	8,658 (US\$ 304)	257	20.00	124	9,280	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	679,156 (RMB 155,597)	b	- (RMB -)	-	-	- (RMB -)	19,455	6.02	-	95,101	-
Walsin (Nanjing) Construction Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,424,000 (US\$ 50,000)	b	1,418,304 (US\$ 49,800) (Note 15)	-	-	1,418,304 (US\$ 49,800) (Note 15)	1,398,820	99.60	1,393,263	9,893,857	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and leasing of houses	4,365 (RMB 1,000)	b	- (RMB -)	-	-	- (RMB -)	(1,400)	99.60	(1,393)	851	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	6,547 (RMB 1,500)	b	- (RMB -)	-	-	- (RMB -)	(4,685)	99.60	(4,668)	(8,673)	-
Walsin Nanjing Commercial Management Co., Ltd. (Note 18)	Business management, food marketing, catering services and sale of groceries	- (RMB -)	b	- (RMB -)	-	-	- (RMB -)	(5,298)	99.60	(5,276)	-	-

B. The upper limit on investments of the Company in mainland China is as follows:

Accumulated Investment in Mainland China as of December 31, 2020 (In Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands)	Upper Limit on Investment (In Thousands)
NT\$16,241,859 (US\$ 570,290)	NT\$18,412,647 (US\$ 646,511)	N/A (Note 22)

(Continued)

## Notes

1. Investments can be classified into three categories as follows:
  - a. Direct investments in mainland China.
  - b. Reinvestments in mainland China through companies located in a third country.
  - c. Others.
2. Inclusive of US\$7,563 thousand in investments made through Walsin (China) Investment Co., Ltd.
3. Inclusive of US\$7,929 thousand in investments made through Walsin (China) Investment Co., Ltd.
4. Inclusive of US\$2,800 thousand in investments made through Walsin (China) Investment Co., Ltd., and US\$22,730 thousand in dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Inclusive of the capital investment of US\$28,600 thousand which was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Inclusive of US\$8,000 thousand in investments made through Walsin Specialty Steel Corp. and US\$42,000 thousand worth of dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. Inclusive of capital reduction for cover accumulated deficits US\$22,000.
8. Inclusive of US\$4,800 thousand in investments made through Walsin (China) Investment Co., Ltd.
9. Investment made through Walsin (China) Investment Co., Ltd.
10. Inclusive of investments made through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and private capital investment in the amount of US\$4,500 thousand of Walsin (China) Investment Co., Ltd.
11. Inclusive of private capital investments of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd., and RMB3,750 thousand in investments made through Changzhou Wujin NSL Co., Ltd. Also inclusive of US\$32,927 thousand in investments from the merger of Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd.
12. The private capital amount of RMB228,000 thousand of XiAn Lv Jing Technology Co., Ltd., adjusted by its fair value.
13. XiAn Walsin Metal Product Co., Ltd. merged XiAn LV Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
15. The amount includes investments through subsidiary Joint Success Enterprises Limited which were approved in the previous years.
16. The liquidation of Walsin Lihwa (Changzhou) Investment Co., Ltd. were completed on October 19, 2020.
17. The liquidation of Xian walsin United technology Co., Ltd. were completed on December 7, 2020.
18. The liquidation of Walsin Nanjing Commercial Management Co., Ltd. were completed on December 7, 2020.
19. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of Renminbi or U.S. dollars.
20. The currency exchange rates as of December 31, 2020 are as follows: US\$ to NT\$ = 1:28.48, RMB to NT\$ = 1:4.36484. The average exchange rates as of December 31, 2020 are as follows: US\$ to NT\$ = 1:29.549, RMB to NT\$ = 1:4.28608.
21. Amount was recognized based on the reviewed financial statements.
22. Upper limit on investments:

The Company was approved as the operational headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China".

(Continued)



C. Significant direct or indirect transactions between the Company and investees in mainland China

(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship	Transaction Type	Amount	% to Total	Transaction terms			Notes/Accounts Payable or Receivable		Unrealized Loss
					Unit Price	Payment Terms	Compare to General Transactions	Ending Balance	% to Total	
Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (2,482,034)	(4)	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	\$ 207,701	8	\$ -
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(200,926)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	99,820	4	(1,800)
Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(47,457)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	7,732	-	(1,331)
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	(1,733)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	-	-	-
Yantai Walsin Stainless Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(18,654)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	-	-	-

(Concluded)

**TABLE 8****WALSIN LIHWA CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	247,025,000	7.65
Winbond Electronics Corp.	222,000,000	6.88
Chin-Xin Investment Co., Ltd.	220,011,000	6.81

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

**6. Any financial crunch confronted by the Company or its subsidiaries and related impacts in the most recent year and up to the date of annual report publication:  
None.**

## VII Review of Financial Conditions, Financial Performance, and Risk Management

### 1. Financial Status - Consolidated (Based on IFRSs)

Unit: NT\$ Thousands

Items \ Year	2019	2020	Difference	
			Amount	%
Current Assets	60,789,794	56,176,808	(4,612,986)	(7.59)
Property, Plant and Equipment	27,845,109	34,294,221	6,449,112	23.16
Intangible Assets	168,134	175,000	6,866	4.08
Other Assets	49,263,365	60,917,997	11,654,612	23.66
Total Assets	138,066,402	151,564,006	13,497,604	9.78
Current Liabilities	40,743,553	31,458,157	(9,285,396)	(22.79)
Non-current Liabilities	18,756,735	32,825,019	14,068,284	75.00
Total Liabilities	59,500,288	64,283,176	4,782,888	8.04
Capital Stock	33,260,002	33,260,002	(1,000,000)	(3.01)
Capital Surplus	16,055,238	15,690,406	(364,832)	(2.27)
Retained Earnings	31,179,511	36,330,187	5,150,676	16.52

Note: The reasons, effects and future plans about that changes in assets, liabilities and equity which over 20% or NT\$10 million in last two years:

1. Reasons:

- A. The increase of property, plant and equipment in 2020 compared to 2019 was due to WLC built new factories and purchased machine equipment in 2020.
- B. The increase of other assets in 2020 compared to 2019 was due to WLC purchased corporate bonds in 2020.
- C. The decrease of current liabilities and the increase of non-current liabilities in 2020 compared to 2019 was due to short-term borrowings decreasing and long-term borrowings increasing in 2020.

2. Effects: None.

3. Future plans: Keep working on managing working capital and asset and liability structure.

## 2. Financial Performance - Consolidated (Based on IFRSs)

Unit: NT\$ Thousands

Items \ Year	2019	2020	Difference													
			Amount	%												
Operating Revenue	134,804,405	112,546,603	(22,257,802)	(16.51)												
Operating Costs	125,413,839	100,078,265	(25,335,574)	(20.20)												
Gross Profit	9,390,566	12,468,338	3,077,772	32.78												
Operating Expense	5,331,092	5,083,276	(247,816)	(4.65)												
Profit from Operations	4,059,474	7,385,062	3,325,588	81.92												
Non-operating Revenue and Expense	680,793	1,865,603	1,184,810	174.03												
Profit before Taxes	4,740,267	9,250,665	4,510,398	95.15												
Tax Expense	956,943	2,244,864	1,287,921	134.59												
Net Income	3,783,324	7,005,801	3,222,477	85.18												
<p>I. The variance analysis in last two years:(Variable proportion over 20%)</p> <ol style="list-style-type: none"> <li>In 2020, operating cost decreased due to the disposal of the equity interest of Nanjing Walsin Metal Co., Ltd., and the COVID-19 in the manufacturing department decreased by NT\$26.4 billion; however, the costs on phase III of Walsin Centro was recognized in the real estate department which increased by NT\$1.5 billion.</li> <li>Gross profit increased in 2020 compared to 2019 was due to the revenue on phase III of Walsin Centro was recognized in the real estate department in 2020. However, gross profit was maintained constant in the manufacturing department in 2019 and 2020.</li> <li>In 2020, non-operating revenue and expenses increased compared to 2019 due to the increase of investment income recognized under the equity method.</li> <li>Tax expense increased in 2020 compared to 2019 due to the revenue on phase III of Walsin Centro was recognized in the real estate department in 2020.</li> </ol> <p>II. The reason for the changes in business content changes: None.</p> <p>III. The expected sales volume in the next year and its main reason:</p> <ol style="list-style-type: none"> <li>Expected sales volume in the next year: 2021(Unit : ton) <table border="0" style="margin-left: 20px;"> <tr> <td>Bare copper wire</td> <td>210,730</td> </tr> <tr> <td>Power line</td> <td>44,882</td> </tr> <tr> <td>Strand</td> <td>101,329</td> </tr> <tr> <td>Stainless steel</td> <td>500,688</td> </tr> <tr> <td>Hot rods</td> <td>300,000</td> </tr> <tr> <td>Seamless steel pipe</td> <td>15,000</td> </tr> </table> </li> <li>The basis of the expected sales volume and Possible future impact on the Company's financial operations and response plans: see the contents (5)-Business Overview</li> </ol>					Bare copper wire	210,730	Power line	44,882	Strand	101,329	Stainless steel	500,688	Hot rods	300,000	Seamless steel pipe	15,000
Bare copper wire	210,730															
Power line	44,882															
Strand	101,329															
Stainless steel	500,688															
Hot rods	300,000															
Seamless steel pipe	15,000															

### 3. Cash Flow - Consolidated (Based on IFRSs)

(1) Cash flow analysis for the current year:

Unit: NT\$ Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rate Changes	Cash and Cash Equivalents at the ending of the year	Note
11,753,006	7,147,930	(12,665,921)	5,610,868	98,525	11,944,408	
<p>Analysis of change in cash flow in the current year:</p> <p>1.The inflows of net cash generated by operating activities were NT\$ 7,147,930 thousand due to the profit before taxes.</p> <p>2.The outflows of net cash used in investing activities were NT\$12,665,921 thousand due to the purchase of corporate bonds and property, plant, and equipment.</p> <p>3.The inflows of net cash generated by financing activities were NT\$5,610,868 thousand due to the increase of borrowings.</p> <p>4.The intflows of net cash in the year was NT\$ 191,402 thousand and the ending balance of cash was NT\$ 11,944,408 thousand.</p>						

(2) Remedy for cash Deficit and Liquidity Analysis: Not applicable.

(3) Cash flow Analysis for the coming year:

Unit: NT\$ Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rate Changes	Cash and Cash Equivalents at the ending of the year	Note
11,944,408	8,437,310	(19,469,948)	4,993,654	0	5,905,424	
<p>Analysis of change in cash flow for the coming year:</p> <p>1.The inflows of net cash generated by operating activities due to the increase of profit before taxes.</p> <p>2.The outflows of net cash used in investing activities due to the strategic project investment, the increase of capital expenditures, renewal of equipment, and the building cost of phases A and B under Nanjing Construction Co., Ltd.</p> <p>3.The intflows of net cash used in financing activities due to new borrowings.</p>						

#### 4. Effect of Major Capital Expenditure on Financial Business Operations:

##### (1) Utilization of Major Capital Expenditures and Sources of Funds:

Unit: NT\$ Million

Project	Source of Funds	Actual or Estimated Completion Date	Investment	Actual or Expected Status of Spending				
				2018	2019	2020	2021	2022
The establishment of Yantai Plant	Working Capital	December 2021	7,995	53	594	4,147	3,041	160
The establishment of nickel pig iron plant	Working Capital	December 2021	10,380	-	6,851	2,481	1,048	-
The establishment of high-efficiency factories	Working Capital	August 2021	4,260	-	27	1,991	1,922	320

##### (2) Estimated Benefits:

1. The establishment of Yantai Plant will help expand economies of scale and improve product quality to meet the quality requirements of the customers.
2. Invest in the construction of a nickel pig iron plant and supporting power plants in Indonesia, with a planned monthly output of 3,000 tons of nickel metal, which will enable the company to securely control the supply of upstream raw materials and make profits for the company.
3. Build high-efficiency factories, deepen the integration of manufacturing service value and integrate manufacturing systems through smart manufacturing, advanced warehousing and logistics, and create competitiveness that is difficult to imitate.

#### 5. Investment Policy of the Past Year, Profit/Loss Analysis, Improvement Plan and Investment Plan for the Coming Year:

##### (1) Investment Policy and Profit/Loss in the Past Year:

1. On a consolidated basis, the Company's current key reinvestment areas are DRAM, TFT LCD and passive components.
2. On a consolidated basis, in 2020, the gains for affiliated enterprises recognized by equity method was NT\$1.696 billion, as a result of the overall recovering market conditions in the industry and the improvement in the profitability of affiliated enterprises recognized under the equity method compared to 2019.

##### (2) Main Reasons for Profit:

Recognition of the gains from Winbond Electronics Corporation and Walsin Technology Corporation.

##### (3) Investment Plan for the Coming Year:

To continue to focus on upstream and downstream consolidation of core businesses and carefully assess investment plans.



**6. Risk Management and Assessment of the Following Items for the Past Year and the Year to Date:**

- (1) Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company's Profit and Countermeasures.

Affected item	Impact	Response measures:
Interest Rate Change	Net interest expense (interest expense less interest income) in 2020 was approximately NT\$278 million.	Based on the planning for annual budgeted funding requirement, we will allocate funding sources and costs when appropriate.
Exchange Rate Change	Foreign exchange gain for 2020 were approximately NT\$75 million (including profit/loss from trading foreign exchange derivative products).	Based on foreign currency positions, the Company will utilize market instruments (e.g. forward foreign exchange contracts) for hedging purposes.
Inflation	The Company's principal products are not for general public consumption therefore inflation has no direct impact on the Company.	None.

- (2) Policies of Engaging in High-risk, High-leverage Investments, Lending to Others, Providing Endorsements and Guarantees and Derivatives Transactions, Profit/loss Analysis and Future Countermeasures.

Item	Policy	Major causes of profit or loss	Future response measures
High-risk, High-Leverage Investments	The Company does not engage in any high-risk, high-leverage investment activities.	None	None
Lending to Others	Conducted in accordance with the provisions of the Company's "Management Guidelines on Lending Company Funds to Others"	None	None
Endorsements/ Guarantees	Conducted in accordance with the provisions of the Company's "Management Guidelines on Endorsement/Guarantee"	None	None
Derivative Instrument Transactions	With respect to derivative instruments, the Company has mainly engaged in hedging transactions related to business operations and investment activities (foreign exchange and non-ferrous metals). For non-ferrous metals, the Company may carry out non-hedging transactions based on authorized positions and under risk management control for the purpose of curbing price volatilities in raw materials. The authorization is conducted in accordance with the Company's "Procedure for Derivatives Products Trades."	None	None

- (3) Future R&D Plans and Projected R&D Investments: The research and development plans of each business group have been included in the business activities section of the Business Overview, and these plans have relatively low risks. Please refer to "V. Business Overview—A. Business Activities— (3) Overview of Technology and R&D".
- (4) Major Changes in Domestic and Foreign Government Policies and Laws and Impact on the Company's Finances and Business: None

- (5) Impact of Recent Technological and Market Changes on the Company's Finances and Business, and Countermeasures:

To achieve the ultimate goal of Smart Manufacturing (Industry 4.0), Walsin has started to promote the new MES (Manufacturing Execution System) and ERP (Enterprise Resource Planning) and move towards CPS (Cyber-Physical System). Through cloud-based, component-based, and parametric design to retain the flexibility and speed, we will ensure the ability to integrate with the supply chains in the future.

Risks in global information security are increasing. The World Economic Forum has listed "data scams or thefts", "cyberattacks" and "damage to information infrastructure" among the major risks around the world for many consecutive years. In recent years, domestic industries have also experienced a number of major information security events. In addition to causing financial and capacity losses, such events have also impacted corporate reputation.

In response to the information security risks faced by Walsin's promotion of Industry 4.0, the Company has established a dedicated organization - "Big Data and Information Security Division" under the Information Center, which is responsible for planning, coordinating and implementing information security measures, and regularly reports to the IT Steering Committee on information security management-related matters. Over the past three years, we have continued to improve our information security management mechanism, revised our information security policies and standardized our communication and access practices, strengthened our endpoint, server, application and network protection capabilities, and introduced external expertise (such as the Industrial Development Bureau of the Ministry of Economic Affairs and the Information Security Inspection Service provided by the Institute for Information Industry), with the goal of maintaining the confidentiality, integrity and availability of our business information and other sensitive data. Our future work will focus on protecting intellectual property rights and advanced production line systems, as well as building a rapid response capability to information security incidents.

- (6) Impact of Change in Corporate Image on Risk Management and Countermeasures: None
- (7) Expected Benefits and Potential Risks of Merger and Acquisition: None
- (8) Expected Benefits and Potential Risks of Capacity Expansion: All capacity expansion for plants under Walsin and its group members has to undergo careful assessments. All major capital expenditure has to be submitted to the Board of Directors for review. Hence, investment benefits and potential risks will have been taken into account.
- (9) Risks Associated with Over-concentration in Purchases or Sales and Countermeasures: None
- (10) Impact of Mass Transfer(s) of Equity by or Change of Directors or Shareholders Holding 10% or more Interest on the Company, the Associated Risks and Countermeasures: None
- (11) Impact of Change of Control on the Company, Associated risks and Countermeasures: None
- (12) Final and Non-appealable and Pending Material Litigious, Non-litigious or Administrative Legal Proceedings involving the Company, the Directors and the President during the Most Recent Year and up to the Annual Report Publication Date: None





(13) Other significant risks and response measures:

1. The Company's KPIs:

(1) Financial indicators: Optimizing financial structure and control of bank financing agreements

Ratio	Formula	Target KPI	2020	2019
Current ratio	Current assets / Current liabilities	$\geq 100\%$	178.57%	149.20%
Debt ratio	Net liabilities (Total liabilities - Cash and cash equivalents) / Tangible assets	$\leq 120\%$	60.09%	60.90%
Interest coverage ratio	(Net income before income tax, depreciation, amortization and interest expense / Current interest expense	$\geq 150\%$	2,265.19%	1,335.70%
Tangible net value	Shareholders' equity - Intangible assets	$\geq \text{NT\$}55 \text{ billion}$	NT\$87.1 billion	NT\$78.4 billion

(2) Performance indicators: Return on shareholder's equity and income before accrued interest, tax, depreciation and amortization

Ratio	Formula	2020	2019
Return on Shareholder's Equity	Net Income after tax / Average of total shareholders' equity	8.44%	4.79%
Earnings Before Interest, Taxes, Depreciation and Amortization	Income before interest and tax + depreciation and amortization	NT\$12,232 million	NT\$7,475 million

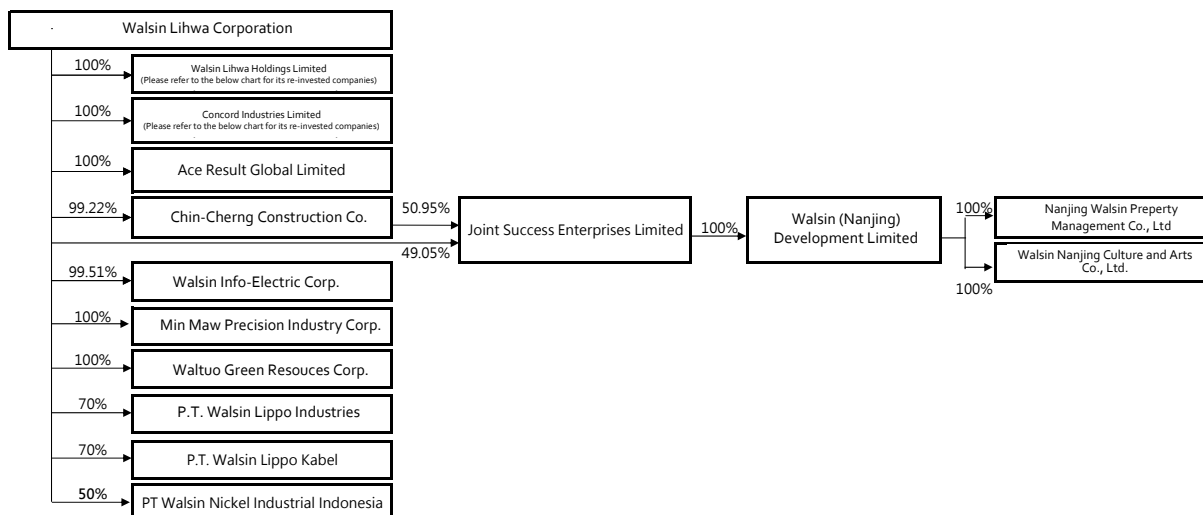
**7. Other Major Issues: None**

## VIII Special Disclosures

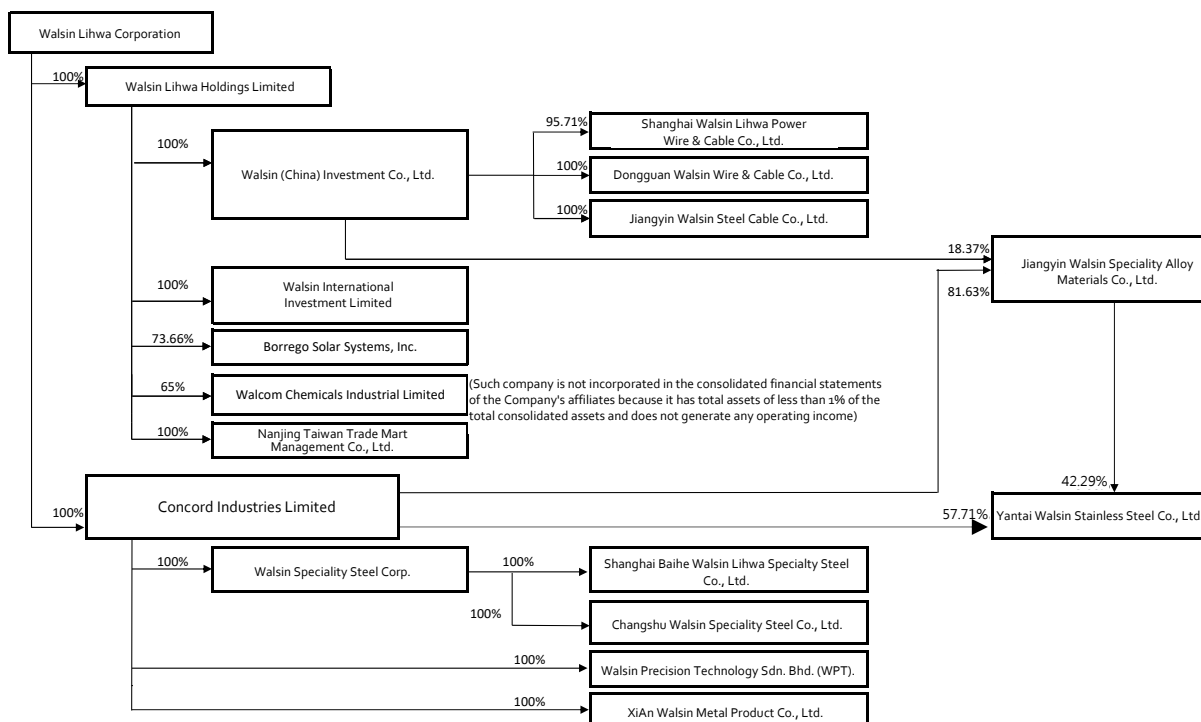
### 1. Summary of Affiliates Companies

#### (1) Affiliates

##### 1. Affiliated Organization Chart of Walsin Lihwa Corporation (as of 2020/12/31)



##### 2. Affiliated Organization Chart of Walsin Lihwa Holdings Limited and Concord Industries Limited (as of 2020/12/31)



## (2) Background Information of the Affiliated Companies

Unit: NT\$ thousands/Foreign Currency thousands

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
Walsin Lihwa Holdings Limited	1992/07/15	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 483,230	Investment holding
Walsin (China) Investment Co., Ltd.	1995/11/02	Rm. 2804, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	USD 78,600	Investment holding
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	1995/03/21	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai	USD 15,627	Cables and wires
Dongguan Walsin Wire & Cable Co., Ltd.	2000/01/26	No. 680, Meijing West Road, Dalang Town, Dongguan, Guangdong	USD 26,000	Bare copper cables and wires
Jiangyin Walsin Steel Cable Co., Ltd.	1992/12/16	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu	USD 20,000	Steel stranded wire, steel wire, and galvanized steel wire
Walsin International Investments Limited	1993/12/02	Unit 714, 7/F, Miramar Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	HKD 4,303,960	Investments
Borrego Solar Systems, Inc.	2002/03/01	6210 Lake Shore Drive San Diego, CA 92119, USA	USD 16,407	Solar panel power system assembly
Walcom Chemicals Industrial Limited	1988/12/29	Unit 714, 7/F, Miramar Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	HKD 500	Commerce
Nanjing Taiwan Trade Mart Management Co., Ltd.	2010/04/14	No. 230 Hexi street, Nanjing	USD 1,000	Enterprise management, property management, marketing planning, consultation on various types of advertising information; leasing of market facilities and management of market operations; import and export of electronics, machinery, agricultural and by-products, textiles and handicrafts; commission agency (except auction)
Concord Industries Limited	1992/08/25	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 285,903	Investment holding
Walsin Specialty Steel Corp.	1997/08/07	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 101,400	Commerce and Investments
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	1997/08/08	No. 2402, Waiqingsong Road, Baihe Town, Qing Pu Zone, Shanghai	USD 17,000	Manufacture of stainless steel flanges and fittings, elbows, tees and all kinds of joints, valve fittings, fixed-edge bars, precision straight bars, wire and tube products
Changshu Walsin Specialty Steel Co., Ltd.	1997/12/24	Haiyu Town, Changshu City, Jiangsu Province (Mailing address : No. 2, Hai Yang Road ,Haiyu Town, Changshu City, Jiangsu Province)	USD 97,000	Manufacture and sale of special steel pipes, rods, wires, stainless steel pipes, building and household hardware and heating equipment
Yantai Huanghai Iron and Steel Co., Ltd.	2007/03/19	No. 2 Wuzhishan Road. ETDZ Yantai City, Shantung Province,	USD 275,065	It develops and produces new alloy materials, carbon steels, alloy steels, stainless steels, steel billets, various types of steel and iron and steel products and sells its own products; engages in the wholesale business of new alloy materials, carbon steels, alloy steels, stainless steels, steel billets, various types of steel and iron and steel products; engages

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
				in the import and export of steel and iron products and related technologies. It also engages in recycling and wholesale of used and waste materials.
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	2005/03/10	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	USD 49,000	Cold-rolled stainless steel and flat-rolled products
Walsin Precision Technology Sdn. Bhd.	2000/03/15	2115-1, Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia	USD 8,470	stainless steel plates
XiAn Walsin Metal Product Co., Ltd.	2008/06/20	Room 105, 1 floor, block A, long Qi science and Technology Park, No. 29 Jinye Road, Xi'an new and high tech Zone, Shaanxi	USD 55,350	Production and sale of medium and heavy specialized stainless steel plates; sale of its own products.
Ace Result Global Limited	2014/10/08	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 44,740	Investment holding
Chin-Cherng Construction Co.	1973/06/28	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	NTD 5,197,316	Investment in and construction of national housing, sale of commercial buildings, rental design and interior renovation.
Joint Success Enterprises Limited	2004/01/08	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 73,520	Investments
Walsin (Nanjing) Construction Limited	2005/08/09	No. 236 Jiangdong Road, Jianye District, Nanjing, Jiangsu Province	USD 50,000	Real estate development, sales, leasing, after-sales service, and property management; hotel and serviced apartments management and consulting, and retail sales and food service management consulting
Nanjing Walsin Property Management Co., Ltd.	2013/01/30	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu	RMB 1,000	Property management, car park management services, corporate marketing planning, management consulting, self-owned house rental, building installation, decoration projects, landscaping design, construction, etc
Walsin Nanjing Culture and Arts CO., LTD.	2018/07/13	Room 3, 1st basement, No. 236, Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu.	RMB 1,500	Organization of cultural and artistic exchanges, brokerage, performance and performance agent and other related businesses
Walsin Info-Electric Corp.	1995/6/21	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD 96,000	Solar engineering, mechanical and electrical engineering, and power engineering
Min Maw Precision Industry Corp.	1970/10/17	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD 265,650	Solar panel power system assembly
Waltuo Green Resources Corporation	2018/06/06	No. 47, Bade Rd., Yanshui Dist., Tainan City 737, Taiwan	NTD 10,000	Waste removal, resource recycling and cement, soil blending and related businesses
P.T Walsin Lippo Industries	1991/04/29	Jl. MH. Thamrin Blok A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	USD 15,000	Steel wires
P.T. Walsin Lippo Kabel	1997/12/29	Jl. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat 17550	USD 1,500	N/A
PT Walsin Nickel Industrial Indonesia	2019/12/19	Gedung Wisma Mulia Lt. 41 Jl Jend Gatot Subroto No.42 Kuningan Barat Mampang Prapatan Kota	USD 100,000	Non-ferrous base metal (nickel pig iron) manufacturing and power plant

(3) Presumed to have control and affiliation Common Shareholders Information: Not applicable



(4)The main Industries of affiliated companies:

1. Wire and cable industry
2. Stainless steel industry
3. Business real estate
4. General investment industry

Above table include the main operation or business items of each affiliated company.

The division of work of affiliated companies:

Each line of business affiliates operate independently, partially some affiliates have the purchases, sales, engineering contracting trading and marketing agency services and other projects with each other.

(5)Directors, Supervisors, and Presidents of the Affiliated Companies (as of 2020.12.31)

Share: USD thousands or RMB thousands; shares; %

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
Walsin Lihwa Holdings Limited	Director	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao, Patricia Chiao, David Wen	483,230,393	100.00%
Walsin (China) Investment Co., Ltd.	Chairman	Jian-Hua Cao	USD 0	0.00%
	General manager	Fred Pan	USD 0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited: Jian-Hua Cao, C.C. Chen, Fred Pan	USD 78,600	100.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited: Richard Wu	USD 78,600	100.00%
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Chairman	Witty Liao	USD 0	0.00%
	Vice Chairman	Cheng Hang	USD 0	0.00%
	General manager	Jen-Chan Huang	USD 0	0.00%
	Director	Representative of Shanghai Nanxiang Development Zone Industrial Co. Ltd. : Hang Cheng, Chi-Ming Chou	USD 671	4.29%
	Director	Representative of Walsin (China) Investment Co., Ltd.:Witty Liao, Jin-Renn Leu, Wei-Chih Hu, Allen Yang, Jen-Chan Huang	USD 14,956	95.71%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.: Richard Wu	USD 14,956	95.71%
Dongguan Walsin Wire & Cable Co., Ltd.	Chairman	Witty Liao	USD 0	0.00%
	General manager	Chang-Ming Wu	USD 0	0.00%
	Director	Representative of Walsin (China) Investment Co., Ltd.: Witty Liao, Chang-Ming Wu, Kiwi Lan	USD 26,000	100.00%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.: Richard Wu	USD 26,000	100.00%
Jiangyin Walsin Steel Cable Co., Limited (JHS)	Chairman	Witty Liao	USD 0	0.00%
	Vice Chairman	Lu Lu	USD 0	0.00%
	Director	Representative of Walsin (China) Investment Co., Ltd.: Witty Liao, Jen-Chan Huang, Sherry Ho	USD 20,000	100.00%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.: Richard Wu	USD 20,000	100.00%
Walsin International Investments Limited	Director	Representative of Walsin Lihwa Holdings Limited: C.C. Chen, Fred Pan	4,303,960,202	100.00%
	President	Tzu-Yi Chiao	0	0.00%
Borrego Solar Systems, Inc.	Chairman	Stan Chang	0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited: Stan Chang, Justin Wong, Sophi Pan	1,460,458	76.36%
	Director	Aaron Stephen Hall	160,774	8.41%
	Director	Michael Adam Hall	90,587	4.74%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
	CEO	Michael Adam Hall	90,587	4.74%
Walcom Chemicals Industrial Limited	Director	Hao Chi	174,999	35.00%
	Director	Qi-Ying Liang	1	0.00%
	Director	Yong-Taig Chen	0	0.00%
Nanjing Taiwan Trade Mart Management Co., Ltd.	Chairman	Tzu-Yi Chiao	USD 0	0.00%
	General manager	Min Zhou	USD 0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited: Tzu-Yi Chiao, Xue-Wu Wu, Min Zhou	USD 1,000	100.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited: Richard Wu	USD 1,000	100.00%
Concord Industries Limited	Director	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao, Patricia Chiao, Sophie Pan	285,903,187	100.00%
Walsin Specialty Steel Corp.	Director	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao, Patricia Chiao, David Wen	101,400,000	100.00%
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Chairman	C.C. Chen	USD 0	0.00%
	General manager	Hong-Sheng Sheu	USD 0	0.00%
	Director	Representative of Walsin Specialty Steel Corp.: C.C. Chen, Tain-Rong Chen, Allen Yang	USD 17,000	100.00%
	Supervisor	Representative of Walsin Specialty Steel Corp: Nora Lin	USD 17,000	100.00%
Changshu Walsin Specialty Steel Co., Ltd.	Chairman	Ping Juan	USD 0	0.00%
	General manager	Pei-Yuan Sun	USD 0	0.00%
	Director	Representative of Walsin Specialty Steel Corp: Ping Juan, Ting-Yeh Chien, Sherry Ho	USD 97,000	100.00%
	Supervisor	Representative of Walsin Specialty Steel Corp: Richard Wu	USD 97,000	100.00%
Yantai Walsin Stainless Steel Co., Ltd.	Chairman	Kevin Niu	USD 0	0.00%
	General manager	Nora Lin	USD 0	0.00%
	Director	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.: Kevin Niu, Nora Lin	USD 116,313	45.60%
	Director	Representative of Concord Industries Limited: Allen Yang	USD 138,753	54.40%
	Supervisor	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.: Richard Wu	USD 116,313	45.60%
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Chairman	Kevin Niu	USD 0	0.00%
	General manager	Nora Lin	USD 0	0.00%
	Director	Representative of director: Kevin Niu, Allen Yang, Nora Lin	USD 49,000	100.00%
	Supervisor	Representative of supervisor: Richard Wu	USD 49,000	100.00%
Walsin Precision Technology Sdn. Bhd	Chairman	Juei-Lung Chen	0	0.00%
	General manager	Pang Boon Wah	0	0.00%
	Director	Representative of Concord Industries Limited: Juei-Lung Chen, Pang Boon Wah, Josh Chia, Goh Lay Hong	32,178,385	100.00%
XiAn Walsin Metal Product Co., Ltd.	Chairman	Nora Lin	USD 0	0.00%
	General manager	Nora Lin	USD 0	0.00%
	Director	Representative of Concord Industries Limited: Nora Lin, Lei Chen, Allen Yang	USD 55,350	100.00%
	Supervisor	Representative of Concord Industries Limited: Sophi Pan	USD 55,350	100.00%
Ace Result Global Limited	Director	Representative of Walsin Lihwa Corporation: David Wen, Sophi Pan	44,739,988	100.00%
Chin-Cherng Construction Co.	Chairman	Wu-Shung Hong	392,763	0.08%
	General manager	Fred Pan	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: Yu-Cheng Chiao, Yu-Lon Chiao, Fred Pan, David Wen	515,699,455	99.22%
	Supervisor	Richard Wu	0	0.00%
Joint Success Enterprises Limited	Director	Representative of Chin-Cherng Construction Co.: Fred Pan, Sophi Pan, Patricia Chiao	37,461,816	50.95%
Walsin (Nanjing)	Chairman	Jian-Hua Cao	USD 0	0.00%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
Construction Limited	Vice Chairman	Fred Pan	USD 0	0.00%
	President	Wei-Hsiung Wang	USD 0	0.00%
	Director	Representative of Joint Success Enterprises Limited: Jian-Hua Cao , Yu-Lon Chiao, Fred Pan	USD 50,000	100.00%
	Supervisor	Representative of Joint Success Enterprises Limited: Richard Wu	USD 50,000	100.00%
Nanjing Walsin Property Management Co., Ltd.	Nanjing Walsin Property Management Co., Ltd.	Tzu-Yi Chiao	RMB 0	0.00%
	General manager	Lin Chen	RMB 0	0.00%
	Director	Representative of Walsin (Nanjing) Construction Limited: Tzu-Yi Chiao, Fred Pan, Kiwi Lan	RMB 1,000	100.00%
	Supervisor	Representative of Walsin (Nanjing) Construction Limited: Richard Wu	RMB 1,000	100.00%
Walsin Nanjing Culture and Arts CO., LTD.	Chairman	Wei-Hsiung Wang	RMB 0	0.00%
	General manager	Chin-Hui Wang	RMB 0	0.00%
	Director	Representative of Walsin (Nanjing) Construction Limited: Wei-Hsiung Wang, Chin-Hui Wang, Kiwi Lan	RMB 1,500	100.00%
	Supervisor	Representative of Walsin (Nanjing) Construction Limited: Sophi Pan	RMB 1,500	100.00%
Walsin Info-Electric Corp.	Chairman	David Wen	0	0.00%
	General manager	Yu-Min Lin	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: David Wen, C.C. Chen, Sherry Ho	9,491,461	98.87%
	Supervisor	Richard Wu	0	0.00%
Min Maw Precision Industry Corp.	Chairman	David Wen	0	0.00%
	General manager	David Wen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: David Wen, Sophi Pan, Allen Yang	26,565,000	100.00%
	Supervisor	Representative of Walsin Lihwa Corporation: Richard Wu	26,565,000	100.00%
Walton Advanced Engineering, Inc.	Chairman	David Wen	0	0.00%
	General manager	Kuo-Hui Chen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: David Wen, Kuo-Hui Chen, Allen Yang	1,000,000	100.00%
	Supervisor	Representative of Walsin Lihwa Corporation: Sophi Pan	1,000,000	100.00%
P.T. Walsin Lippo Industries	President Commissioner	Representative of P.T. Multi Prima Sejahtera, Tbk,: Rudy Nanggulangi	4,500	30.00%
	Vice President Commissioner	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao	10,500	70.00%
	President Director	Representative of Walsin Lihwa Corporation: Kai-Dai Ou Yang	10,500	70.00%
	Vice President Director	Representative of P.T. Multi Prima Sejahtera, Tbk,: Hery Soegiarto	4,500	30.00%
	Director	Representative of Walsin Lihwa Corporation: Sophi Pan, David Karman, Ardinand Roynald P, Andre Kelsen, Foe	10,500	70.00%
	P.T. Walsin Lippo Kabel	President Commissioner	Representative of P.T. Multi Prima Sejahtera, Tbk,: Rudy Nanggulangi	450,000
Vice President Commissioner		Representative of Walsin Lihwa Corporation: Yu-Lon Chiao	1,050,000	70.00%
President Director		Representative of Walsin Lihwa Corporation: Kai-Dai Ou Yang	1,050,000	70.00%
Vice President Director		Representative of P.T. Multi Prima Sejahtera, Tbk,: Hery Soegiarto	450,000	30.00%
Director		Representative of Walsin Lihwa Corporation: Sophi Pan, David Karman, Ardinand Roynald P, Andre Kelsen, Foe	1,050,000	70.00%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
PT Walsin Nickel Industrial Indonesia	President Commissioner	Representative of Walsin Lihwa Corporation: Sherry Ho	500,000	50.00%
	Commissioner	Representative of Perlux Investment Pte. Ltd.: Hsiung-Feng Mei	80,000	8.00%
	President Director	Representative of Walsin Lihwa Corporation: C.C. Chen	500,000	50.00%
	Director	Representative of Perlux Investment Pte. Ltd.: Chi-Chun Lin	80,000	8.00%
	Director	Representative of New Hono Investment Pte. Ltd.: Fan Chang	420,000	42.00%
	Director	Representative of Walsin Lihwa Corporation: Josh Chia, Ardinand Roynald P.	500,000	50.00%

## (6) Operating Condition of the Affiliated Companies

Unit: NT\$ thousands

Entity	Capital Stock	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (loss)	Net Income (loss)	Earnings (Loss) Per Share (NT\$)	
Walsin Lihwa Corporation	32,260,002	140,470,856	56,002,621	84,468,235	64,097,690	2,681,141	6,691,149	2.04	
Walsin Lihwa Holdings Limited (Note 1)	13,762,402	34,233,842	7,078,773	27,155,069	32,832,813	1,698,600	958,095	N/A	
The Subsidiaries of Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	2,238,528	20,562,779	16,378,316	4,184,463	35,577	(45,080)	295,662	N/A
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	445,057	1,735,552	648,974	1,086,578	1,998,888	76,654	81,268	N/A
	Dongguan Walsin Wire & Cable Co., Ltd.	740,480	4,314,372	2,661,385	1,652,987	11,769,105	(27,837)	88,040	N/A
	Jiangyin Walsin Steel Cable Co., Limited	569,600	2,614,642	1,822,667	791,975	1,790,466	91,363	78,641	N/A
	Walsin International Investments Limited	15,808,446	17,004,488	93,133	16,911,355	0	(20,039)	(49,650)	N/A
	Borrego Solar Systems, Inc.	467,280	8,006,015	4,311,690	3,694,325	17,082,387	1,699,177	1,245,256	628.10
	Nanjing Taiwan Trade Mart Management Co., Ltd.	28,480	89,546	522,642	(433,096)	164,409	(72,045)	(52,663)	N/A
Walcom Chemicals Industrial Limited	1,925	-	-	-	-	-	-	N/A	
Concord Industries Limited (Note 2)	8,142,523	14,678,978	9,744,263	4,934,715	11,354,500	249,309	365,570	N/A	
The Subsidiaries of Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	1,395,520	3,334,800	1,657,958	1,676,842	1,166,359	(26,938)	124,794	N/A
	Walsin Precision Technology Sdn. Bhd.	241,226	829,227	95,750	733,477	622,946	57,348	53,760	N/A
	Walsin Specialty Steel Corp	2,887,872	970,208	604	969,604	0	(45)	194,832	N/A
	Changshu Walsin Specialty Steel Co., Ltd.	2,762,560	2,747,740	2,083,335	664,405	2,386,051	161,951	202,980	N/A
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	484,160	229,651	8,598	221,053	0	(5,210)	(7,998)	N/A
	Yantai Walsin Stainless Steel Co., Ltd.	7,833,851	8,780,423	5,474,619	3,305,804	9,005,917	34,107	23,076	N/A
XiAn Walsin Metal Product Co., Ltd.	1,576,368	2,316	759,053	(756,737)	0	(534)	(10,711)	N/A	
Ace Result Global Limited	1,274,195	339,349	0	339,349	0	(50)	29,383	N/A	
P.T. Walsin Lippo Kabel	42,720	20,714	7,976	12,738	0	289	12,617	8.41	
Walsin Info-Electric Corp.	300,000	344,091	1,477	342,614	0	(3,052)	3,385	0.11	
P.T. Walsin Lippo Industries	427,200	1,313,639	193,990	1,119,649	722,183	82,605	23,311	1,554.07	
Chin-Cherng Construction Co. (Note 3)	5,197,316	18,450,399	6,726,353	11,724,046	6,262,992	3,204,448	720,099	1.39	
The Subsidiaries of Chin-Cherng Construction Co.	Joint Success Enterprises Limited	2,093,850	10,746,293	101,128	10,645,165	0	(1,239)	1,398,647	N/A
	Walsin (Nanjing) Development Limited	1,424,000	17,368,547	7,435,215	9,933,332	6,143,433	3,211,151	1,398,820	N/A
	Nanjing Walsin Property Management Co., Ltd.	4,365	54,560	53,706	854	110,940	(6,471)	(1,400)	N/A
Walsin Nanjing Culture and Arts Co., Ltd.	6,547	2,523	11,231	(8,708)	2,179	(6,400)	(4,685)	N/A	
Min Maw Precision Industry Corp.	265,650	882,116	547,472	334,644	79,600	56,216	38,121	1.44	
Waltuo Green Resources Corp.	10,000	8,838	2	8,836	0	(817)	(732)	(0.73)	
PT Walsin Nickel Industrial Indonesia	2,848,000	8,181,424	5,370,718	2,810,706	0	(20,739)	(38,694)	(38.69)	

Note 1: The assets, liabilities and net income of Walsin Lihwa Holdings Limited include the subsidiaries'.

Note 2: The assets, liabilities and net income of Concord Industries Limited include the subsidiaries'.

Note 3: The net income of Chin-Cherng Construction Co. include the subsidiaries'.

Note 4: The currency exchange rate was as follows:





2020/12/31 US\$/NT\$=1: 28.48 ( exchange rate for profit/loss entries: US\$/NT\$ =1: 29.549 )  
2020/12/31 RMB/NT\$=1: 4. 36484 ( exchange rate for profit/loss entries: RMB/NT\$=1: 4.28608 )

- 2. Progress of private placement of securities during the latest year and up to the date of annual report publication: None**
- 3. The subsidiaries' shareholding or disposal of the company's shares during the latest year and up to the date of annual report publication: None**
- 4. Other supplemental information: None**
- 5. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act during the most recent year and up to the annual report publication date: None.**

Walsin Lihwa Corporation

Yu-Lon Chiao