

Walsin Lihwa Corporation

2021 Annual Report

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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

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6. Overseas Securities Exchange

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

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

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



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I Letter to Shareholders

Dear Shareholders,

The Company's operations in 2021 have been affected by the ups and downs of the COVID-19 pandemic in the past three years, as well as the new situation of regional economic development. In response to the risk of climate change, with the goal having moved from carbon neutrality to net zero emissions, corporate management is not only the pursuit of the best interests of shareholders, and ESG has become the most important responsibility of corporate sustainable management. In the face of the current challenges, the Company has been able to grasp the key business opportunities and move forward steadily. In 2021, net income after tax reached NT\$14.6 billion and earnings per share were NT\$4.27, the best operating performance in history. We are committed to being a better and stronger company, and in a changing environment, we are able to enhance our competitive edge in differentiation and demonstrate our brilliant and profitable results. Looking ahead to the year 2022, the Company is still committed to the goal of corporate sustainable development, continuing to promote corporate process reengineering, intelligent manufacturing and automated production, actively carrying out investments and construction in energy conservation, green energy and circular economy, strengthening the Company's resilience and core competitiveness, and pursuing the creation of corporate value for the benefit of stakeholders.

Accomplishments in 2021

The Company's consolidated revenue for the year 2021 was NT\$156.7 billion and consolidated gross profit was NT\$19.8 billion, a year-on-year increase of 39% and 59% respectively. Total operating income reached NT\$13.3 billion, a year-on-year increase of more than 80%. In addition to the doubling of the operating income of the Wire and Cable Business Group, the growth was mainly driven by the quadrupling of the operating income of the Stainless Steel Business Group, as well as the operating income of the Commodity Business Group, which benefited from new investments such as the nickel iron and power plant in Indonesia, pushing the Company's annual profit to a record high.

Wire and Cable Business:

The overall profit of the wire and cable business grew compared to the previous year, benefiting from the return of Taiwanese businessmen and the expansion of private investment in factory construction, which led to an increase in demand for power cables. With the increasing sales of our main products, such as power and

telecommunication cables, we continued to maintain our leadership in market share.

Stainless Steel Business:

The Stainless Steel Business's overall profit increased significantly compared to previous years. In the face of the volatility of supply and demand in the raw material market, we were able to effectively control the procurement of materials and fully satisfy customers' needs through timely adjustment of production capacity and accurate delivery, thus effectively grasping market opportunities and enhancing our market competitiveness.

Commodity Business:

The nickel pig iron plant in Indonesia was not affected by the pandemic, with the construction being completed according to the timeline. The RKEF production line was completed in mid-2021 and the power plant commenced operation at the end of 2021. All production lines will be in full operation in 2022 to ensure high production capacity and effectively reduce the risk of raw material price fluctuations.

Real Estate Business:

The Taipei headquarters, Xinyi Building, is generating stable rental income; Phase II of Lot AB in Nanjing, China, including One Mall, has not been affected by the pandemic and has seen steady growth in foot traffic and sales; the construction of the No.6 Building and the leasing of 12 floors of commercial and office space resulted in stable rental income flow.

Summary of 2022 Business Plan

Wire and Cable Business:

We will grasp the business opportunities of plant construction and provide customers with accurate services to maintain our market leadership position. We will also expand our deployment in the industrial cable market. In addition to the sales of cables for harbor machinery, we are also actively engaged in green energy cables and developing new products to capture the growing business opportunities in the green energy industry, such as solar and wind energy.

Stainless Steel Business:

In the face of external environmental impacts such as the pandemic and carbon neutrality issues, we will continue to reduce carbon emissions in the manufacturing process to improve overall production efficiency and pursuit environmental conservation and energy saving, while accelerating new product development and expanding the proportion of high-value products to strengthen our product competitiveness.



Commodity Business:

We will control the management of the whole production operation of nickel production plants and power plants, integrate the procurement of raw materials and risk management of each business unit, and continue to deepen the cooperation relationship with green energy suppliers, for the purpose of constructing a green supply chain to meet the trend of sustainable management, as well as achieving the goal of minimizing risks and reducing production costs.

Real Estate Business:

No. 1 Office Building, Phase II of Lot AB in Nanjing, China, is expected to be completed in mid-2022, and is actively engaged in leasing and sales plans; the commercial department on Floors 1-4 and office space on Floors 5-12 of the No.6 Building have been leased; and One Mall has adjusted its store mix to enhance operational performance.

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

Looking ahead to 2022, the short-term operational challenges posed by inflation, abnormal volatility in the supply of raw materials and financial trading markets, and rising geopolitical risks are testing the Company's momentum of maintaining its stable profit growth. The Company's long-term operation strategy is based on industrial automation and intelligence, energy saving and environmental protection, and R&D innovation, and the creation of a customer value chain through manufacturing services, with a view to enhancing the core competitiveness of the Company and laying the foundation for its long-term stable growth.

Chairman Yu-Lon Chiao

II Company Profile

1. Date of establishment December 2, 1966

2. Company History & Evolution

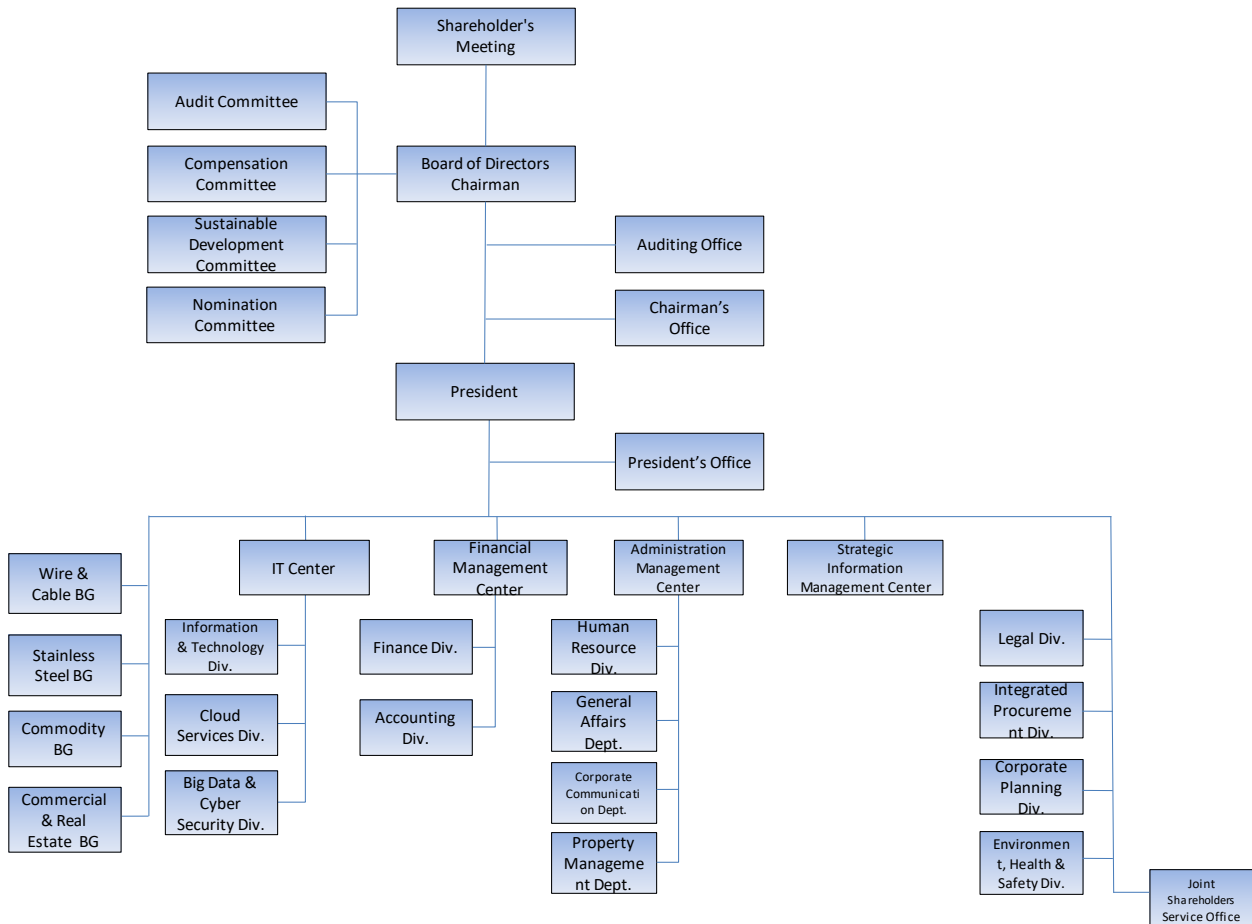
- 1966 Walsin Wire & Cable Co., Ltd. established.
- 1969 Walsin and Lihwa merged and renamed as Walsin Lihwa Wire & Cable Co., Ltd.
- 1970 Formed technological partnerships with Western Electric in the U.S. and Fujikura in Japan and began production of plastic insulation telephone cable.
- 1972 Began 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 tonnes of low-oxygen copper rods.
- 1982 Expanded SCR production facilities to increase annual manufacturing capacity to 100,000 tonnes 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 tonnes. Total copper production increased from 400,000 to 650,000 tonnes.
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 tonnes.
- 2018 The roughing mill 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 PT Walsin Nickel Industrial Indonesia to extend into the production and sale of upstream raw materials for stainless steel.
- 2021 Construction of nickel iron production line in Indonesia was completed, and nickel metal, the raw material for stainless steel, started to be produced.

III Corporate Governance Report

1. Organizational Chart

(1) Company Organization Chart (March 18, 2022)



(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.
Nomination Committee	Assisting the Board of Directors in developing and identifying candidates for Board members and senior management and their independence standards, establishing and periodically reviewing a continuing education and succession plan, and ensuring that the Company operates in accordance with the Corporate Governance Best Practice Principles.
Auditing Office	Responsible for planning and auditing internal auditing systems.
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.

Department	Job Duties & Functions
	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.
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.
Commodity BG	Responsible for raw material procurement transactions, control of raw material price risk, and operation management of Walsin Nickel Industrial Indonesia.
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.
Financial Management Center	Responsible for the operation of financial accounting system and participating in the management and decision-making.
Administration Management Center	Responsible for human resources, procurement, media and general affairs, etc.
Strategic Information Management Center	Responsible for data utilization indicator design and action plan planning, data analysis and modeling, data management and information security, internal and external resources integration and management.
Legal Division	Responsible for legal risk management and the preparation and management of various contracts, legal disputes, litigation or non-litigation cases.
Integrated Procurement Div.	Responsible for procurement policy formulation and improvement of procurement system, cross-regional procurement resource allocation and integration, joint bargaining for the best procurement cost, and establishment of strategic partnership with important suppliers.
Corporate Planning Div.	Responsible for investment planning and execution related to company strategy.
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.
Joint Shareholders Service Office	Responsible for the planning and execution of the Company's shareholder services and the administration matters relating thereto.

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

(1) Information on Directors

Title	Nationality or Registration Country	Name	Gender & Age	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 61-70 years old	May 29, 2020	3 years	April 10, 1981	45,961,773	1.38%	47,161,773	1.37%	19,638,314	0.57%
Vice Chairman	R.O.C.	Patricia Chiao	Female 61-70 years old	May 29, 2020	3 years	May 31, 2005 (Note2)	91,969,006	2.77%	93,169,006	2.72%	0.00	0.00%
Director	R.O.C.	Yu-Cheng Chiao	Male 61-70 years old	May 29, 2020	3 years	April 10, 1981	39,508,661	1.19%	40,661,551	1.19%	19,032,428	0.55%
Director	R.O.C.	Yu-Heng Chiao	Male 61-70 years old	May 29, 2020	3 years	April 18, 1990	57,792,197	1.74%	61,072,197	1.78%	10,274,952	0.30%

December 31, 2021

	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; Director/ Vice President Commissioner of Hangzhou Walsin Power Cable & Wire Co., Ltd., 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.	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., HannStar Board Corporation (Jiangyi), Silitech Technology Corporation, and Yu Yue Corporation; Vice Chairman of Career Technology Mfg. Co., Ltd.; Director of Sheng Cheng Industry, An Xin e-Commerce, Inpaq Technology Co., Ltd., and VVG 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 & Age	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 71-80 years old	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 51-60 years old	May 29, 2020	3 years	June 11, 2014	244,033	0.01%	244,033	0.01%	54,205,908	1.58%
Director	R.O.C.	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	- Male 51-60 years old	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	6.41% 0%	- 0	- 0.00%
Independent Director	R.O.C.	Ming-Ling Hsueh	Male 61-70 years old	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	0	0.00%

December 31, 2021

	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, and Online Banking Investment Co., Ltd.; Director of HannStar Color Co., Winbond Electronics Corporation, United Integrated Services Co., Ltd., and White Stone Management Consultancy.	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; Adjunct Professor, School of Management, National Taiwan University of Science and Technology.	Independent Director of Yuanta Financial Holdings & Yuanta Commercial Bank, TTY Biopharm and Lite-On Technology Corporation; Director of Tung Hua Book Co., Ltd.	None	None	None	None

Title	Nationality or Registration Country	Name	Gender & Age	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 71-80 years old	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 51-60 years old	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 61-70 years old	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.

December 31, 2021

	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.	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 Nanjing Mercuries Development of Software Co., Ltd., Mercuries Insurance Agent Co., Ltd. and Hipact Tech Inc.; 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; Supervisor of Digicentre Co., Ltd.; Independent Director of Teco Image Systems Inc.; Director of Taiwan Masters Golf Promotion Foundation, and Institute for National Policy Research Foundation; 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, 2021

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 the institutional shareholder. The shareholding ratios are rounded to the nearest hundredth percent.

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

December 31, 2021

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Winbond Electronics Corporation	Walsin Lihwa Corporation	22.21%
	Chin-Xin Investment Co., Ltd	6.01%
	LGT Bank (Singapore) Investment Fund under the custody of Business Department of Standard Chartered Bank (Taiwan) Limited	1.65%
	Yu-Cheng Chiao	1.47%
	2008-1 New Labor Pension Fund Investment Account (Discretionary Mandate with Polaris Securities)	1.28%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.03%
	Pai-Yung Hong	0.97%
	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	0.94%
	iShares MSCI Taiwan Index ETF Investment Fund under the custody of Business Department of Standard Chartered Bank (Taiwan) Limited	0.83%
	Yu-Heng Chiao	0.75%

Note: Top ten shareholders of the institutional shareholder. The shareholding ratios are rounded to the nearest hundredth percent.

March 15, 2022

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.	7.33%
	Winbond Electronics Corporation	6.47%
	Chin-Xin Investment Co., Ltd	6.41%
	TECO Electric and Machinery Co., Ltd.	5.98%
	Rong Jiang Co., Ltd.	4.31%
	Huali Investment Corp.	2.91%
	Patricia Chiao	2.72%
	Investment Account of Banque Pictet & CIE SA under the custody of HSBC	1.81%
	Yu-Heng Chiao	1.78%
	Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	1.52%

Note: Top ten shareholders of the institutional shareholder. The shareholding ratios are rounded to the nearest hundredth percent.

December 31, 2021

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. 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 Fubon Life Insurance Co., Ltd. Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch Giga Investment Co.	18.30% 7.55% 3.21% 2.74% 2.74% 2.65% 1.77% 1.64% 1.45% 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. Walsin Color Corporation Yu Yueh Co., Ltd.	20.32% 12.06% 5.43% 3.54% 2.18% 1.86% 1.49% 1.07% 0.95% 0.89%
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation Walton Advanced Engineering, Inc. Yu-Heng Chiao Ta-Ho Maritime Corporation ABC Taiwan Electronics Corp Wen-Che Shen Chiao-Fang Hsu Investment Account of Mercer Investment No. 1 Fund Entrusted by Mercer QIF Fund Company with the External Manager, Fei-Si Investment Management Co., Ltd., under the custody of Business Department of Standard Chartered Bank (Taiwan) Limited Tsung-Yuan Huang UBS Europe SE Investment Fund under the custody of Citibank, Taipei Branch	43.13% 0.75% 0.62% 0.55% 0.47% 0.44% 0.33% 0.30% 0.28% 0.25%

Note: Top ten shareholders of the institutional shareholder. The shareholding ratios are rounded to the nearest hundredth percent.

3. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence (Note 2)	Number of Other Public Companies Where He/She Acts as Independent Directors Concurrently
Yu-Lon Chiao	Mr. Yu-Lon Chiao joined Walsin Lihwa in 1983 and has served as Vice President, President, Vice Chairman, and CEO, and took over as Chairman in 1996. Mr. Chiao, highly experienced in the wire and cable, stainless steel, electronic technology, commercial and real estate industries, has focused on the management of the Company and led the Company's continuous growth with good results. He has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Yu-Lon Chiao, Chairman, has not been involved in any of the circumstances described in Subparagraph 6, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Patricia Chiao	Patricia Chiao, Vice Chairman, has been with the Company since 1981, has served as Assistant Vice President of the Finance Department, Special Assistant to the President, Associate Manager and Vice President of the Commodity Center and Financial Investment Management Center, General Manager of the Copper Business Group, and General Manager of the Wire and Cable Business Group, and has served as Vice Chairman since 2016. She is familiar with the organization and business operations of the Company and has professional knowledge and experience in management, investment judgment and human resources. She has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Patricia Chiao, Vice Chairman, has not been involved in any of the circumstances described in Subparagraphs 6 and 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Yu-Cheng Chiao	Yu-Cheng Chiao, Director, served as Chairman of the Company from 1986 to 1994. Currently, he serves as Chairman of Winbond Electronics Corporation, Independent Director of Taiwan Cement Corporation, Director of Walsin Technology Corporation. He served as, among others, Chairman of Nuvoton Technology Corporation and Director of Taiwan Electrical and Electronic Manufacturers' Association, received the ERSO Award and was elected as the eighth member of ITRI. Therefore, he has the necessary expertise and experience in management and business development of the Company. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Yu-Cheng Chiao, Director, has not been involved in any of the circumstances described in Subparagraphs 1 and 6, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Yu-Heng Chiao	Yu-Heng Chiao, Director, the Vice President and Vice Chairman of the Company from 1990 to 1996. Currently, he acts as Chairman of Walsin Technology Corporation, HannStar Board Corp., Global Brands Manufacture Ltd., Walton Advanced Engineering, Inc., Prosperity Dielectrics Co., Ltd., Info-Tek Corp., and Silitech Technology Corporation. Therefore, he has the necessary expertise and experience in management and business development of the Company. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Yu-Heng Chiao, Director, has not been involved in any of the circumstances described in Subparagraph 1 and Subparagraphs 6 to 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence (Note 2)	Number of Other Public Companies Where He/She Acts as Independent Directors Concurrently
Andrew Hsia	Andrew Hsia, Director, serves as Vice President and Spokesman of Phu My Hung International Corporation and Chief Representative of Central Trading & Development Corporation (Samoa). He served as, among others, a diplomat of the Republic of China, Chairman of the Mainland Affairs Council, Deputy Minister of the Ministry of National Defense, Representative of the Ministry of Foreign Affairs in Indonesia, and Head of Political Section, Ministry of Foreign Affairs. He has a background of legal and diplomatic expertise and an international perspective, and is familiar with the economies and markets of the Southeast Asian region. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Andrew Hsia, Director, has not been involved in any of the circumstances described in Subparagraph 1 and Subparagraphs 3 to 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Wei-Shin Ma	Wei-Shin Ma, Director, serves as CEO and Chairman of HannsTouch Solution Inc., Chairman of Golden Apple Investment Company, and Chairman of Online Banking Investment Co., Ltd., Director of White Stone Management Consultancy and Director of United Integrated Services Co., Ltd. She served as Chairman of HannStar Display Corp. and Chairman of Yuanta Securities Investment Trust Corporation. She has experience in business, finance and accounting, with expertise in technology leadership, operational judgment and management. In addition, she has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Wei-Shin Ma, Director, has not been involved in any of the circumstances described in Subparagraph 1 and Subparagraphs 6 to 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	Pei-Ming Chen, Director, is President of Winbond Electronics Co. Ltd. He was Chairman of Nuvoton Technology Co. Ltd. and Vice President of DRAM Products Business Group and Sales Center of Winbond Electronics Co. With his primary education in electrical engineering and his work experience focused on the semiconductor business, he has participated in many mergers and acquisitions and international business integration and therefore has the necessary experience and expertise in business management and development of the Company's business. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Pei-Ming Chen, Director, has not been involved in any of the circumstances described in Subparagraphs 1, 3, 4, 6, 7, and 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Ming-Ling Hsueh	Ming-Ling Hsueh, Independent Director, used to act as PwC Taiwan Director, and is Independent Director of Yuanta Financial Holdings & Yuanta Commercial Bank, Lite-On Technology Corporation, and TTY Biopharm, and Director of Tung Hua Book Co., Ltd. He is also Adjunct Professor, School of Science and Technology Management, National Tsing Hua University, Adjunct Professor, School of Management, National Taiwan University of Science and Technology, and Executive Director, Taiwan Corporate Governance Association. Therefore, he has professional knowledge and background in finance, accounting and corporate governance. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Ming-Ling Hsueh, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	3

Qualification Name	Professional Qualifications and Experience (Note 1)	Independence (Note 2)	Number of Other Public Companies Where He/She Acts as Independent Directors Concurrently
King-Ling Du	King-Ling Du, Independent Director, was Executive Vice President, Vice President of Business and Planning and Engineering, and Representative in Singapore and New York, USA, of China Steel Corporation; General Manager, Kaohsiung Rapid Transit Corporation; and Chairman, China Ecotek Corporation. He is currently Director of Sheh Fung Screws Co., Ltd and Green River Holding Co., Ltd. He has long experience in the steel industry and is familiar with the planning and promotion of production, plant expansion and environmental protection projects, with expertise in mechanical engineering, industrial development and operation management. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	King-Ling Du, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	0
Shiang-Chung Chen	Shiang-Chung Chen, Independent Director, served in the Stainless Steel Business Group of the Company from 1993 to 2004 as Head of Division. He is now Chairman and President of Mercuries Data Systems Ltd. and Independent Director of Hipact Tech Inc., Nanjing Mercuries Development of Software Co., Ltd., Mercuries Insurance Agent Co., Ltd. and Teco Electric & Machinery Co., Ltd. He has long experience in the system and platform development and integration engineering business in the information industry and is also familiar with the production and sales management of stainless steel business; therefore, he has the necessary professional and work experience for the Company's business. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Shiang-Chung Chen, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	1
Fu-Hsiung Hu	Fu-Hsiung Hu, Independent Director, was Vice Chairman, Council of Agriculture, Executive Yuan; Director of Department of Economic Energy and Agriculture, Executive Yuan; Director of the Office of the President of the Executive Yuan; Chairman of Joint Credit Information Center, Taiwan Cooperative Securities, and National Animal Industry Foundation; Director, Mega International Commercial Bank and Taiwan Cooperative Bank; Managing Director, Central Trust of China; Director, Straits Exchange Foundation. He is currently acting as Managing Director of O-Bank, with professional knowledge and background in business administration, finance and securities, and credit information. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Fu-Hsiung Hu, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	1

Note 1: None of the Independent Directors of the Company are directors, supervisors or employees of companies with specific relationships with the Company and have not received compensation for providing business, legal, financial or accounting services to the Company or its affiliates in the last two years.

4. Diversity and Independence of the Board

(1) Diversity of the Board

In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles and the "Principles of Election of Board Members and Managers and Guidelines for Continuing Education and Succession Planning" established by the Company in November 2021, the Board of Directors will implement the objectives of diversity and independence in terms of expertise, experience and gender required for Board members, and will continue to invite appropriate candidates to join the Board of Directors in accordance with the above objectives in order to strengthen the balance of the Board of Directors in response to the Company's development strategies and changes in the internal and external environment. In order to achieve the desired objectives of corporate governance, the Board of Directors of the Company is composed of members from the management team, managers of relevant industries and professionals with financial, business and accounting backgrounds, who effectively perform the duties of Board members with different fields and work backgrounds. These duties include establishing and maintaining the Company's vision and values, assisting in promoting corporate governance and strengthening management, overseeing and evaluating the implementation of management policies and operational plans, and being responsible for the Company's overall economic, social, and environmental operations to enhance corporate governance and corporate value from the perspective of stakeholders.

The Company has built its strength by being focused on the wire and cable, stainless steel, commodity, and commercial real estate fields and become a model of business excellence moving towards the manufacturing service industry. If we look at the list of directors of the Company, Yu-Lon Chiao, Chairman, has been working in the business field of the Company for a long time and has a good understanding of the operation and development of the industry, with an open-minded leadership style that encourages adoption of suggestions; Director Yu-Cheng Chiao and Director Yu-Heng Chiao have joined the management team of the Company and therefore are familiar with the organization and business operation of the Company and are good at operation management; Andrew Hsia, Director, comes from a diplomatic background with an international perspective and therefore has a good grasp of the conditions of the Southeast Asian market and can fully assist the Company in making relevant investment decisions; Director Pei-Ming Chen's work experience is focused on semiconductor business, and he has participated in many mergers and acquisitions and international business integration and therefore has operational management experience and expertise. As for the two female Directors, Director Patricia Chiao specializes in operational management, investment judgment and human resources, while Director Wei-Shin Ma specializes in technology leadership, operational judgment and operational management. The Company's Independent Directors have industry knowledge and an international market perspective, with Independent Director Ming-Ling Hsueh specializing in finance, accounting and corporate governance, Independent Director Fu-Hsiung Hu having expertise and experience in business administration, finance and securities, and credit information, Independent Director King-Ling Du having extensive steel expertise and being familiar with the development and management of the stainless steel industry, and Independent Director Shiang-Chung Chen specializing in intelligent technology leadership with a good grasp of the development of Industry 4.0.

(2) Independence of the Board:

There are 11 Directors of the Company, including 4 Independent Directors, whose terms of office do not exceed three consecutive terms, so as not to reduce their independence due to long tenure and to enable them to exercise their duties and responsibilities objectively, and none of them are subject to Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The Company should have only 3 Independent Directors in accordance with the law, but it has four Independent Directors, one more than legally required, which exceed the statutory target and account for 36% of all Directors of the Company, in order to improve the Company's operation and development and operation of corporate governance practices.

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

Title	Nationality	Name	Gender	Date appointed (Note1)	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	0	0.00%	0	0.00%	0	0.00%
President of Commodity BG	R.O.C.	Josh Chia	Male	June 13, 2019	0	0.00%	11,559	0.00%	0	0.00%

December 31, 2021

	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.	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.; Director of Walsin International Investment, Walsin China Investment Co., Ltd., Walsin Info-Electric Inc. and PT. Walsin Nickel Industrial Indonesia.	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 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.	Chairman of PT. Walsin Nickel Industrial Indonesia; Director of Walsin Precision Technology Co., Ltd. and New Hono Investment PTE. LTD.	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.	Hueiping Lo (Note 3)	Female	January 22, 2021	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: Ms. Hueiping Lo took office as Head of Corporate Governance effective from January 22, 2021.

	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		
	Master of Graduate Institute of Accounting, Soochow University; former Vice President of Taiwan Cooperative Securities, Associate Manager of KGI Commercial Bank, and Associate Manager of China Development Financial Holding Corporation.	Director of Hannstar Display Corporation and PT. Walsin Nickel Industrial Indonesia.	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, Yenshiu Plant of the Company, Control Officer of Stainless Steel BU, Head of Auditing Division, and Head of General Manager Office.	Director of New Hono Investment PTE. LTD.; 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	Name	Directors Remuneration								
		Remuneration (A) (Note 1)		Pension (B)		Remuneration to Directors (C) (Note 2)		Business Expense (D) (Note 3)		
		Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	
Director	Chairman	Yu-Lon Chiao								
	Vice Chairman	Patricia Chiao								
	Director	Yu-Cheng Chiao								
	Director	Yu-Heng Chiao								
	Director	Wei-Shin Ma								
	Legal Person Director and Representative	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	51,280,000	51,280,000	0	0	55,000,000	55,000,000	4,397,880	4,421,880
	Director	Andrew Hsia								
Independent Director	Independent Director	Ming-Ling Hsueh								
	Independent Director	King-Ling Du								
	Independent Director	Shiang-Chung Chen								
	Independent Director	Fu-Hsiung Hu	2,940,000	2,940,000	0	0	20,000,000	20,000,000	4,760,000	4,760,000

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 services provided to all companies listed in the financial statements (such as acting as advisors of parent companies/all companies /investees listed in the financial statements who are not an employee thereof) in the most recent year: 0

Unit: NT\$

Ratio of total (A), (B), (C) and (D) to after-tax loss (Note 7) (%)		Remuneration Received as Employee								Total of (A), (B), (C), (D), (E), (F) and (G) and its Ratio to After-tax Income (Note 7) (%)		Remuneration from Re-investments other than Subsidiaries (Note 8)	
		Salary, Bonus and Special Allowance (E) (Note 4)		Pension (F)		Employee Bonus (G) (Note 5)							
		Company	All Companies In Financial Statements	Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company					All Companies In Financial Statements (Note 6)
Cash Bonus	Stock Bonus							Cash Bonus	Stock Bonus				
110,677,880 0.7559	110,701,880 0.7560	0	0	0	0	0	0	0	0	0	110,677,880 0.7559	110,701,880 0.7560	243,278,328
27,700,000 0.1892	27,700,000 0.1892	0	0	0	0	0	0	0	0	0	27,700,000 0.1892	27,700,000 0.1892	832,300

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	All Companies Listed in the Financial Statements	The Company	The Company and All Investees
<NT\$1,000,000				
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)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Yu-Cheng Chiao, Andrew Hsia, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd., Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu	Yu-Cheng Chiao, Andrew Hsia, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd., Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu	Yu-Cheng Chiao, Andrew Hsia, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd., Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu	Andrew Hsia, Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				Chin-Xin Investment Co., Ltd.
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Yu-Lon Chiao, Patricia Chiao	Yu-Lon Chiao, Patricia Chiao	Yu-Lon Chiao, Patricia Chiao	Yu-Lon Chiao, Patricia Chiao, Wei-Shin Ma
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				Yu-Cheng Chiao
> NT\$100,000,000				Yu-Heng Chiao
Total	11	11	11	11


Note 1: 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 2: Remunerations to Directors in 2021 approved by the Board of Directors have been listed.

Note 3: Refers to the expenses incurred by Directors in 2021 to perform relevant duties (including transportation, attendance fees, special disbursements and various allowances).

Note 4: 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 2021. In addition, the Company's remuneration to chauffeurs totaled NT\$2,763,894/year.

Note 5: 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 2021; employee bonus for 2021 was approved by the Board of Directors.



Note 6: Refers to the total pay to the Company's Directors from all companies in the consolidated statements (including the Company).

Note 7: After-tax net income refers to the after-tax net income of the stand-alone financial statements in 2021, which amounts to NT\$14,642,629,000.

Note 8: 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.

* 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	Name	Remuneration (A) (Note 1)		Pension (B)		Bonus and Special Allowances (C) (Note 2)	
		Company	All Companies In Financial Statements (Note 4)	Company	All Companies In Financial Statements (Note 4)	Company	All Companies In Financial Statements (Note 4)
President & President of Commerce & Real Estate BG	Fred Pan	22,357,657	22,357,657	1,285,255	1,285,255	45,371,697	45,395,697
Executive Vice President	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						

Table of Remuneration Ranges

Range of Remuneration Paid to President and Vice Presidents	Names of President and Vice Presidents	
	The Company	The Company and All Investees
<NT\$1,000,000		
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)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	C.C. Chen, Jin-Renn Leu	C.C. Chen, Jin-Renn Leu
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Josh Chia	Josh Chia
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Fred Pan, Kevin Niu	Fred Pan, Kevin Niu
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	5	5

Note 1: The most recent annual salary, managerial bonus, and severance pay of the presidents and vice presidents are presented above.

Note 2: 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 or above in 2021. In addition, the Company's remuneration to chauffeurs totaled NT\$1,234,736/year.

Note 3: Refers to employee bonuses (including stock and cash bonuses) approved by the Board of Directors for distribution to managers ranked vice president or above in 2021.

Note 4: Discloses the total payment to manager's ranked vice president or above from all companies in the consolidated statements (including the Company).

Note 5: a. This field shows the amount of related remuneration managers ranked vice president 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 or above while serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.

Note 6: After-tax net income refers to the after-tax net income of the standalone financial statement in 2021, which amounts to NT\$14,642,629,000.

* 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 3)				Total of (A), (B), (C) and (D) and Its Ratio to After-tax Income (%) (Note 6)		Remuneration from Re-investments or Parent Company other than Subsidiaries (Note 5)
	Company		All Companies In Financial Statements (Note 4)		Company	All Companies In Financial Statements (Note 4)	
	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
	5,753,100	0	5,753,100	0	74,767,709 0.5106	74,791,709 0.5108	667,000

(3) Distribution of Employee Bonus to Managers

March 10, 2021

	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	NT\$6,787,400	NT\$6,787,400	0.0464
	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 Corporate Governance	Hueiping Lo (Note 1)				
	Head of Accounting Dept.	Richard Wu				

Note 1: Ms. Hueiping Lo took office as Head of Corporate Governance effective from January 22, 2021.

- ※ This Table lists managers in active duty as of the end of 2021 and their summarized 2021 employee bonus for managers approved by the Board of Directors.
- ※ After-tax net income refers to the after-tax net income of the stand-alone financial statements in 2021.

- (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)			
	2021		2020	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Director	0.95	0.95	1.31	1.31
President and Vice President	0.51	0.51	0.61	0.61

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

(1) 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 (such as serving on functional committees or being invited to important business meetings), 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.

(2) In order to ensure that the performance of managers is closely linked to the Company's strategy and that their overall compensation is competitive, the Company has established the Regulations for the Evaluation of Managerial Performance and Compensation as the basis for performance evaluation and compensation of managers. The aforementioned regulations include policies, systems, standards and structures for performance evaluation and compensation of managers, which shall be reviewed by the Compensation Committee and submitted to the Board of Directors for approval. Manager's remuneration includes salary and bonus: their salary is based on the Company's business strategy and profitability by taking into account the manager's professional ability, scope of responsibility and market competitiveness; for the bonus, the Company will take into account the results of individual performance evaluation, the reasonableness of the link between its operating performance and future risks. However, if there is a significant risk event that affects the Company's reputation, internal mismanagement, personnel malpractice and other risk events attributable to any manager, the bonus payable to him/her will be reduced or cancelled. The manager's performance evaluation structure consists of "results evaluation" and "function evaluation". After setting targets at the beginning of the year, the management performance review is conducted quarterly and the performance evaluation is conducted semi-annually. Such evaluation is based on, among others, the achievement of profit targets, the improvement of organizational decision-making and execution capabilities, the training of key leaders, and the implementation of CSR and corporate governance. The Compensation Committee will make a proposal for such bonus and the Board of Directors will approve the same.

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 8 meetings in 2021.

1. The attendance records for Directors are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Percentage (%)	Remarks
Chairman	Yu-Lon Chiao	8	0	100%	None
Vice Chairman	Patricia Chiao	7	1	88%	None
Director	Yu-Cheng Chiao	8	0	100%	None
Director	Yu-Heng Chiao	7	1	88%	None
Director	Andrew Hsia	8	0	100%	None
Director	Wei-Shin Ma	8	0	100%	None
Director	Representative of Chin-Xin Investment Co., Ltd.: Pei-Ming Chen	8	0	100%	None
Independent Director	Ming-Ling Hsueh	8	0	100%	None
Independent Director	King-Ling Du	8	0	100%	None
Independent Director	Shiang-Chung Chen	7	1	88%	None
Independent Director	Fu-Hsiung Hu	8	0	100%	None

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

✓: Attended in Person; ⊙: Attended by Proxy

19 th Term	5 th Meeting January 22, 2021	6 th Meeting February 26, 2021	7 th Meeting April 9, 2021	8 th Meeting May 7, 2021
Ming-Ling Hsueh	✓	✓	✓	✓
King-Ling Du	✓	✓	✓	✓
Shiang-Chung Chen	✓	✓	✓	✓
Fu-Hsiung Hu	✓	✓	✓	✓

19 th Term	9 th Meeting June 25, 2021	10 th Meeting August 6, 2021	11 th Meeting November 5, 2021	12 th Meeting December 13, 2021
Ming-Ling Hsueh	✓	✓	✓	✓
King-Ling Du	✓	✓	✓	✓
Shiang-Chung Chen	✓	⊙	✓	✓
Fu-Hsiung Hu	✓	✓	✓	✓

Other details that need to be recorded in meeting minutes:

1. 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, 2021

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)
19 th Term 5 th Meeting January 22, 2021	Proposal: Approval for the Company's 2021 annual business plan. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for 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 loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries, in a total amount of US\$682 million and RMB1,127 million respectively. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to acquire additional common shares of TECO Electric & Machinery Co., Ltd. for not more than NT\$1.8 billion. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to review manager's performance as well as 2020 bonuses and compensation. Resolution: Proposal passed.	None	None	None
	Proposal: Advice on Chairman's and Vice Chairman's 2020 performance bonus. Resolution: Proposal passed. Recusal: Yu-Lon Chiao and Patricia Chiao	None	None	None
19 th Term 6 th Meeting February 26, 2021	Proposal: Advice on Company's distributions for 2020 director and employee remunerations. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to prepare the Company's management's reports on the internal control system for 2020. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to lift the non-competition ban for the Company's Directors.	None	None	None

December 31, 2021

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)
	Resolution: Proposal passed. Recusal: Yu-Lon Chiao and Wei-Shin Ma			
	Proposal: Proposal for Walsin Lihwa Holdings Limited to inject its capital into Walsin International Investment Co., Ltd. in the amount of US\$45 million. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for Walsin International Investment Co., Ltd. to lend the Company US\$45 million. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to issue domestic secured straight corporate bonds, in order to enhance the medium and long-term working capital and strengthen the financial structure of the Company. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for Walsin Lihwa Holdings Limited to transfer its shares in Borrego Solar Systems, Inc. to the Company and to carry out a capital reduction in the same amount. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for Walsin Specialty Steel Co., Ltd. to transfer its shares in Walsin Precision Technology Sdn. Bhd. to the Company and to carry out a capital reduction in the same amount. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for Jiangying Walsin Steel Cable Co., Ltd. to transfer its real property to Jiangyin Walsin Specialty Alloy Materials Co. Ltd. Resolution: Proposal passed.	None	None	None
19 th Term 7 th Meeting April 9, 2021	Proposal: Proposal to update the investment plan for and amount of Yantai Walsin's hot rolling production line. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for Yanshui Plant to invest in and construct the equipment for acid recycling and disposal. Resolution: Proposal passed.	None	None	None
19 th Term 8 th Meeting May 7, 2021	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

December 31, 2021

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)
19 th Term 9 th Meeting June 25, 2021	Proposal: Proposal to postpone the Company's 2021 annual general meeting. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for Changshu Walsin Specialty Steel Co., Ltd. to invest in and expand the acid-washing production line and equipment. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to acquire 100% shares in New Hono Investment Pte. Ltd. , in order to acquire 42% shares in PT Walsin Nickel Industrial Indonesia, a subsidiary of the Company. Resolution: Proposal passed.	None	None	None
19 th Term 10 th Meeting August 6, 2021	Proposal: Proposal to issue domestic unsecured straight corporate bonds to repay borrowings. 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 PT Walsin Nickel Industrial Indonesia in the form of a US\$250 million non-revolving facility and a US\$70 million revolving facility. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to establish a Nomination Committee under the Board of Directors, to establish the Nomination Committee Charter, and to appoint the members of the Nomination Committee for the first term in accordance with Article 4 of such Charter. Resolution: Proposal passed.	None	None	None
	Proposal: Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to discontinue the transfer of its equity interest in Borrego Solar Systems, Inc. to the Company as previously approved the Board of Directors and to carry out the same amount of capital reduction.	None	None	None

December 31, 2021

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)
	Resolution: Proposal passed by all of the directors present.			
19 th Term 11 th Meeting November 5, 2021	Proposal: Proposal to formulate the Company's 2022 Audit Plan. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to amend the Company's internal control system. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to update the Company's investment plan and investment amount for the establishment of a low-voltage construction wire and cable production line and a three-dimensional automatic warehouse at the Yangmei Plant. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to update the investment plan and investment amount of Yantai Walsin's cold-refined bar plant. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to apply for opening an escrow account and appoint OCBC Bank as the escrow agent. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve 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: Proposal to conduct a cash capital increase by issuing new shares. Resolution: Proposal passed.	None	None	None
19 th Term 12 th Meeting December 13, 2021	Proposal: Proposal to approve the loan of funds from Walsin International Investment Co., Ltd. to PT Walsin Nickel Industrial Indonesia in the form of a US\$250 million non-revolving facility. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to provide endorsement and guarantee for PT Walsin Nickel Industrial Indonesia. 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 2 times.

December 31, 2021

No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
1	19 th Term 5 th Meeting January 22, 2021	Yu-Lon Chiao, Patricia Chiao	Advice on Chairman's and Vice Chairman's 2020 performance bonus	Personally interested	Recused as provided by law
2	19 th Term 6 th Meeting February 26, 2021	Yu-Lon Chiao, Wei-Shin Ma	Proposal to lift the non-competition ban for the Company's Directors	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	2021/01/01 ~ 2021/12/31	Board of Directors	Internal self-evaluation of the Board of Directors	<ol style="list-style-type: none"> 1. Involvement in the operation of the Company. 2. Improve the quality of Board decisions. 3. Composition and structure of the board of directors. 4. Selection and Continuing Education of Directors. 5. Internal control.
Once every year	2021/01/01 ~ 2021/12/31	Functional Committees (including Compensation Committee, Audit Committee, Sustainable Development Committee, and Nomination Committee)	Internal self-evaluation of the functional committees	<ol style="list-style-type: none"> 1. Involvement in the operation of the Company. 2. Awareness of responsibilities of the functional committees. 3. Improve the quality of decision making in the functional committees. 4. Composition and selection of functional committee members. 5. Internal control.
Once every year	2021/01/01 ~ 2021/12/31	Each director	Self or peer performance evaluation of board members	<ol style="list-style-type: none"> 1. Understanding of the company's objectives and tasks. 2. Awareness of directors' responsibilities. 3. Involvement in the operation of the Company. 4. Internal relationship management and communication. 5. Professional and continuing education of directors. 6. Internal control.
Once every 3 years	2020/10/01 ~ 2021/09/30	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, self-regulation, internal control, and risk management.

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 Managerial Officers", "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", and "Practical Guidelines for Corporate Social Responsibility" 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 2021.
- (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 January 11, 2022. 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:

A. Regarding external evaluation:

In 2018, the Company appointed Taiwan Corporate Governance Association ("TCGA"), an independent third party with which the Company has no business dealings, to evaluate the effectiveness of its Board of Directors. The evaluation was conducted by means of questionnaires and on-site interviews on eight major aspects of the board of directors, including composition, guidance, authorization, supervision, communication and self-regulation, as well as internal control and risk management. In 2021, the Company again appointed TCGA to conduct an evaluation of the effectiveness of the Board of Directors for the period from October 1, 2020 to September 30, 2020. Through the review of the professional organization and the guidance of and communication with the evaluation members, the Company obtained professional and objective evaluation results and recommendations. The results of the evaluation were reported to the Board of Directors on January 11, 2022 and later disclosed on the Company's official website.

The measures in response to the recommendations of the external evaluation institution in 2021 are as follows:

Recommendations of External Evaluation Institution		Measures
Strengthen the whistleblower mechanism	Set up a reporting channel that Independent Directors can receive the complaints simultaneously, or	The Independent Directors will simultaneously receive complaints from the complaint mailbox set up

Recommendations of External Evaluation Institution		Measures
	engage an external agency to serve as a complaint acceptance window.	by the audit unit to facilitate direct reporting by complainants or whistle blowers.
Continue to improve the internal control system	A comprehensive review of the Company's overall internal control mechanism shall be conducted every five years.	The Company's Internal Control System has specified that the design and implementation of the internal control system will be adjusted in a timely manner in response to changes in the environment, and that the system will be adopted annually. For the purpose of continuous improvement, it should be added in the Directors' self-assessment questionnaire that the Company will annually review the effectiveness of the design and implementation of the internal control system and issue a statement on the internal control system after the approval of the Board of Directors.
Improve the quality of financial reporting audits	The Company should obtain AQI information from the certified public accountants in advance when selecting them for evaluation purposes, so as to evaluate their ability and commitment objectively to enhance the quality of the audit.	The Company evaluates the independence and suitability of the certified public accountants on an annual basis. Starting from 2022, the Company will further refer to the AQI disclosure framework released by the FSC on August 19, 2021 as a reference for the evaluation.


B. Annual internal evaluation for 2021:

The 2021 Board of Directors' performance self-evaluation results go as follows:

- (a) Board of Directors' overall average score 4.85 points (full score: 5 points)
- (b) Board members' overall average score 4.94 points (full score: 5 points).

In December 2021, 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 2021. 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 2021, both of which were consolidated and reported to the Compensation Committee on January 7, 2022 and the Board of Directors' meeting on January 11, 2022, 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.

- (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 (as of the date of publication hereof, the results of the 2021 Annual Corporate Governance Review have not yet been published). The Company also received the Top 50 Sustainable Business Award for the fourth consecutive year and the Platinum Corporate Sustainability Report Award for the second time. 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.

The Company is committed to enhancing the transparency of information. In addition to announcing financial information in accordance with laws and regulations, the Company also holds regular investor conferences four times a year. Taking the initiative to solicit a credit rating in 2021, on August 6, 2021, the Company was granted a long-term credit rating of 'twA-' and a short-term credit rating of 'twA-2' with a 'stable' outlook by Taiwan Ratings for the first time. The Company's financial structure was certified by an external organization, and the disclosure of information to stakeholders was also enhanced through the external release of credit ratings.

- (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. The first Nomination Committee was formally established on August 6, 2021, with the Chairman and all Independent Directors acting as its members. These four 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 second term started on May 29, 2020 and ended on May 28, 2023. The meetings were held 9 times in 2021, and the attendance of the independent directors in 2021 is as follows:

Title	Name	Personally Attended	Attended by Proxy	Attendance rate (%)	Remarks
Convener	Ming-Ling Hsueh	9	0	100%	
Member	King-Ling Du	9	0	100%	
Member	Shiang-Chung Chen	8	1	89%	
Member	Fu-Hsiung Hu	9	0	100%	

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, 2021				
Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
2 nd Term 6 th Meeting January 13, 2021	19 th Term 5 th Meeting January 22, 2021	Proposal: Approval for the Company's 2021 annual business plan. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries, in a total amount of US\$682 million and RMB1,127 million respectively. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to acquire additional common shares of TECO Electric & Machinery Co., Ltd. for not more than NT\$1.8 billion. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 nd Term 7 th Meeting February 19, 2021	19 th Term 6 th Meeting February 26, 2021	Proposal: Approval for the Company's 2020 business report and financial statements. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Approval for the affiliates' 2020 consolidated business report and financial statements. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Approval for the Company's 2020 profit distribution plan. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Approval for the Company's 2020 statement on internal control system. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to lift the non-competition ban for the Company's Directors under Article 209 of the Company Act. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Walsin Lihwa Holdings Limited to inject its capital into Walsin International Investment Co., Ltd. in the amount of US\$45 million. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Walsin International Investment Co., Ltd. to lend the Company US\$45 million. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
2 nd Term 7 th Meeting February 19, 2021	19 th Term 6 th Meeting February 26, 2021	Proposal: Proposal to issue domestic secured straight corporate bonds, in order to augment the Company's mid- to long-term working capital and strengthen its financial structure. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Walsin Lihwa Holdings Limited to transfer all of its shares in Borrego Solar System, Inc. to the Company at a fair price and to carry out a capital reduction in the same amount. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Walsin Specialty Steel Co., Ltd. to transfer all of its shares in Walsin Precision Technology Sdn. Bhd. to the Company at a fair price and to carry out a capital reduction in the same amount. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Jiangying Walsin Steel Cable Co., Ltd., one of the Company's subsidiaries, to sell all of its real property to Jiangyin Walsin Specialty Alloy Materials Co. Ltd., one of the Company's subsidiaries, at a transaction price of RMB62.57 million. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 nd Term 8 th Meeting April 7, 2021	19 th Term 7 th Meeting April 9, 2021	Proposal: Proposal to update the investment plan for and amount of the hot rolling production line of Yantai Walsin Stainless Steel Co., Ltd. Resolution: Proposal passed. Ancillary Resolution: Auditor should include the implementation of this investment project in the annual audit plan.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Yanshui Plant to invest in and construct the equipment for acid recycling and disposal. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 nd Term 9 th Meeting April 26, 2021	19 th Term 8 th Meeting May 7, 2021	Proposal: Proposal to amend the Company's internal control system of financing cycle - internal control principles of stock services. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
2 nd Term 10 th Meeting June 25, 2021	19 th Term 9 th Meeting June 25, 2021	Proposal: Proposal to acquire 100% shareholding in New Hono Investment Pte. Ltd. in order to acquire 42% shareholding in PT Walsin Nickel Industrial Indonesia, one of the Company's subsidiaries. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for Changshu Walsin Specialty Steel Co., Ltd. to invest in and expand the acid-washing production line and equipment. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 nd Term 11 th Meeting July 28, 2021	19 th Term 10 th Meeting August 6, 2021	Proposal: Proposal to issue domestic unsecured straight corporate bonds to repay borrowings. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		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	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to approve the loan of funds from the Company to PT Walsin Nickel Industrial Indonesia in the form of a US\$250 million non-revolving facility and a US\$70 million revolving facility. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 nd Term 13 th Meeting October 25, 2021	19 th Term 11 th Meeting November 5, 2021	Proposal: Proposal to formulate the Company's 2022 Audit Plan. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to amend the Company's internal control system. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to update the Company's investment plan and investment amount for the establishment of a low-voltage construction wire and cable production line and a three-dimensional automatic warehouse at the Yangmei Plant. Resolution: Proposal passed with amendments to certain wording.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to update the investment plan and investment amount of Yantai Walsin's cold-refined bar plant. Resolution: Proposal passed with amendments to certain wording.	None	All of the Directors present approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
2 nd Term 13 th Meeting October 25, 2021	19 th Term 11 th Meeting November 5, 2021	Proposal: Proposal to approve 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	All of the Directors present approved the proposal unanimously.
2 nd Term 14 th Meeting December 13, 2021	19 th Term 12 th Meeting December 13, 2021	Proposal: Proposal to conduct a cash capital increase by issuing new shares. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to approve the loan of funds from Walsin International Investment Co., Ltd. to PT Walsin Nickel Industrial Indonesia in the form of a US\$250 million non-revolving facility. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to provide endorsement and guarantee for PT Walsin Nickel Industrial Indonesia Resolution: Proposal passed.	None	All of the Directors present 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: None.

(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 communications between independent directors and CPAs for 2021:

Independent directors have good communication with CPAs individually.

Date	Communication Highlights	Directors' Recommendation	Execution Result
2021/02/19 Audit Committee Meeting	The CPAs have provided a description of the key audits of the stand-alone and consolidated financial statements for the year 2020 and the results of the audit.	None.	The stand-alone and consolidated financial statements for the year 2020 were approved by the Audit Committee and submitted for discussion at the 6 th meeting of the Board of Directors of 19 th term on February 26, 2021.

Date	Communication Highlights	Directors' Recommendation	Execution Result
2021/07/28 Audit Committee Meeting	The CPAs provide an explanation of the audit results of the consolidated financial statements for the second quarter of 2021.	None.	The consolidated financial statements for the second quarter of 2021 were approved by the Audit Committee and reported to the 10 th meeting of the Board of Directors of 19 th term on August 6, 2021.
2021/12/13 Individual Communication Meeting	The CPAs explained the scope, method and discovery of the annual audit for 2021 and discussed with the Audit Committee members on the key audit matters.	We asked our CPAs to pay particular attention to the valuation of assets, significant investment transactions, and internal control and compliance with laws and regulations of our offshore subsidiaries.	<ol style="list-style-type: none"> 1. Key audit matters for the 2021 financial statements were confirmed. 2. The engagement and assessment of the CPAs was submitted to the 15th meeting of the Audit Committee of second term on January 7, 2022 for discussion.

C. Summary of communications between independent directors and the chief internal auditor for 2021:

Date	Key Points of Communications	Independent Directors' Advice	Follow-Ups and Results
2021/02/19 Audit Committee Meeting	Report on audit implementation in the 4th quarter of 2020.	Most of the environmental safety issues which the Company was punished for or instructed to improve by the competent authorities were mostly attributable to the Stainless Steel Business Group; therefore, we asked President of the business group to pay attention to the improvement on these issues.	The chief audit executive forwarded the improvement suggestions given by the Independent Directors to President of the Stainless Steel Business Group for reference for the purpose of improvement.
2021/07/28 Audit Committee Meeting	Update on the investment project for and investment amount of Yantai Plant.	The Auditing Office was requested to include the implementation of Yantai Plant investment project in its annual audit plan.	The implementation of Yantai plant investment project has been included in the 2021 audit plan.
2021/04/26 Audit Committee Meeting	Report on audit implementation in the 1st quarter of 2021.	<ol style="list-style-type: none"> 1. External industrial safety experts reminded that industrial safety needs to be strengthened in Yanshui and Taichung Plants; therefore, the responsible supervisors should pay attention to it. 2. Please make sure the employees implement SOPs and the outsourcing units 	President has discussed with the supervisors of the production and environmental safety units in the plants to review the causes of occupational accidents over the years and to summarize the improvement measures.

Date	Key Points of Communications	Independent Directors' Advice	Follow-Ups and Results
		should monitor the construction of contractors.	
2021/07/28 Audit Committee Meeting	Report on audit implementation in the 2nd quarter of 2021.	Nil.	The report on audit implementation for the second quarter of 2021 has been passed by the Audit Committee and reported to the Board of Directors.
2021/10/25 Audit Committee Meeting	<ol style="list-style-type: none"> Report on audit implementation in the 3rd quarter of 2021. Discussion of 2022 annual audit plan. Formulation of the Procedures for Communications between Independent Directors and the Chief Audit Executive. 	<ol style="list-style-type: none"> Nil. Please include the meeting operation of the Nominating Committee in the audit plan. Nil. 	<ol style="list-style-type: none"> Report on audit implementation in the 3rd quarter of 2021 has been passed by the Audit Committee and reported to the Board of Directors. 2022 annual audit plan has included the meeting operation of the Nominating Committee and been passed by the Audit Committee and submitted to the Board of Directors for discussion. The Procedures for Communications between Independent Directors and the Chief Audit Executive have been passed by the Audit Committee and submitted to the Board of Directors for discussion.
2021/12/13 Individual Communication Meeting	<ol style="list-style-type: none"> Major work results in 2021. Work objectives and key points for 2022. The recommendation made by the Taiwan Corporate Governance Association in its report on the evaluation of the performance of the Board of Directors of the Company on November 30, 2021. 	<ol style="list-style-type: none"> Nil. Nil. Please set up a compliant mailbox so that the Independent Directors may receive complaints instantaneously. 	<ol style="list-style-type: none"> Nil. Nil. A compliant mailbox has been set up so that the Independent Directors may receive complaints instantaneously.

(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 2021 and were disclosed on the Company's website. https://www.walsin.com/wp-content/uploads/2021/08/rule13TC_20210416.pdf	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	

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	
advantage of information that has not been disclosed to the public to purchase or sell securities?			<p>accuracy of 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 2021, 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 and included an enhanced education regarding the period of prohibited trading by directors prior to the publication of financial statements on December 21, 2021 pursuant to a letter from the TPEX; 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 policy and concrete management objectives</p>	Yes		<p>(1) In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles and the "Principles of Election of Board Members and Managers and Guidelines for Continuing Education and</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- 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	
for a more diverse composition of the Board? If so, has the plan been implemented?			<p>Succession Planning" established by the Company in November 2021, the Board of Directors will implement the objectives of diversity and independence in terms of expertise, experience and gender required for Board members, and will continue to invite appropriate candidates to join the Board of Directors in accordance with the above objectives in order to strengthen the balance of the Board of Directors in response to the Company's development strategies and changes in the internal and external environment. In order to achieve the desired objectives of corporate governance, the Board of Directors of the Company is composed of members from the management team, managers of relevant industries and professionals with financial, business and accounting backgrounds, who effectively perform the duties of Board members with different fields and work backgrounds. These duties include establishing and maintaining the Company's vision and values, assisting in promoting corporate governance and strengthening management, overseeing and evaluating the implementation of management policies and operational plans, and being responsible for the Company's overall economic, social, and environmental operations to enhance corporate governance and corporate value from the perspective of stakeholders.</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, 5 are aged 65 years and older, 5 are aged 55 to 64, and 1 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>The Company has built its strength by being focused on the wire and cable, stainless steel, commodity, and commercial real estate fields and become a model of business excellence moving towards the manufacturing service industry. If we look at the list of directors of the Company, Yu-Lon Chiao, Chairman, has been working in the business field of the Company for</p>	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>a long time and has a good understanding of the operation and development of the industry, with an open-minded leadership style that encourages adoption of suggestions; Director Yu-Cheng Chiao and Director Yu-Heng Chiao have joined the management team of the Company and therefore are familiar with the organization and business operation of the Company and are good at operation management; Andrew Hsia, Director, comes from a diplomatic background with an international perspective and therefore has a good grasp of the conditions of the Southeast Asian market and can fully assist the Company in making relevant investment decisions; Director Pei-Ming Chen's work experience is focused on semiconductor business, and he has participated in many mergers and acquisitions and international business integration and therefore has operational management experience and expertise. As for the two female Directors, Director Patricia Chiao specializes in operational management, investment judgment and human resources, while Director Ma Wei-Shin specializes in technology leadership, operational judgment and operational management. The Company's Independent Directors have industry knowledge and an international market perspective, with Independent Director Ming-Ling Hsueh specializing in finance, accounting and corporate governance, Independent Director Fu-Hsiung Hu having expertise and experience in business administration, finance and securities, and credit information, Independent Director King-Ling Du having extensive steel expertise and being familiar with the development and management of the stainless steel industry, and Independent Director Shiang-Chung Chen specializing in intelligent technology leadership with a good grasp of the development of Industry 4.0. The Company attaches importance to the diversity of the composition of the Board of Directors. The target 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</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>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.</p> <p>Diversification of the Board of Directors' members has been implemented as shown in Note 2.</p> <p>(2) In addition to the committee established according to the laws, the Company further set up the Sustainable Development Committee and the Nomination Committee.</p> <p>1. 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 acts as the convener, and Vice-Chairman and all Independent Directors act as the members, and under which ethical management, environmental safety and health management, green operations, customer service and suppliers management and promotion and employee relations and social care promotion centers were established. The Sustainable Development Committee reviews the annual plans of each promotion center, monitors and tracks the implementation results of each promotion center, and revises its charter.</p> <p>2. The Nomination Committee was established by the resolution of the 10th Board of Directors Meeting of the 19th Term on August 6, 2021, with Independent Director Fu-Hsiung Hu as the convener and the Chairman and the remaining three independent directors as members. The duties of the Nomination Committee include setting standards for the diversity of expertise, experience, gender and independence required of Board members, and identifying, reviewing and nominating candidates for election as directors.</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	
(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>(3) In order to improve our corporate governance, the Company's Regulations for the Board of Directors' Performance Appraisal stipulates that the Board of Directors of the Company shall conduct a performance evaluation at least once a year using questionnaires for self-evaluation, that the performance evaluation of the Board of Directors shall be conducted at least once every three years by an external professional and independent organization or a team of external experts and scholars, and that the performance evaluation of the current year shall be conducted at the end of the year, so as to measure the directors' strategic direction in leading the Company and to oversee the operation of the Company's management in order to provide board performance and increase long-term shareholder value.</p> <p>The Company engaged the Taiwan Corporate Governance Association in September 2021 for the second time 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 11, 2022, and used as a reference in the compensation of individual directors and nominations for reappointment.</p> <p>The Company conducted its own internal evaluation for 2021 in December 2021 and reported to the Board of Directors on January 11, 2022. The result has been published on the Company's website, and the results of these evaluations will be used as a reference in individual directors' compensation and nominations for reappointment, for the purpose of continuous refinement and optimization of the functions of the Board of Directors.(Note 3)</p>	
(4) Has the company periodically evaluated the level of independence of the CPA?	Yes		<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</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	
			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.	
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>1. 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.</p> <p>2. Vice President of the Company, Hueiping Lo, is currently the Head of Corporate Governance. She 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>3. On June 12, 2019, the Company's Board of Directors also resolved to approve the "Standard Operating Procedures for Handling Directors' Requests" (which was lastly updated on April 9, 2021) pursuant to the rules, through the establishment of which the Directors have appropriate operating procedures for handling information necessary for the performance of their business.</p> <p>4. The business execution for the year 2021 are explained as follows:</p> <ol style="list-style-type: none"> i. To manage the meetings of the Board of Directors and related committees, and to strengthen the procedures of meetings and recusal of interests. ii. To provide the directors with the information necessary for the execution of their business within the statutory period, to remind the directors of the relevant laws and regulations that they should 	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>comply with in the execution of their business or after the resolution of the board of directors, and to follow up on the situation and progress of the recommendations or opinions of the directors after the meeting.</p> <p>iii. To revise and amend the important regulations of the Company by adapting to the latest laws and regulations related to the Company's business field and corporate governance, including amendments to the Company's Articles of Incorporation, Board of Directors Meeting Regulations, Corporate Governance Best Practice Principles, Standard Operating Procedures for Processing Requests Made by the Directors of the Board, Regulations Governing Board Performance Evaluation, Procedures for Ethical Management and Guidelines for Conduct, etc. and formulation of the Nomination Committee Charter.</p> <p>iv. Based on the characteristics of the industry where the Company is operating, to handle matters related to directors' further education and regularly forward information on relevant external further education programs to assist directors in implementing the diversified education mechanism. (Note 5)</p> <p>v. To provide directors with the necessary corporate information, maintain smooth communication between directors and business executives, and assist in arranging communication meetings between independent directors and the chief audit executive and accountants to facilitate the execution of business by independent directors.</p> <p>vi. To conduct performance evaluations of the Board of Directors and functional committees.</p> <p>vii. To conduct the 2021 external performance evaluation of the Board of Directors.</p>	
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	Yes		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	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	
as appropriately responded to important CSR issues that interested parties are concerned about?			<p>concerned about, so that appropriate responses can be made.</p> <p>2. The Company has amended in 2020 the "Procedures for Interested Parties to Submit Complaints and Recommendations", through which interested parties can communicate with the Company's supervisory unit directly, propose constructive advice and file complaints.</p> <p>3. 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.</p> <p>4. 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 2021 have been reported to the Board of Directors at the board meeting on November 5, 2021. Details of both communications were disclosed on the Company's website: https://www.walsin.com/wp-content/uploads/2021/12/110Stakeholder-Engagement_2021.pdf.pdf</p>	
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.

Appraisal Items	Actual Governance (Note 1)		Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)	
	Yes	No		
<p>7. Information disclosure</p> <p>(1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance statuses?</p> <p>(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, 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>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>No</p>	<p>(1) Please visit Walsin Lihwa Corporation's Chinese/English website: http://www.walsin.com</p> <p>(2) The Company has a dedicated department for collecting its information and periodically updating its website. The Company has implemented one-spokesperson policy. 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 immediately be made public. The Company's website regularly discloses major announcements, transactions with key stakeholders and investors conferences at: https://www.walsin.com/investors/shareholder/#pills-important-announcement</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>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	
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)?	Yes		<p>1. Refer to "III. Corporate Governance Report, 4. Corporate Governance Operations, (6) Promotion and Implementation of Sustainable Development and differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor" and "(7) Performance of ethical operations and differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor" of this year's Annual Report for information concerning employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, and the implementation of the customer policies.</p> <p>2. Please refer to "III. Corporate Governance Report, 4. Corporate Governance Operations, (9) Other important information helpful for improving understanding of the governance of the company" and "VII. Review and Analysis of Financial Position and Financial Performance and Risk Issues, 6. Risk Analysis and Assessment for the Latest Year and up to the Date of Printing of the Annual Report" for the information regarding the implementation of directors' continuing education, risk management policies and risk measurement standards.</p> <p>3. The Company's purchase of liability insurance for directors has been disclosed to the Market Observation Post System.</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.
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>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. Improvement Priorities and Measures: The Company established a Nomination Committee in 2021 and established the "Guidelines for the Election of Members of the Board of Directors and Managerial Officers and for Further Training and Succession Planning", which specifies the diversity policy and independence standards for directors, and the Company will explore possible candidates for directors based on the criteria of these guidelines and review them before the next election of directors.</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: Diversification of the Board of Directors' members has been implemented as follows.

Title	Name	Gender	Diversification items										
			Administrative management	Leadership and Decision-Making	Industry knowledge	Finance / accounting and 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 3: 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 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 commercial relations with the Company, its directors and managers, which affects the CPA's independence.	True	Yes
3. 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
4. At the time of the audit, no family member of the CPA held any position as a director or manager of the Company or that which had any direct and material influence on the audit.	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. 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
7. The CPA's audit team has implemented the necessary procedures regarding independence/conflicts of interests without any violation of the independence or any unsettled	True	Yes

Appraisal Items	Results	Compliant with Independence?
conflict of interests.		
<p>Note: Family members: They mean the CPA's spouse (or cohabitant), minors or other dependents.</p> <p>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: The further education received by Independent Directors and other Directors is disclosed in " III. Corporate Governance Report, 4. Corporate Governance Operations, (IX) Other important information helpful for improving understanding of the governance of the company" in this annual report.

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

On September 27, 2011, the Company established the Compensation Committee and drew up the "Regulations Governing the Organization of the Compensation Committee". 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

Title	Criteria Name	Qualifications and Experience	Independence	Number of Other Public Companies in which the Member also Serves as an on the Compensation Committee
Independent Director (Convener)	King-Ling Du	Please refer to the "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" form on pages 16 to 18		0
Independent Director	Ming-Ling Hsueh			4
Independent Director	Shiang-Chung Chen			1
Independent Director	Fu-Hsiung Hu			1

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.

(1) There are 4 members of the Compensation Committee of the fourth term in the Company.

(2) Term of office of the members: It started on August 4, 2020 and will end on May 28, 2023. The Compensation Committee met fourth times in 2021. The attendance records of the committee members are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Rate (%)
Convener	King-Ling Du	4	0	100%
Member	Ming-Ling Hsueh	4	0	100%
Member	Shiang-Chung Chen	4	0	100%
Member	Fu-Hsiung Hu	4	0	100%

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
4 th Term 2 nd Meeting January 13, 2021	19 th Term 5 th Meeting January 22, 2021	Proposal for 2020's managerial performance evaluation and bonus compensation Proposal for performance bonuses for the Chairman and Vice Chairman of the Company for 2020 Setting of the Company's managers' objectives for 2021	Compensation Committee: The relevant proposals were passed with the consent of all members present and submitted to the Board of Directors for resolution. Board of Directors: All of the Directors present approved the proposals unanimously.
4 th Term 3 rd Meeting February 19, 2021	19 th Term 6 th Meeting February 26, 2021	Proposal for distribution of the Company's directors' and managers' remuneration for 2020	
4 th Term 4 th Meeting April 26, 2021	19 th Term 8 th Meeting May 7, 2021	Proposal for distribution of special bonus for managers of the Company	
4 th Term 5 th Meeting July 28, 2021	19 th Term 10 th Meeting August 6, 2021	Amendments to the Regulations Governing the Evaluation of Managerial Performance and Remuneration of the Company	

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) Composition, duties and operations of the Nomination Committee.

1. The Committee shall be composed of at least three directors elected by the Board of Directors, in which a majority of the independent directors shall participate.

The Committee, under the authority of the Board of Directors, shall faithfully perform the following duties and responsibilities with the due care as a good administrator and shall submit its recommendations to the Board of Directors for discussion:

- (1) To establish the criteria of diversity and independence in terms of professional knowledge, technology, experience and gender required for board members and managers, and to identify, review and nominate candidates for directors and managers accordingly.
- (2) To establish the organizational structure of each functional committee and to review the establishment and amendment of the organizational rules and regulations of each functional committee.
- (3) To establish and regularly review the directors' continuing education program and succession plans for directors and managers.
- (4) To review the establishment and amendment of the Company's corporate governance and board of directors' operating rules and regulations.
- (5) Other matters to be dealt with by the Committee as resolved by the Board of Directors.

2. Professional qualifications and experience of the members of the Nomination Committee and its operations:

- (1) There are 5 members in the Nomination Committee of the Company of this term.

- (3) The term of office of the current members: August 6, 2021 to May 28, 2023. The Nomination Committee met twice in 2021, and the professional qualifications and experience of the members, their attendance and matters discussed are as follows:

Title	Name	Professional Qualification and Experience	Personally Attended	Attended by Proxy	Attendance rate (%)	Remarks
Convener	Fu-Hsiung Hu	Please refer to the "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" form on pages 16 to 18.	2	0	100%	
Member	Yu-Lon Chiao		2	0	100%	
Member	Ming-Ling Hsueh		2	0	100%	
Member	King-Ling Du		2	0	100%	
Member	Shiang-Chung Chen		1	1	50%	

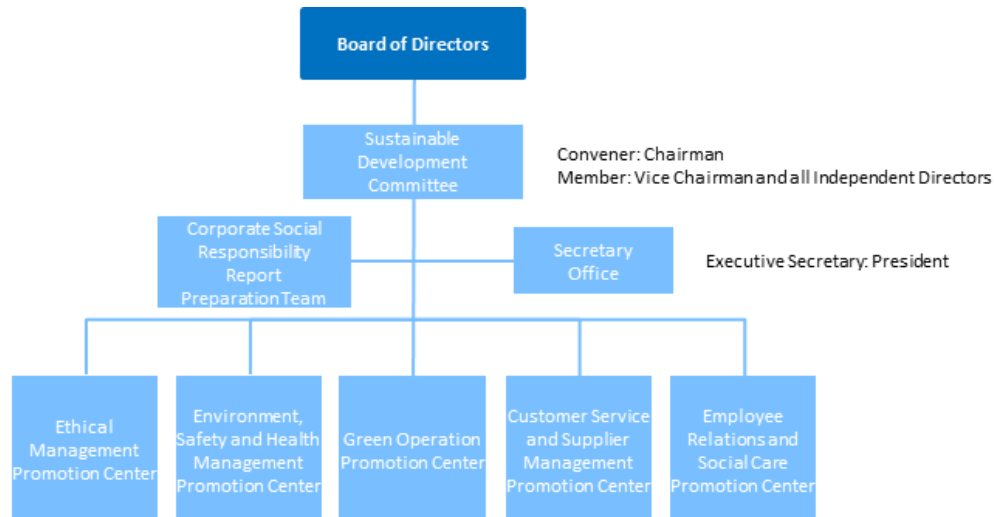
Other matters that should be specified:

The results of the discussions and resolutions of the Nominating Committee and the Company's handling of the opinions of the members:

Nomination Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Compensation Committee Member's Opinion
1 st Term 1 st Meeting August 6, 2021	19 th Term 10 th Meeting August 6, 2021	Proposal: Election of the Convener and the chairman of the meeting of the Nomination Committee of the first term. Resolution: Fu-Hsiung Hu, Independent Director, was elected Convener and the chairman of the meeting of the Nomination Committee of the first term.	All of the Directors present approved the proposal unanimously.
1 st Term 2 nd Meeting November 5, 2021	19 th Term 11 th Meeting November 5, 2021	Proposal: Proposal to establish the "Principles of Election of Board Members and Managers and Guidelines for Continuing Education and Succession Planning." Resolution: Proposal passed and sent to the Board of Directors for approval.	All of the Directors present approved the proposal unanimously.

- (6) Our fulfillment of sustainable development and differences between the same and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reason(s) therefor:

The Company has established the Sustainable Development Committee under the Board of Directors, which is in charge of the following matters and structured 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 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.

Department	Responsibility and function
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.
Corporate Social Responsibility Report Preparation Team	It is responsible for the preparation of CSR reports and the disclosure of CSR-related information and the CSR promotion.

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or part-time) unit to promote sustainable development, which unit is handled by senior management as authorized by the Board of Directors? And how does the board of directors supervise the same?	Yes		<ol style="list-style-type: none"> The Company's 7th meeting of the Board of Directors of the 17th term approved the establishment of the "Corporate Social Responsibility Committee" in April 29, 2015, and the 17th meeting of the Board of Directors of the 18th term in November 1, 2019 approved the establishment and organizational charter of the "Sustainable Development Committee" by merging the existing "Corporate Social Responsibility Committee" and "Ethical Management Committee". The establishment and the appointment of its members have been approved by the Board of Directors, and 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. The Board of Directors receives regular reports on operations, finance, corporate governance, sustainability issues, etc. Through the diverse experience of its members, the Board offers broad and professional opinions to assist the Company in making appropriate decisions and guiding the Company in a clear strategic direction. 	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
<p>II. 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 1)</p>	Yes		<p>1. 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 19th meeting Board of Directors of the 18th term in February 27, 2020 to establish an overall risk management system. The Board of Directors, the Audit Committee, the Auditing Office, the President and the President's Office, each risk management unit, and each unit and subsidiary of the Company are collectively involved in promoting the implementation of relevant risk management measures.</p> <p>2. For the purpose of reducing the impact and influence of internal and external risks, the Company's governance units 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. The results of risk assessments (including management policies, strategies or mechanisms for each risk category) are summarized in Note 3.</p> <p>3. In 2020, in the course of evaluating the risks, 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. Relatively high-risk scenarios were identified and prioritized for management. The results of this assessment and the related handling mechanism were reported to the Board of Directors on November 20, 2020 (for the report, please refer to https://www.walsin.com/wp-content/uploads/2021/03/RiskManagementReport2020.pdf). The various risks were revisited in 2021 and there was no increase or decrease in the Company's risk categories; however, each risk management unit has further updated its risk management measures and strategies and reported the same to the Board of Directors in November 5, 2021. (For the report, please refer to https://www.walsin.com/wp-</p>

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			content/uploads/2022/01/110RiskManagementReport2021.pdf)
III. Environmental Issues (1) Has the Company established a proper environmental management system based on the characteristics of its industry?	Yes		(1) 1. 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. Please refer to Chapter 5 (Energy Saving and Carbon Reduction and Resource Cycle) of the 2021 Annual Sustainability Report or the "Energy Saving and Carbon Reduction and Resource Cycle" page of the Corporate Sustainability Section on the Company's website (https://esg.walsin.com/zh_TW/focus/saving) for related specific results. 2. 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 Plant, Taichung

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	
(2) Has the company made efforts to improve the efficiency of resources utilization and use recycled materials which have a low impact on the environment?	Yes		<p>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. Please refer to the Company's website - Document Center - Environmental Safety and Health Policy and Related Certificates (https://www.walsin.com/about-us/newsroom/#pills-reports-document) for relevant verification standards.</p> <p>(2) 1. Walsin strives to be an environmentally sustainable enterprise, and increases its investment in energy saving, carbon reduction, and resource recycling software and hardware year by year, such as "control of reasonable energy consumption per unit of the product", "equipment energy efficiency management and improvement", "reduction of smelting process energy consumption and carbon emission", waste heat recovery and process technology improvement (such as pure oxygen combustion technology and yield improvement), and green power installation (such as solar energy).</p> <p>2. The Company mainly produces wire and cable and stainless steel. After these two types of 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 continuously raising the rate of using recycled stainless steel and carbon steel as raw materials, Walsin also considerably uses recycled pallets, iron frames, iron (wood) shafts, wooden plates, and iron plates as packaging materials for copper wire and cable. In 2021, approximately 95% of the products produced by Cable & Wire Business Group used recycled raw materials and approximately 57% of those products used recycled packaging materials; approximately 41.48% of the products produced by Stainless Steel Business</p>

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
(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>Group used recycled raw materials for scrap steel and approximately 58.52% of those products used recycled raw materials. For specific results, please refer to Section 3.2 "Green Operations" of the 2021 Annual Sustainability Report or the "Energy and Carbon Reduction and Resource Cycle" page in the Corporate Sustainability section of the Company's website (https://esg.walsin.com/zh_TW/focus/saving).</p> <p>(3) In 2020, the Company 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 set up climate change scenarios to identify changes to the Company's operations based on the scenario and the risks and opportunities caused by climate change. And in 2021, it further developed strategies in response based on the significant risks and opportunities by describing risk management practices and opportunity practice planning, so as to establish a governance framework for climate change according to such strategies. Please refer to Chapter 5 (Energy Saving and Carbon Reduction and Resource Cycle) of the 2021 Annual Sustainability Report or the "Energy Saving and Carbon Reduction and Resource Cycle" page of the Corporate Sustainability Section on the Company's website (https://esg.walsin.com/zh_TW/focus/saving) for related specific results.</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) 1. The Company's energy-saving and carbon-reduction strategy is to "implement lean production management", "control reasonable energy consumption per unit of the product", "manage and improve equipment energy efficiency", and "reduce energy consumption and carbon emissions in the smelting process". In addition, the Company will increase the investment in software and hardware for energy saving, carbon reduction and resource recycling year by year, such as green raw</p>	

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor																																	
	Yes	No	Summary description																																		
			<p>materials, waste recycling/regeneration (such as recycling waste metals to replace natural mineral mining, waste plastic recycling plastic pellets, and waste acid regeneration), water resources recycling (such as process cooling water recycling and reuse of reclaimed water), energy recycling (such as waste heat recovery) and process technology improvement (such as pure oxygen combustion technology and yield improvement), end-of-line reuse and disposal (such as furnace slag), and investment in green power constructions (such as solar energy). etc.</p> <p>2. Our annual statistics on greenhouse gas emissions, water consumption and total waste volume indicate total greenhouse gas emissions of 616,066 tonnes of CO₂e, total water consumption of 16,409 million liters and total waste of 193,431 tonnes in 2021, an increase by 3.95% and 0.72% and a drop by 11.11%, respectively, compared to 2020.</p> <p>(1). Greenhouse gas emissions for the last 2 years (by all plants and subsidiaries of the Company)</p> <p style="text-align: center;">Unit: co₂e(tonnes)/product(tonnes)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 1</th> <th>Emissions per Product</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>190,381</td> <td>402,295</td> <td>0.49</td> </tr> <tr> <td>2021</td> <td>201,262</td> <td>414,804</td> <td>0.46</td> </tr> </tbody> </table> <p>(2). Water consumption for the last 2 years (by all plants and subsidiaries of the Company)</p> <p style="text-align: center;">Unit: Million liters / product (tonnes)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Water Consumption</th> <th>Water Consumption per Product</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>16,292</td> <td>13.53</td> </tr> <tr> <td>2021</td> <td>16,409</td> <td>12.19</td> </tr> </tbody> </table> <p>(3). Waste output for the last 2 years (by all plants and subsidiaries of the Company)</p> <p style="text-align: center;">Unit: tonnes/product (tonnes)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous Wastes</th> <th>Non-Hazardous Wastes</th> <th>Output per Product</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>46,734</td> <td>176,832</td> <td>0.19</td> </tr> <tr> <td>2021</td> <td>71,696</td> <td>127,038</td> <td>0.15</td> </tr> </tbody> </table> <p>3. Our Taiwan plants have obtained ISO14064-1:2018, ISO50001 certification, and our overseas plants have obtained ISO50001</p>	Year	Scope 1	Scope 1	Emissions per Product	2020	190,381	402,295	0.49	2021	201,262	414,804	0.46	Year	Total Water Consumption	Water Consumption per Product	2020	16,292	13.53	2021	16,409	12.19	Year	Hazardous Wastes	Non-Hazardous Wastes	Output per Product	2020	46,734	176,832	0.19	2021	71,696	127,038	0.15	
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Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			certification (Yantai and Shanghai Plants). Please refer to the Company's website - Document Center - Environmental Safety and Health Policy and related certificates (https://www.walsin.com/about-us/newsroom/#pills-reports-document) for relevant verification standards.	
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		<p>(1) 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.</p> <p>2. In order to ensure the concrete implementation of the above-mentioned human rights spirit, the Company has established a series of implementation policies, including education, training and publicity on the prevention of harassment or illegal workplace violations, establishment of employee complaint mechanisms and channels, respect for freedom of association such as trade unions, regular health checks, actively organize health seminars, and regularly review and adjust management measures for issues related to human rights policies to improve human rights protection.</p>	In line with the Sustainable Development 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		<p>(2) 1. 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</p>	

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	
(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>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 hospitalization grants.</p> <p>2. 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) 1. The Company has had a safety & 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>2. The Environmental, Safety and Health Management Committee regularly reviews 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. For more information, please refer to Section 4.3 Workplace Health and Safety of the 2021 Annual Sustainability Report or the "Employee</p>

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
(4) Has the company established an effective career development and capability training program for its employees?	Yes		<p>Relations and Workplace Safety" page of the Corporate Sustainability section of our website.</p> <p>3. In 2021, the number of employee accidents was 35 (35 persons in total) and the ratio of recordable occupational injuries was 0.62 (the ratio of cases per 200,000 man-hours). In 2022, we plan to improve the awareness of hazards/standard operating procedures (SOP) and machinery and equipment (TPM) to reduce the occurrence of occupational injuries.</p> <p>4. Our Taiwan and China plants have obtained ISO45001 certification. Please refer to the Company's website - Document Center - Environmental Safety and Health Policy and related certificates (https://www.walsin.com/about-us/newsroom/#pills-reports-document) for related verification standards/scope and validity period.</p> <p>(4) The Company has developed a training system according to each profession and level, and promoted three types of training methods: On-Job Training (OJT), Off-Job Training (OJT), and Self Development (SD) to support the development of the Company's talent, so that employees can follow in the capacity enhancement and cross-discipline learning, in order to maintain the competitiveness of the market. We develop knowledge/skill areas and learning blueprints each year according to the needs of our employees at each stage of their work and career development, and provide diversified training resources such as new recruit education and training, basic/advanced internal knowledge sharing, application of scientific tools (data analysis, image recognition, etc.), work skills, leadership training, and industry trends. According to the application level of knowledge and skills, we have planned online knowledge courses, offline learning communities, and mixed-level classroom courses/workshops. In 2021, there were 40,558 training participants trained for 122,026 hours. At the same time, in the first and second half of each year, during the</p>	

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	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>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) 1. 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 3) 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 any information from an interested party, the Company will transfer the case to a dedicated person for him/her to confirm or handle, in order to reply to the stakeholders within the time limit.</p> <p>2. We have not violated any product- or service-related laws or regulations regarding customer health and safety, customer privacy, marketing and labeling of our products and services in 2021.</p> <p>3. For the latest information, product information, contact phone numbers and emails, please refer to the Company's website. https://www.walsin.com/our-business/ https://www.walsin.com/about-us/contact-us/</p>

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
(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>(6) 1. In order to strengthen and implement the sustainable management of its suppliers, the Company has established a supply chain sustainability policy and the rules for evaluating the suppliers' performance of corporate social responsibility, 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 Key Supplier Sustainability Assessment Questionnaire, with evaluation items including economic (i.e., sustainability management, supplier management, and trade secret protection), social (i.e., human rights, health, and safety), and environmental (i.e., management system, greenhouse gas, air pollution, and waste management) aspects for the purpose of identifying the degree of sustainability risk of each key supplier, 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> <p>2. In 2021, there were 134 key suppliers in the Wire and Cable, Stainless Steel and Commercial and Real Estate Business Groups, among which 20 were high-risk suppliers, 51 were medium-risk suppliers and 63 were low-risk suppliers. Since 2021, we have been promoting on-site audits, interviews and guidance with regard to high-risk key suppliers to prevent and reduce the occurrence of risks, and will continue to conduct on-site audits and guidance with regard to high-risk key suppliers.</p>	
V. Did the Company make reference to international standards or guidelines for the preparation of reports in preparing its sustainability reports and other reports that disclose non-financial information about the Company? Did the Company	Yes		1. Since 2014, we have been compiling sustainability reports (Note 4) by 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	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
obtain a third-party certification agency's confirmation or assurance opinion on said reports?			<p>Disclosures (TCFD) framework to provide stakeholders with more complete and transparent ESG information.</p> <p>2. 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 every year 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 Sustainability Reports by Public Companies." As of the date of publication, the 2021 Annual Sustainability Report is being under assurance checks by Deloitte Taiwan, which is expected to issue a statement of assurance in May 2022.</p>	
<p>VI. If your company has established sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between the principles and their implementation:</p> <p>In December 2014, the Company has established, based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" (Note 4), its Corporate Governance Best Practice Principles, which has also been approved by the Board of Directors. In line with the amendments to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Board of Directors amended the Corporate Governance Best Practice Principles in January 2018, April 2020 and January 2022. The Corporate Governance Best Practice Principles serve as the guidelines for the Company 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>				
<p>VII. Other key information useful for explaining the promotion and execution of sustainable development:</p> <p>(1) With regard to developing a sustainable environment, please refer to " V. Operating Status, IV. Environmental Protection Expenditure Status" in the annual report.</p> <p>(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.</p> <p>(3) "Growth and integration with the local communities" is the philosophy in the social care of Walsin. It is a continuous implementation focused in four directions: "Minority Support", "Environment Conservation", "Community Development", and "Corporate Citizen". The results in 2021 may be summarized as below:</p>				

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			<p>1."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. The second phase of the five-year plan will be launched in 2022 in cooperation with five existing schools to continue to deepen the various incubation programs.</p> <p>2.Long-Term Care for Children's Education: The Company and its employees regularly sponsor 12 child welfare organizations, including World Vision Taiwan, Taiwan Funds for Children and Families, Child Welfare League Foundation, the Lotus Heart Garden Nursery School in Houbi District, and Chinese Childrenhome & Shelter Association, in a total of NT\$1.6 million in 2021.</p> <p>3."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 2021, we implemented the related planning and technical training.</p> <p>4.Support Local Agriculture (1) Organic Kiwifruit Contract Farming: In order to support environmental ecological conservation and the development of organic agriculture, for the first time in 2021, we cooperated with "Jianghao Farm Young Farmers", contracted 800 square meters of farmland, organically planted Taiwanese native kiwi fruit that is conducive to soil and water conservation, and took practical actions to support local small farmers who cultivated in a friendly environment. .</p> <p>(2) Support Mango Small Farmers: The COVID-19 pandemic in 2021 has had a considerable impact on fruit farmers in southern Taiwan. In order to support Taiwan's local agriculture and help small farmers overcome the pandemic, the Company and labor union worked together to order 3,000 boxes of 18,000 kilograms of Aiwen mangoes from small farmers in Nanxi, Nanhua and Baolai areas of Tainan and distributed the same to colleagues in Taiwan, in an effort to take care of local fruit farmers in Tainan affected by the pandemic, and to express gratitude to our colleagues for their daily hard work.</p> <p>(3) Order Taiwan Organic Mushrooms: In order to support the local small farmers in Taiwan, the Employee Welfare Committee ordered organic mushrooms from the farmers in Guanziling, Tainan before the Dragon Boat Festival in 2021, so that the local good taste might be shared with colleagues, hoping to support the small farmers who produce environmentally friendly production with actual purchase actions and to cheer for Taiwan agriculture!</p> <p>5."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 2021, we sponsored 77 classes in 17 schools in New Taipei City, Taoyuan City, Taichung City, Tainan City and Kaohsiung City, benefiting 1,197 students. Since 2019, Walsin, together with the Walsin Technology Foundation and Mandarin Daily News, has launched a bilingual reading education program. In 2021, we promoted this program in 822 classes in a total of 34 junior high schools in Taoyuan City and Kaohsiung City, benefiting a total of 21,124 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 Wen-Chang Elementary School, Yanshui District, Tainan City to organize newspaper reading games</p>	

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			<p>and activities, where 12 colleagues volunteered to interact with 56 schoolchildren from grade 1 to grade 6 of the whole school and make them understand various useful knowledge in their daily life through the game, with the view to inspiring children's interest in learning through educational entertainment and visualization of knowledge.</p> <p>6. Community Development and Promotion by Plants: Each plant continues to support local cultural and activities, cares for the disadvantaged in the community, and effectively uses plant resources to promote neighborhood development. In 2021, we continued to sponsor six elementary schools in the Yanshui area of Tainan in the academic mentoring program and participated in 79 local civil defense, cultural, folklore, respect for the elderly, care for women and children, and environmental cleanup activities, as well as long-term adoption of nine roads and parks surrounding the plants for cleaning and making them greener.</p> <p>7. Sponsor Lo-Sheng Sanatorium, MOHW to fight against the pandemic: In the middle of 2021, the COVID-19 pandemic has deteriorated dramatically. In view of the shortage of supplies for pandemic prevention in medical institutions and the increasing demand for healthcare capacity, Walsin sponsored NT\$1.2 million to Lo-Sheng Sanatorium, MOHW to provide funds for the purchase of supplies and equipment, in the hope of supporting front-line healthcare workers in their fight against the pandemic with practical actions.</p> <p>8. Sponsor Electric Wire Materials in National Skills Competition held by the Workforce Development Agency The Ministry of Labor organizes the National Skills Competition every year, provides a professional stage for the best craftsmen in various occupations to compete on the same stage, and selects young craftsmen with excellent skills from the competition to represent Taiwan in international skills competitions. The Hsinchuang Plant of Wire and Cable Business Group sponsored the 51st National Skills Competition in the Industrial Control (Industrial Wiring) category in September 2021, in a view to supporting the development of vocational training and technical vocational education.</p> <p>(4) In 2021, 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 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 in 2021.</p> <p>(5) For details on the Company's execution of sustainable development, please go to the Walsin Lihwa website Corporate Sustainability section (https://esg.walsin.com/zh_TW) and read our 2021 Sustainability Report.</p>	

Note 1: "Principle of Materiality" refers to environmental, social and corporate governance issues that have a material impact on the Company's investors and other stakeholders.

Note 2: Management Policies, Strategies or Mechanisms of Risk

Issues	Risk Category	Management Policies, Strategies or Mechanisms
Corporate Governance and Economic Issue	<ul style="list-style-type: none"> • Strategy and Operations • Legal • Capital Expenditure • Information 	<ul style="list-style-type: none"> • Business units regularly report strategic issues to the Directors and therefore reduce strategic risks through the participation, advice and supervision of board members. • 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 through education, internal audit, internal control and other management measures. • Major capital expenditures shall be reported to the Audit Committee and the Board of Directors for review and approval. • The Company continuously introduces advanced information

Issues	Risk Category	Management Policies, Strategies or Mechanisms
	<p>Security</p> <ul style="list-style-type: none"> • Changes in Interest Rates • Changes in Exchange Rates • Raw Material Prices and Supply Chains • Technology Risks 	<p>security solutions, establishes data protection mechanisms, organizes education and training, promotes new information security knowledge and raises staff awareness of information security.</p> <ul style="list-style-type: none"> • 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. • 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. • 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. • 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.
Environmental Issues	Climate Change and Environmental Risks	<ul style="list-style-type: none"> • 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." • 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.
Social Issues	<ul style="list-style-type: none"> • Management Risks • Occupational Safety Risks 	<ul style="list-style-type: none"> • 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 administrative practices comply with the laws and regulations. • 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

Issues	Risk Category	Management Policies, Strategies or Mechanisms
	<ul style="list-style-type: none"> Corporate Image Risks 	<p>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.</p> <ul style="list-style-type: none"> The Company has established a crisis management response mechanism for risks that may affect its image.

Note 3: 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.

Note 4: The title of the Corporal Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies was amended to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" on December 7, 2021; the title of the Corporate Social Responsibility Report was amended to the "Sustainability Report".

(7) 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>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</p>	<p>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</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	
(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, 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?	Yes		<p>implement and monitor the implementation of the ethical management policy.</p> <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 of internal rules and regulations and practices, education and training, daily promotion, contractual agreements and inclusion in the employee performance evaluation.</p> <p>2. The Company established a risk assessment mechanism for dishonest acts and used the seven major 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.</p> <p>3. In order to implement the concept of sustainable management and promote corporate governance, we have established the Sustainable Development Committee, under which the "Ethical Management Promotion Center" is responsible for the management of the Company's ethical management and the implementation of corporate social responsibility, while assisting in integrating integrity management into the Company's business strategy, formulating relevant measures to ensure ethical management in accordance with laws and regulations, supervising the implementation of ethical management, and evaluating its effectiveness. The Sustainable Development Committee held two meetings in 2021 to review the annual plan and implementation results of the Promotion Centers and to monitor the effectiveness of the implementation thereof and report the</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>implement result in 2021 to the board of directors meeting on January 11, 2022.</p> <p>4. 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>5. In respect of the Company's risk management, 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. The risk management operations for 2021 were reported to the Board of Directors on November 5, 2021</p> <p>(III) 1. In 2021, the Company reviewed and updated its ethical management policy and revised the Procedures for Ethical Management and Guidelines for Conduct. 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 accordance with the Director Code of Ethical Conduct, Employee Code of Ethical Conduct and Regulations Governing the Handling of Business by Employees, we cause our staff to</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>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>	
<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</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation
	Yes	No	Summary	
(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?	Yes		<p>management of suppliers. In 2021, a total of 111 companies attended the meetings held by Wire and Cable Business Group (Shanghai, Dongguan and Hsinchuang/Yangmei Plants) and Stainless Steel Business Group (Yanshui Plant).</p> <p>(II) The Company's 7th meeting of the Board of Directors of the 17th term approved the establishment of the "Corporate Social Responsibility Committee" in April 29, 2015, and the 17th meeting of the Board of Directors of the 18th term in November 1, 2019 approved the establishment and organizational charter 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. They reported to the Board of Directors on January 22, 2021 on the performance of 2020 and 2021 implementation plan, and on January 11, 2022 on the performance of 2021 and 2022 implementation plan.</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> <p>1. Assisting to integrate honesty and ethical values into the Company's operating strategies,</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>as well as formulating related measures against corruption to ensure honest business practices.</p> <ol style="list-style-type: none"> 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. 3. Making plans for internal departments, organization and functions; installing a mechanism for mutual supervision and check & balance for business activities within the operating scope with higher risks of dishonest behavior. 4. Setting in motion and coordinating the promotion and training for honest policies. 5. Making plans for a complaint filing system while ensuring the effectiveness of implementation. 6. Assisting the Board of Directors and the management to examine and evaluate whether or not preventive measures to ensure the implementation of honest business practices have been working effectively; compiling regular reports based on the compliance assessment of related business procedures. <p>The Company's Ethical Management Promotion Center members are introduced as follows (with different functions):</p> <ol style="list-style-type: none"> 1. Corporate Governance Unit: Responsible for the operation of the Ethical Management Promotion Center, 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 	

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>compliance assessment of related business procedures.</p> <p>2. Promotion and Education (Human Resources Division and Legal Division): Promoting and highlighting the importance of integrity.</p> <p>(1) HR: Training and education on the integrity culture and conduct.</p> <p>(2) Legal: Training and education on legal compliance.</p> <p>3. Reward and punishment (Human Resources Division): Establishing a clear and effective disciplinary system as basis for performance evaluation.</p> <p>4. Supervision and management (Auditing Office)</p> <p>(1) Offering suggestions for the supervision and check and balance mechanism.</p> <p>(2) Making plans for a complaint filing system.</p> <p>5. Execution Units (Division Heads/Controllers/Function Heads):</p> <p>(1) Cooperating with the execution and implementation of the operation of, and matters relating to, the Ethical Management Committee.</p> <p>(2) Regularly being supervised and audited.</p> <p>(3) Formulating relevant operating rules for specific preventive measures.</p> <p>In 2021, the Ethical Management Promotion Center held a total of four meetings and carried out relevant promotions and educational training, the implementation of which is disclosed in this annual report (V) Explanations for Educational Training on Ethical Management.</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 set up a complaint mailbox on its website that provides a means for filing complaints about violations of honest business practice and sexual harassments, which the Independent Director may receive in real	

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(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>time. A corporate mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions and complaints to the Company. Information received shall be handled by the Auditing Office.</p> <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 order to prevent unethical business practices.</p> <ol style="list-style-type: none"> 1. The Company regularly conducts annual training on ethical management (including anti-corruption) and legal compliance, which is disclosed in the annual CSR report and annual report. 2. Through public commitment, information dissemination and education, the Company deepens its management philosophy of integrity and creates a corporate culture of integrity from top to bottom. In 2021, 9 directors (accounting for 82% of all directors) received courses related to ethical management, and through the implementation of ethical management (including anti-corruption) and legal compliance training, we have established a good ethical management 	

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>culture and strengthened our commitment to ethical practices.</p> <p>3. In 2021, we conducted internal and external training courses on topics such as ethical management, patent education and the TIPS system, with 2,156 attendees. For external promotion, we invited 111 major suppliers and the attendance rate was 100%.</p>	
<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 and Sexual Harassment" area, which allows people to file complaints about violations against ethical management practices, which the Independent Director may receive in real time. 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>	<p>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</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	
4. Improved Information Disclosure 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?	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, and Ethical Conduct Guidelines for Directors of the Board and Managerial Officers 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 the status of the Company's efforts to review and correct its Ethical Corporate Management Best Practice Principles): In order to encourage R&D, protect technology and R&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, after introducing the TIPS intellectual property management system at the headquarters and Yanshui Plant in 2020, the Company continued to promote the TIPS revalidation operation in 2021 and added the Hsinchuang Plant as a newly introduced plant. In accordance with TIPS Section 5.2 (<i>Intellectual Property Management Policy</i>) and Section 5.3 (<i>Objective Planning</i>), the current year's intellectual property management policy and its objectives were established, and the implementation status and annual plan were reported to the Board of Directors on November 5, 2021 (Note 1).				

Note 1: The operation of the Company's intellectual property rights management:

<https://www.walsin.com/investors/corporate-governance/#pills-information-security>

- (8) If the company has formulated corporate governance principles as well as other related regulations, it should disclose how they can be looked up: For the Company's corporate governance principles as well as relative regulations, please visit on our Company website: <https://www.walsin.com/investors/corporate-governance/#pills-major-internal-policies>.

(9) 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, 2021

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Year Total
Chairman	Yu-Lon Chiao	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	6
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
Vice Chairman	Patricia Chiao	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	6
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
Director	Yu-Cheng Chiao	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	21
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Domestic and International Economic Outlook and the Impact of Major Events on the Industry and Its Response; Pricing Strategy & Value Selling	3	
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Machine Learning - Hardware Design; Biden's Policy and the Impact of Soaring U.S. Bond Rates	3	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/09/30	2021/09/30	Computer Audit Association	Information Security-Related Risk Trends and Business Continuity Issues	3	
		2021/10/28	2021/10/28	Taiwan Corporate Governance Association	Semiconductor Innovation: Innovation History, Future Trends, Challenges, Opportunities, and Strategies; Impact of the US-China Trade War and the Pandemic on Cross-Strait Trade and Taiwan's Economy	3	
		2021/10/28	2021/10/28	Taiwan Corporate Governance Association	New Generation Communication, Communicating with New Generation; Seeing Taiwan's Opportunity from International Trends; AI+5G+AIOT+Chromebook's Competitiveness	3	
Director	Yu-Heng Chiao	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	9
		2021/10/06	2021/10/06	Securities and Futures Institute	From Insider Trading to Corporate Social Responsibility	3	
		2021/10/06	2021/10/06	Securities and Futures Institute	ESG in the Corporate Environment and the Impact of Climate Change on Businesses	3	
Director	Andrew Hsia	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	6
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
Director	Wei-Shin Ma	2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Domestic and International Economic Outlook and the Impact of Major Events on the Industry and Its Response; Pricing Strategy & Value Selling	3	9
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Machine Learning - Hardware Design; Biden's Policy and the Impact of Soaring U.S. Bond Rates	3	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Year Total
Representative of Corporate Director	Pei-Ming Chen	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	18
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Domestic and International Economic Outlook and the Impact of Major Events on the Industry and Its Response; Pricing Strategy & Value Selling	3	
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Machine Learning - Hardware Design; Biden's Policy and the Impact of Soaring U.S. Bond Rates	3	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/10/28	2021/10/28	Taiwan Corporate Governance Association	Semiconductor Innovation: Innovation History, Future Trends, Challenges, Opportunities, and Strategies; Impact of the US-China Trade War and the Pandemic on Cross-Strait Trade and Taiwan's Economy	3	
		2021/10/28	2021/10/28	Taiwan Corporate Governance Association	New Generation Communication, Communicating with New Generation; Seeing Taiwan's Opportunity from International Trends; AI+5G+AIOT+Chromebook's Competitiveness	3	
Independent Director	Ming-Ling Hsueh	2021/02/25	2021/02/25	Taiwan Corporate Governance Association	Turning Point in the Strategy of International Centennial Companies; Learn from Centennial Companies about Sustainability	1	31
		2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	
		2021/04/29	2021/04/29	Taiwan Corporate Governance Association	Corporate Governance Blueprint 3.0 and Director Responsibility	3	
		2021/05/04	2021/05/04	Taiwan Securities Association	Anti-Money Laundering and Counter Terrorism Financing Practice and Case Study (including Insider Trading Practice)	3	
		2021/08/03	2021/08/03	Taiwan Securities Association	Information Security Challenges and Countermeasures	3	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable Financial Innovation and Management	3	
		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and Response of Financial Consumer Protection Act	3	
		2021/10/28	2021/10/28	Taiwan Corporate Governance Association	Practical Operation of Employee Motivation Tools for Listed Companies	3	
		2021/12/22	2021/12/22	Taiwan Corporate Governance Association	Corporate Governance Summit - Implementing ESG for Governance and Sustainable Development	6	
Independent Director	King-Ling Du	2021/02/25	2021/02/25	Securities and Futures Institute	Legal Risk and Response for Directors and Supervisors from Major Corporate Malpractice Cases	3	9
		2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
Independent Director	Shiang-Chung Chen	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	6
		2021/11/05	2021/11/05	Taiwan Investor Relations Institute	Analysis of Information Security and Risk Trends	3	

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Year Total
Independent Director	Fu-Hsiung Hu	2021/02/23	2021/02/23	Securities and Futures Institute	Advanced Seminar on Director and Supervisor Practices - Corporate Mergers and Acquisitions - Focusing on Hostile Mergers and Acquisitions	3	20
		2021/03/22	2021/03/22	Taiwan Corporate Governance Association	Integrity and Fair Treatment of Customers	2	
		2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	
		2021/04/20	2021/04/20	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Green Energy Innovative Business Model for Corporate Governance	3	
		2021/05/05	2021/05/05	Taiwan Corporate Governance Association	Case Study on Anti-Money Laundering in Banking Industry	1	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/10/22	2021/10/22	Securities and Futures Institute	2021 Annual Legal Compliance Seminar on Insider Stock Transactions	3	
		2021/10/28	2021/10/28	Taiwan Institute of Sustainable Energy	26 th CEO Lecture and Keynote Speech	2	

2. For the attendance of Board meetings by Directors, please refer to " III. 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 2021:

As of December 31, 2021

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Year total
President & President of Commercial and Real Estate BG	Fred Pan	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	14
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Domestic and International Economic Outlook and the Impact of Major Events on the Industry and Its Response; Pricing Strategy & Value Selling	3	
		2021/04/15	2021/04/15	Taiwan Corporate Governance Association	Machine Learning - Hardware Design; Biden's Policy and the Impact of Soaring U.S. Bond Rates	3	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/10/28	2021/10/28	Taiwan Institute of Sustainable Energy	26 th CEO Lecture and Keynote Speech	2	
Executive Vice President & Head of Finance Department	C.C. Chen	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	6
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
President of Wire & Cable BG	Jin-Renn Leu	2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	3
President of Stainless Steel BG	Kevin Niu	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	3
President of Commodity BG	Josh Chia	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	6
		2021/08/06	2021/08/06	Taiwan Corporate	Study on Important Economic and Trade Issues and	3	

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Year total
				Governance Association	Case Study on Ethical Management		
Head of Corporate Governance	Hueiping Lo	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	25
		2021/07/29	2021/07/29	Taiwan Institute of Sustainable Energy	25 th CEO Lecture and Keynote Speech	2	
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/08/19	2021/08/19	Taiwan Corporate Governance Association	Corporate Governance and Information Disclosure System - On the Important Responsibility of Insiders	3	
		2021/09/01	2021/09/01	Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	3	
		2021/10/22	2021/10/22	Securities and Futures Institute	2021 Annual Legal Compliance Presentation on Insider Stock Transactions	3	
		2021/10/28	2021/10/28	Taiwan Institute of Sustainable Energy	26 th CEO Lecture and Keynote Speech	2	
		2021/12/17	2021/12/17	Taiwan Stock Exchange Corporation	2021 Cathay Sustainable Finance and Climate Change Summit	6	
Head of Accounting Department	Richard Wu	2021/04/09	2021/04/09	Taiwan Corporate Governance Association	2021 Global Macro Economic Outlook	3	18
		2021/08/06	2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/10/21	2021/10/22	Accounting Research and Development Foundation	Continuing Education Course for Accounting Supervisors of Issuers, Securities Firms and Stock Exchanges	12	

(10) Implementation Status of Internal Control System

1. Statement on Internal Control

Walsin Lihwa Corporation
Statement on Internal Control System

Date: February 22, 2022

In 2021, 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, 2021, 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 22, 2022 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.

- (11) 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.
- (12) 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 2021 AGM on July 15, 2021 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 2020 Business Report and financial statements.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	This was announced as an important resolution on the day of the Shareholders Meeting.

Proposal No. 2

Description:	Acknowledgement of the Company's 2020 Profit Distribution Table.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	August 8, 2021 was the ex-dividend record date and the dividends were paid out on August 25, 2021. (Cash dividend of NT\$0.9 was paid per share.)

Proposal No. 3

Description:	Amendments to the Company's Articles of Incorporation.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	Changes to the corporate registration were handled in accordance with the law and have been approved by the Ministry of the Economic Affairs on August 12, 2021 via a letter (Ref. No.: Jin-So-Shang-Zi-11001136610), and the revised articles were disclosed on our official website.

Proposal No. 4

Description:	Amendments to the Company's Rules and Procedures of Shareholders' Meetings.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	Relevant operations were handled in accordance with the amended procedures and the revised articles were disclosed on our official website.

Proposal No. 5

Description:	Proposal to lift 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' Meeting.
Status:

Important resolutions adopted by 2021 Board meetings as of the day of this annual report

2021/01/22 (5th Meeting of the 19th Term)

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

Result: Proposal passed.

Important Proposal to approve the loans from Walsin International Investment Co., Ltd. to the Company and
Resolution: its other subsidiaries in a total of US\$682 million and RMB1,127 million.

Result: Proposal passed.

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

Result: Proposal passed.

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

Result: Proposal Passed.

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

2021/02/26 (6th Meeting of the 19th Term)

Important Distribution of remuneration to directors and employees for 2020.

Resolution:

Result: Proposal passed.

Important Proposal of the 2020 Profit Distribution Table.

Resolution:

Result: Proposal passed.

Important Proposal of the 2020 Internal Control System Statement.

Resolution:

Result: Proposal passed.

Important Amendments to the Company's Articles of Incorporation.

Resolution:

Result: Proposal passed.

Important Amendments to the Company's Shareholder Meeting Regulations.

Resolution:

Result: Proposal passed.

Important Proposal to lift the non-competition ban for the Company's Directors according to Article 209 of the
Resolution: 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 Walsin
Resolution: International Investment Co., Ltd.

Result:	Proposal passed.
Important Resolution:	Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. and to the Company, in a total amount of US\$45 million.
Result:	Proposal passed.
Important Resolution:	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.
Result:	Proposal passed.
Important Resolution:	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.
Result:	Proposal passed.
Important Resolution:	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.
Result:	Proposal passed.
Important Resolution:	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., a subsidiary of the Company, at a transaction price of RMB62.57 million.
Result:	Proposal passed.

2021/04/09 (7th Meeting of the 19th Term)

Important Resolution:	Amendments to the Company's Articles of Incorporation.
Result:	The language of Article 14-3 and Article 22 was revised, and the rest was adopted as proposed.
Important Resolution:	Amendments to certain provisions of Company's Board of Directors Meeting Regulations.
Result:	Proposal passed.
Important Resolution:	Amendments to certain provisions of the Company's Corporate Governance Best Practice Principles.
Result:	Proposal passed.
Important Resolution:	Amendments to certain provisions of the Company's Procedures for Ethical Management and Guidelines for Conduct.
Result:	Article 10 that provides that donations of NT\$10 million to non-related parties should be submitted to the Board of Directors for resolution was amended, and the rest was adopted as proposed.
Important Resolution:	Amendments to certain provisions of the Company's Standard Operating Procedures for Processing Requests Made by the Directors of the Board.
Result:	Proposal passed.
Important Resolution:	Proposal to update the investment plan for and amount of the hot rolling production line of Yantai Walsin Stainless Steel Co., Ltd.
Result:	Proposal passed.
Important Resolution:	Proposal for Yanshui Plant to invest in and construct the equipment for acid recycling and disposal.
Result:	Proposal passed.

2021/05/07 (8th Meeting of the 19th Term)

Important Resolution:	Proposal to amend the Company's internal control system of financing cycle - internal control principles of stock services.
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Result: Proposal passed.

2021/06/25 (9th Meeting of the 19th Term)

Important Proposal to postpone the 2021 Annual General Meeting of the Company.

Resolution:

Result: Proposal passed.

Important Proposal for Changshu Walsin Specialty Steel Co., Ltd. to invest in and expand the acid-washing production line and equipment.

Resolution:

Result: Proposal passed.

Important Proposal to acquire 100% shareholding in New Hono Investment Pte. Ltd. in order to acquire 42% shareholding in PT Walsin Nickel Industrial Indonesia, one of the Company's subsidiaries.

Resolution:

Result: Proposal passed.

2021/08/06 (10th Meeting of the 19th Term)

Important Proposal to issue domestic unsecured straight corporate bonds to repay borrowings.

Resolution:

Result: Proposal passed.

Important Proposal to obtain medium- and long-term loans from various banks in order to enhance the Company's medium- and long-term working capital and strengthen its financial structure.

Resolution:

Result: Proposal passed.

Important 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:

Result: Proposal passed.

Important Proposal to approve the loan of funds from the Company to PT Walsin Nickel Industrial Indonesia in the form of a US\$250 million non-revolving facility and a US\$70 million revolving facility.

Resolution:

Result: Proposal passed.

Important Proposal to lift the non-competition ban on the Company's managerial officers.

Resolution:

Result: Proposal passed.

Important Amendment to the Company's Rules for Managerial Officers' Performance Evaluation and Compensation Management.

Resolution:

Result: Proposal passed.

Important Proposal to establish a Nomination Committee under the Board of Directors, to establish the Nomination Committee Charter, and to appoint the members of the Nomination Committee for the first term in accordance with Article 4 of such Charter.

Resolution:

Result: Proposal passed.

2021/11/05 (11th Meeting of the 19th Term)

Important Formulation of the Procedures for Communications between Independent Directors and the Chief

Resolution: Audit Executive.

Result: Proposal passed.

Important Amendment to the Company's Audit Committee Proposal Rules.

Resolution:

Result: Proposal passed.

Important Proposal to amend the Company's internal control system.

Resolution:

Result: Proposal passed.

Important Resolution:	Proposal to update the Company's investment plan and investment amount for the establishment of a low-voltage construction wire and cable production line and a three-dimensional automatic warehouse at the Yangmei Plant.
Result:	Proposal passed.
Important Resolution:	Proposal to update the investment plan and investment amount of Yantai Walsin's cold-refined bar plant.
Result:	Proposal passed.
Important Resolution:	Proposal to apply for opening an escrow account and appoint Oversea-Chinese Banking Corporation Limited as the escrow agent.
Result:	Proposal passed.
Important Resolution:	Proposal to extend the Company's bank borrowing of US\$550 million or its equivalent in New Taiwan Dollars to five years.
Result:	Proposal passed.
Important Resolution:	Proposal to approve the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a NT\$130 million non-revolving facility.
Result:	Proposal passed.
Important Resolution:	Proposal to establish the Principles of Election of Board Members and Managers and Guidelines for Continuing Education and Succession Planning.
Result:	Proposal passed.

2021/12/13 (12th Meeting of the 19th Term)

Important Resolution:	Proposal to conduct a cash capital increase by issuing new shares.
Result:	Proposal passed.
Important Resolution:	Proposal to approve the loan of funds from Walsin International Investment Co., Ltd. to PT Walsin Nickel Industrial Indonesia in the form of a US\$250 million non-revolving facility.
Result:	Proposal passed.
Important Resolution:	Proposal to provide endorsement and guarantee for PT Walsin Nickel Industrial Indonesia.
Result:	Proposal passed.

2022/01/11 (13th Meeting of the 19th Term)

Important Resolution:	Change of CPA in response to the internal rotation mechanism of the CPA firm, Deloitte & Touche, and evaluation of the annual compensation of the CPA firm and the independence and suitability of the CPA.
Result:	Proposal passed.
Important Resolution:	Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries, in a total amount of US\$650 million and RMB1.5 billion respectively.
Result:	The explanatory text was amended as suggested in the summary of the speech by changing the period from February 1, 2022 to January 31, 2023, and the rest was adopted as proposed.
Important Resolution:	Amendment to certain provisions of the Company's Regulations Governing Board Performance Evaluation and relevant schedules thereto.
Result:	Proposal passed.
Important Resolution:	Amendment to the Company's Sustainable Development Practice Principles.
Result:	

Result: As suggested in the summary of the speech, the subject was change from "Corporate Social Responsibility Practice Principles" to "Sustainable Development Practice Principles", and the rest was adopted as proposed.

Important Proposal for the distribution of the performance bonus for Chairman and Vice Chairman for 2021.

Resolution:

Result: Proposal passed.

Recusal: Yu-Lon Chiao and Patricia Chiao

Important Proposal to review managers' performance evaluation as well as bonuses and compensation for

Resolution: 2021.

Result: Proposal passed.

Important Proposal to lift the non-competition ban on the Company's managerial officers.

Resolution:

Result: Proposal passed.

2022/02/22 (14th Meeting of the 19th Term)

Important Distribution of remuneration to directors and employees (including managerial officers) for 2021.

Resolution:

Result: Proposal passed.

Important Proposal of the 2021 Profit Distribution Table.

Resolution:

Result: Proposal passed.

Important Proposal of the 2021 Internal Control System Statement.

Resolution:

Result: Proposal passed.

Important Amendment to the Company's Procedures for the Acquisition and Disposal of Assets.

Resolution:

Result: Proposal passed.

Important Amendments to certain provisions of the Company's Articles of Incorporation.

Resolution:

Result: Proposal passed.

Important Approval for holding the 2022 AGM regularly.

Resolution:

Result: Proposal passed.

Important Proposal to lift the non-competition ban for the Company's Directors according to Article 209 of the

Resolution: Company Act.

Result: Proposal passed.

Recusal: Yu-Heng Chiao, Wei-Shin Ma, and Shiang-Chung Chen

- (13) 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.

- (14) 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 18, 2022

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Head of Corporate Governance	Sherry Ho	2019/06/12	2021/01/22	Position Adjustment

5. Information on CPAs' fees

CPA Firm	CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte Taiwan	Wen-Yea Shyu and Kuan-Chung Lai	2021/01/01~ 2021/09/30	NT\$14,410	NT\$19,910	NT\$34,320	1. Change of CPAs due to internal rotation and adjustment of the CPA firm. 2. The non-audit fees were mainly for tax audit, system design, CSR consultation and assurance, cash capital increase, and review opinion of the CPA for the issuance of corporate bonds.
	Wen-Yea Shyu and Ker-Chang Wu	2021/10/01~ 2021/12/31				

- (I) 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.
- (II) 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 11, 2022		
Reason for the replacement and explanation	Internal position rotations and changes of Deloitte Taiwan		
Explain whether the appointer terminates or CPA refuses to accept appointment	Contracting parties		Appointer
	Situation	Accountants	
	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 2021 and 2020 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	<input checked="" type="checkbox"/>	
	Description: None.		
Other disclosures	None.		

(II) About the succeeding CPAs:

Name of CPA firm	Deloitte Taiwan
CPA name	Wen-Yea Shyu and Ker-Chang Wu
Date of appointment	January 11, 2022
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

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

Title	Name	2021		Current fiscal year up to March 15, 2022	
		No. of shares held Increase (decrease)	Shares pledged Increase (decrease)	No. of shares held Increase (decrease)	Shares pledged Increase (decrease)
Chairman	Yu-Lon Chiao	1,200,000	0	0	0
Vice Chairman	Patricia Chiao	1,200,000	20,000,000	0	0
Director	Yu-Cheng Chiao	1,152,890	0	0	0
Director	Yu-Heng Chiao	870,000	0	0	0
Director	Andrew Hsia	0	0	0	0
Director	Wei-Shin Ma	0	0	0	0
Director	Chin-Xin Investment Co., Ltd.	0	0	0	0
	Representative: Pei- Ming Chen	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	Fu-Hsiung Hu	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	0	0	0	0
Head of Accounting Dept.	Richard Wu	0	0	0	0
Shareholders holding over 10% of outstanding shares	None	-	-	-	-

(2) Information on change in the number of shares retained: None.

(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 15, 2022

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.	251,504,000	7.33%	-	-	-	-	-	-	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 15, 2022

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 15, 2022

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	-
Rong Jiang Co., Ltd.	148,040,000	4.31%	-	-	-	-	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	-
Patricia Chiao	93,169,006	2.72%	-	-	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of said shareholder	-

As of March 15, 2022

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	
							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	-
							Yu-Heng Chiao	He is a second-degree relative of said shareholder	-
Investment Account of Banque Pictet & CIE SA under the custody of HSBC	62,001,000	1.81%	-	-	-	-	-	-	Note 2
Yu-Heng Chiao	61,072,197	1.78%	10,274,952	0.30%	-	-	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	-
Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	52,313,360	1.52%	-	-	-	-	-	-	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.

Note 3: The shareholding ratios are rounded to the nearest hundredth percent.

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, 2021; 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	Percentag e	Number of shares	Percentage	Number of shares	Percentage
Walsin Lihwa Holdings Limited	473,730,393	100.00	-	-	473,730,393	100.00
Walsin Specialty Steel Corp.	317,505,180	100.00	-	-	317,505,180	100.00
Ace Result Global Limited	44,739,988	100.00	-	-	44,739,988	100.00
Min Maw Precision Industry Corp.	29,995,859	100.00	-	-	29,995,859	100.00
Hua Tuo Green Resources Co., Ltd.	1,000,000	100.00	-	-	1,000,000	100.00
Walsin Precision Technology Sdn. Bhd.	32,178,385	100.00	-	-	32,178,385	100.00
New Hono Investment Pte. Ltd.	42,000,000	100.00	-	-	42,000,000	100.00
Chin-Cherng Construction Co.	577,583,403	99.22	-	-	577,583,403	99.22
Walsin Info-Electric Corp.	29,854,246	99.51	-	-	29,854,246	99.51
PT. Walsin Nickel Industrial Indonesia	500,000	50.00	420,000	42.00	920,000	92.00
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	59.05	73,520,000	100.00
Chin-Xin Investment Co., Ltd	179,468,270	37.00	49,327,824	10.16	228,796,094	47.16
Walsin Color Corporation	49,831,505	33.97	12,070,677	8.23	61,902,182	42.20
Han-You Venture Capital Co., Ltd.	26,670,699	26.67	1,934,486	1.94	28,605,185	28.61
Winbond Electronics Corporation	883,848,423	22.21	374,044,285	9.40	1,257,892,708	31.61
Walton Advanced Engineering, Inc.	109,628,376	21.01	13,298,805	2.55	122,927,181	23.56
Walsin Technology Corporation	88,902,325	18.30	16,719,526	3.44	105,621,851	21.74
Powertec Electronic Chemical Material Corp.	318,522,792	22.46	15,880,540	1.12	334,403,332	23.58

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 by 304,618,660 shares	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 2: Approval letter Tai-Cai-Zheng (3) No. 0920110106, dated 2003.03.25
- Note 3: Approval letter (2001) Tai-Cai-Zheng (3) No. 101196, dated 2001.02.08
- Note 4: Approval letter Tai-Cai-Zheng (3) No. 0920159026, dated 2003.12.15
- Note 5: Approval letter Tai-Cai-Zheng (3) No. 0930110000, dated 2004.03.24
- Note 6: Approval letter Tai-Cai-Zheng (3) No. 0930125152, dated 2004.06.03
- Note 7: Approval letter Jin-Guan-Zheng (3) No. 0940110778, dated 2005.03.30
- Note 8: Approval letter Jin-Guan-Zheng (1) No. 0940124111, dated 2005.06.16
- Note 9: Approval letter Jin-Guan-Zheng (3) No. 0950105881, dated 2006.02.20
- Note 10: Letter Jin-Guan-Zheng (3) No. 09700511511, dated 2008.09.24
- Note 11: Letter Jin-Guan-Zheng (3) No. 0970065169, dated 2008.11.28
- Note 12: Letter Jin-Guan-Zheng (Jiao) No. 0980027679, dated 2009.06.06
- Note 13: Letter Jin-Guan-Zheng (Jiao) No. 0980050862, dated 2009.09.21
- Note 14: Letter Jin-Guan-Zheng (Fa) No. 0990051578, dated 2010.09.28
- Note 15: Letter Jin-Guan-Zheng (Jiao) No. 0990025440, dated 2010.05.12
- Note 16: Letter Jin-Guan-Zheng (Jiao) No. 1050021717, dated 2016.05.27
- Note 17: Letter Jin-Guan-Zheng (Jiao) No. 1050040371, dated 2016.10.03
- Note 18: Letter Jin-Guan-Zheng (Jiao) No. 1030014322, dated 2014.04.17
- Note 19: Letter Jin-Guan-Zheng (Jiao) No. 1040026231, dated 2015.07.08
- Note 20: Letter Jin-Guan-Zheng (Jiao) No. 1090341078, dated 2021.05.05
- Note 21: Letter Jin-Guan-Zheng (Jiao) No. 1090359858, dated 2021.09.29
- Note 22: Letter Jin-Guan-Zheng (Fa) No. 1090377120, dated 2015.07.08

2. Types of Shares

As of March 15, 2022

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 15, 2022

Shareholders Numbers	Government Institutions	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Individuals	Total
Number	4	42	385	172,964	344	173,739
No. of Shares Held	18,131,054	50,651,739	1,181,313,985	1,375,806,877	805,429,293	3,431,332,948
Shareholding	0.53%	1.48%	34.43%	40.09%	23.47%	100%

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

(3) Distribution of Shareholders

1. Distribution of Common Shares:

As of March 15, 2022

Shareholding	Number of shareholders	Shares Held (Note)	Shareholding
1 to 999	64,475	14,130,185	0.41%
1,000 to 5,000	80,589	170,404,107	4.97%
5,001 to 10,000	14,650	114,352,826	3.33%
10,001 to 15,000	4,539	57,207,868	1.67%
15,001 to 20,000	2,877	53,119,205	1.55%
20,001 to 30,000	2,383	60,536,469	1.76%
30,001 to 40,000	1,115	39,758,697	1.16%
40,001 to 50,000	725	33,728,005	0.98%
50,001 to 100,000	1,262	91,654,314	2.67%
100,001 to 200,000	566	80,094,514	2.33%
200,001 to 400,000	248	69,031,837	2.01%
400,001 to 600,000	83	40,408,324	1.18%
600,001 to 800,000	37	25,289,903	0.74%
800,001 to 1,000,000	30	26,643,473	0.78%
1,000,001 and more	160	2,554,973,221	74.46%
Total	173,739	3,431,332,948	100%

2. Distribution of Preferred Shares: None.

(4) List of Major Shareholders

As of March 15, 2022

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.		251,504,000	7.33%
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%
Rong Jiang Co., Ltd.		148,040,000	4.31%
Huali Investment Corp.		100,000,000	2.91%
Patricia Chiao		93,169,006	2.72%
Investment Account of Banque Pictet & CIE SA under the custody of HSBC		62,001,000	1.81%
Yu-Heng Chiao		61,072,197	1.78%
Norges Bank Investment Fund under the custody of Citibank, Taipei Branch		52,313,360	1.52%

Note: The shareholding ratios are rounded to the nearest hundredth percent.

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

Item		Year		
		2020	2021	Current Year up to March 18, 2022
Share Price (Note 1)	High	22.60	32.35	31.90
	Low	10.45	16.30	25.10
	Average	16.18	26.12	28.46
Net Value per Share (Note 2)	Basic	26.18	30.86	-
	Diluted	25.23	29.26	-
Earnings per Share	Weighted average shares	3,276,127,526	3,428,520,171	-
	Earnings per share	2.04	4.27	-
Dividend per Share	Cash dividend (Note 3)	0.90	1.60	-
	Stock Dividend	-	-	-
		-	-	-
	Accumulated unpaid dividend (Note 4)	-	-	-
Return Analysis	Price-earnings ratio (Note 5)	7.50	5.68	-
	Price-dividend ratio (Note 6)	16.99	15.15	-
	Cash dividend yield (Note 7)	0.06	0.07	-

* 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 share dividend policy of the Company should be stable for the purpose of its 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.

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

According to the decision of the Company's 14th board meeting of the 19th term, cash dividends issued to shareholders in 2021 shall be NT\$5,490,132,717, averaging NT\$1.6 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 2022 Annual General Meeting, which authorized the chairman of the board to determine the ex-dividend date and other details. In the future, if the Company issues or 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 financial structure and the principle of dividend equity, the Company's 2022 Annual General Meeting intends to amend Articles 28 and 28-1 of the Company's Articles of Incorporation, so that the Board of Directors will be authorized to pay cash dividends by a special resolution, and that the Company's dividend payout amount shall be calculated by excluding the share of the income generated by the Company's affiliates but adding the cash dividends they distribute to the Company. Those articles are amended as follows:

Article 28 of the Company's Articles of Incorporation:

After the Company has offset its accumulated losses from previous years and paid all tax due, the Company shall set aside 10% of its net profits as legal reserve, except when the legal reserve equals to the total authorized capital of the Company. From the remainder calculated above plus the surplus retained earnings of previous year, the Company shall set aside or reverse the special reserve as stipulated by the law or the competent authority. Then the Board of Directors shall draft an earning distribution proposal submitted to the Shareholders' meeting for resolution to distribute shareholder's dividends. If the aforementioned distribution of earnings is made in cash, the Board of Directors shall be authorized to distribute the earnings with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present, and to report the distribution to the shareholders' meeting.

The setting aside of the legal reserve set forth in Paragraph 1 of this Article should be based on the "the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period."

Article 28-1 of the Company's Articles of Incorporation:

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, as well as deducting the share of the affiliates' interests recognized by equity method and adding the cash dividends paid out by the affiliates to the Company recognized by equity method. 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, 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.

(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 25 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\$187,000,000 to be paid in cash to employees and NT\$75,000,000 to directors for 2021.

(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 2020, the Company issued NT\$68,500,000 to employees and NT\$34,050,000 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 "VI. Financial Overview: 4. Financial report of the most recent year 25 Profits from Continuing Operating Units" of this annual report for further explanation.

(9) Share Repurchases:

1. Those having been executed: None.

2. Those being executed: None.

2. Issuance of Corporate Bonds:

Type of Corporate Bonds	2021 1 st Unsecured Straight Corporate Bonds
Issuance (Processing) Date	October 8, 2021.
Denomination	NT\$10,000,000
Issue Price	Issued at denomiatiion
Lump Sum	NT\$7,500,000,000
Interest Rate	A fixed rate of 0.70% per annum

Term	5 years; Expiration date: 2026/10/8	
Guarantor	None	
Trustee	Hua Nan Commercial Bank Co., Ltd.	
Underwriter	KGI Securities was appointed as lead underwriter	
Certifying Attorney	Yicheng United Law Firm	
Certifying CPA	Deloitte Taiwan	
Repayment Method	Principal shall be repaid upon due in one installment	
Outstanding Principal	NT\$7,500,000,000	
Terms of Redemption or Prepayment	None	
Restrictive Clauses	None	
Credit Rating Agency Name, Rating Date, Rating of Corporate Bonds	Rating agency: Taiwan Ratings Corporation Rated Entity: Walsin Lihwa Corporation Rating: Twa- Rating Date:2021/08/06	
Additional Rights	Amt. of Converted Common Shares, Global Depositary Receipts or other Securities	Not applicable
	Rules for Issuance and Conversion	None
Possible Dilution of Shareholding due to, and Effect on the Current Shareholders' Rights and Interests of, Issuance and Conversion, Rules for Share Swap or Subscription, or the Issuance Terms	None	
Name of the Custodian Engaged by the Counterparty of Share Swap	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 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 Depository Agreement and Custodial Agreement		Omitted	
Market price per unit (Unit: US\$)	2021	High	11.40
		Low	5.87
		Average	8.61
	Current year as of March 18, 2022	High	10.81
		Low	9.11
		Average	9.71

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. Dividend income for 2021 was approximately NT\$260 million (including dividend income from the assumption of new shares issued and the acquisition of shares in the centralized stock exchange).



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, 2021. On the record date for the share swap, January 6, 2022, 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	136,612,450
	Total Liabilities	40,950,519
	Total Shareholders' Equity	95,661,931
	Operating Income	52,557,027
	Gross Profit	12,745,579
	Operating Income	5,069,358
	Profit or Loss for the Period	5,502,191
	Earnings per Share	2.38

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.	64,423	41.1
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	65,297	41.7
Commodity	Production and sales of stainless steel upstream raw material, nickel pig iron, agency sales of stainless steel semi-finished products, procurement and hedging of other metal raw materials required by the Company for production	Nickel pig iron, billets, slabs, and HR coils	8,572	5.5
Commercial real estate business	Real estate	Parking space sales, commercial leasing, residential housing and office buildings sales	1,882	1.2
Others	Solar power engineering etc.		16,491	10.5

2. New products under development

Business unit	New products under development
Wire and cables	(1) Composite cable for large machinery (2) Cables for offshore wind turbines (3) Wire harnesses for new energy vehicles and power supplement systems (4) Energy storage application cables
Stainless steel	(1) Expand the development of high-strength stainless steel supply types, sizes, conditions and product types: Precipitation hardening type, martensite iron series, duplex type (2) High-performance stainless steel for automotive components with high heat resistance, high intensity, free-machining and soft magnetic properties

Business unit	New products under development
	(3) High-strength and wear-resistant Martensitic stainless steel for machinery and equipment
	(4) High-performance stainless steel with free-machining, corrosion resistance and high-definition cleanliness for computer, communications, and consumer-electronics products
	(5) High heat-resistant Austenitic stainless steel for industrial high-temperature conveying equipment

(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 increased by 2.5% year-on-year from January to November 2021 and is forecast to reach 21.34 million tonnes for the year 2021, mainly due to an 8.5% year-on-year increase in Peru, the second largest copper producer, and a 50% increase in Indonesia, driven by newly commissioned capacity, and 11%, 66% and 9% increases in the Congo, Panama and Mainland China respectively. Refined copper production increased by 1.3% year-on-year from January to November 2021 and is forecast to reach 24.83 million tonnes for the year 2021, while refined copper consumption increased by 0.6% year-on-year from January to November 2021 and is forecast to reach 25.15 million tonnes for the year 2021, leaving a supply/demand gap of 320,000 tonnes. As global demand for copper continues to increase, with particular focus on future copper demand in the renewable energy sector, Chinese copper smelters continue to expand their production capacity. China's refined copper production has exceeded 10 million tonnes for 2 consecutive years, reaching an annual record high of 10.49 million tonnes in 2021, according to the data published by the National Bureau of Statistics of China.

Mainland China is the world's largest copper consumer, and its annual sales of copper rods are increasing year by year. According to the statistical analysis report released by the International Wrought Copper Council (IWCC), the sales volume of copper rods in China reached 8.97 million tonnes in 2021, an annual increase of 4.2%. The annual sales volume of copper rods in Taiwan has increased significantly in the past two years. In 2020, the annual sales volume of copper rods was about 360,000 tonnes, an annual increase of 8.5%, and in 2021, the sales volume of copper rods from January to June increased by 8.3% year-on-year, with the estimated annual sales volume for 2021 about 390,000 tonnes. The largest demand in China's power cable industry came from purchases from The State Grid Corporation of China (State Grid). According to the market information memorandum provided by IWCC, it is likely that the impact of the pandemic has delayed many projects to 2021, and the total amount of purchases by State Grid as of the end of the third quarter of 2021 was close to the total amount of purchases in 2020. State Grid will still place large orders in the fourth quarter 2021. It is estimated that the procurement volume in 2021 will break away from the decline in 2020 and rebound from the trough to the level of 2019.

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 2021 is estimated as 240,000 tonnes, an increase of 4.6% over the previous year, of which production for domestic sales was approximately 220,000 tonnes, an increase of 3.7% over the previous year. Taiwan market benefits from the regional supply chain integration, part of the industry supply chains back to Taiwan to invest in plant construction, and the government's three major programs for investments in Taiwan; therefore, a total of 1,176 businesses has passed the review process, in the total investment



amount of about NT\$1.65 trillion, with the increasingly popular plant construction projects that have increased the demand for power cables. The Taiwanese government continues to actively promote green energy policies, attracting a large number of solar power and offshore wind power related construction. During the pandemic, countries worldwide provided relaxed fiscal policies to drive consumer demand, resulting in an increase in the number of residential, commercial office and public works cases, and thus the overall market demand rebounded.

(2) Stainless Steel Business

According to International Stainless Steel Forum (ISSF), global stainless crude steel production is estimated at 57 million tonnes in 2011. Countries around the world are gradually relaxing their epidemic control policies, driving economic recovery and growth in steel supply and demand. The largest steel production region was Mainland China, which produced 31.8 million tonnes of crude stainless steel, up by 5% from 2020, while Asia (excluding Mainland China and Korea) produced 7.7 million tonnes, Europe 7.2 million tonnes and the Americas 2.4 million tonnes, up by 20%, 14% and 14% respectively from 2020.

In terms of the structure of stainless steel products, the output of plate products in 2021 was 43 million tonnes (consisting of HR coil of 8 million tonnes (19%) and CR coil of 3.5 million tonnes (81%)), accounting for 84% of the total output, and the output of long steel products was 8.2 million tonnes, accounting for 16% of the total output. Among the long steel products, the output of HR bars, wire rods and small steel embryos were 3.5, 2.7, and 2 million tonnes respectively, accounting for 43%, 33%, and 24% of the output of the long products respectively.

About 50% of the end-use applications of long steel products are used for industrial production (such as machined parts), 21% for industrial production (e.g. machined parts), 16% for consumer durable goods and 10% for transportation. The top five long-strip stainless steel companies around the world by output are Tsingshan, Jiangsu Delong, Walsin Lihwa, Viraj and Swiss Steel. (The above output figures are based on the data from the research report for 2021 published by SMR, a marketing agency, and the estimates provided 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 tonnes. In addition, Jiangsu Delong is also expanding its production capacity, and with successive mergers and alliances among Baosteel, Wuhan Iron and Steel, Taiyuan Iron and Steel, Shagang (which will cooperate with Beihai Chengde), more 10 million tonnes steel maker groups will emerge in the future.

Benefiting from its cost advantage thanks to RKEF integration, Tsingshan and Jiangsu Delong's low-cost products marched into the market; Baowu Steel Group entered the Indonesian nickel iron market; Beihai Chengde takes the advantage of its own nickel iron production capacity and cooperates with the Philippine nickel miners; therefore, steel groups in the northern and southern parts of China are working together to compete those in the middle part of China.

(4) Commodity Business

Global nickel pig iron production capacity is mainly concentrated in Mainland China and Indonesia. In 2020, due to Indonesia's ban on ore exports, the movement of the nickel pig iron industry chains from Mainland China to Indonesia accelerated, and Indonesia has become the world's largest nickel pig iron producer. In 2021, global nickel pig iron production capacity reached 1.98 million tonnes of nickel and the production reached 1.32 million tonnes of nickel, with the production capacity up by 16.2% compared with 2020 and

the production up by 18.9% compared with 2020. Among them, total nickel pig iron production in Mainland China was 435,000 tonnes of nickel, down by 16% from 2020, mainly due to the impact of raw material supply restrictions and the dual control of energy consumption; total nickel pig iron production in Indonesia was 885,000 tonnes of nickel, up by 48.7% from 2020.

In 2022, China's nickel pig iron production will continue to be limited by the decline in imported nickel ore grade and the uneconomic production caused by the dual control of energy consumption. In Indonesia, new capacity is expected to be added at a faster pace as the disruptions from the epidemic are expected to fade and local infrastructure such as power supply is expected to become complete. Global nickel pig iron production capacity is expected to increase to 2.74 million tonnes of nickel this year, with production increasing to 1.56 million tonnes of nickel.

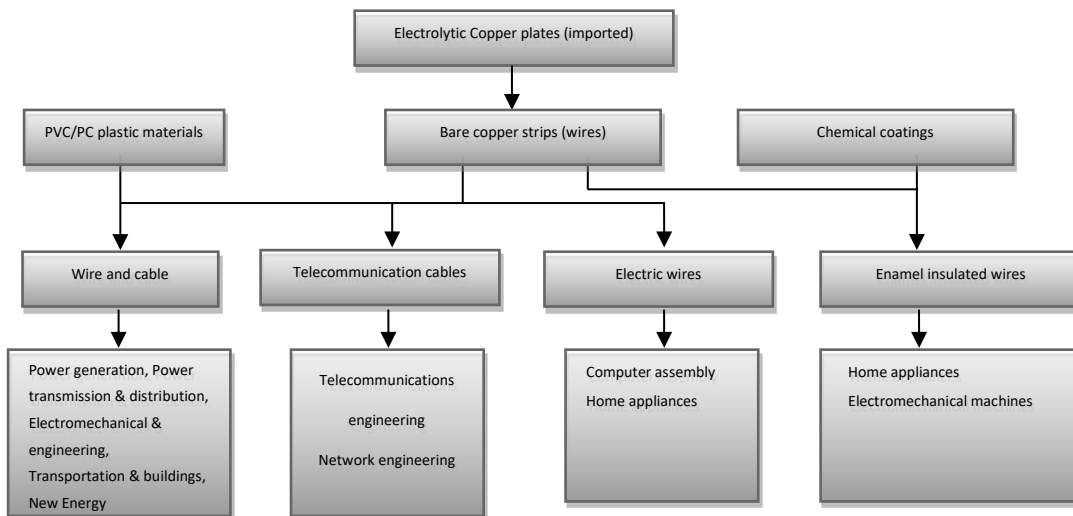
(5) Commercial Real Estate Business

In 2021, the total commercial residential sales area in Nanjing exceeded 12.34 million square meters, setting a new 5-year high, up by over 20% from 2020. The average transaction price exceeded RMB 28,400 per square meter, a significant increase of over 10% compared to 2020. The renovation package (not included in price statistics) policy that has been implemented since 2020 became the norm for transactions in the first three quarters of 2021, effectively raising the actual transaction prices of popular properties in the core area and increasing the profits of developers. In the fourth quarter of 2021, the growth momentum and activity of real estate transactions were significantly dampened due to a series of debt defaults by private real estate developers such as Evergrande. This also brings new development opportunities for strong, cash-flow-rich enterprises.

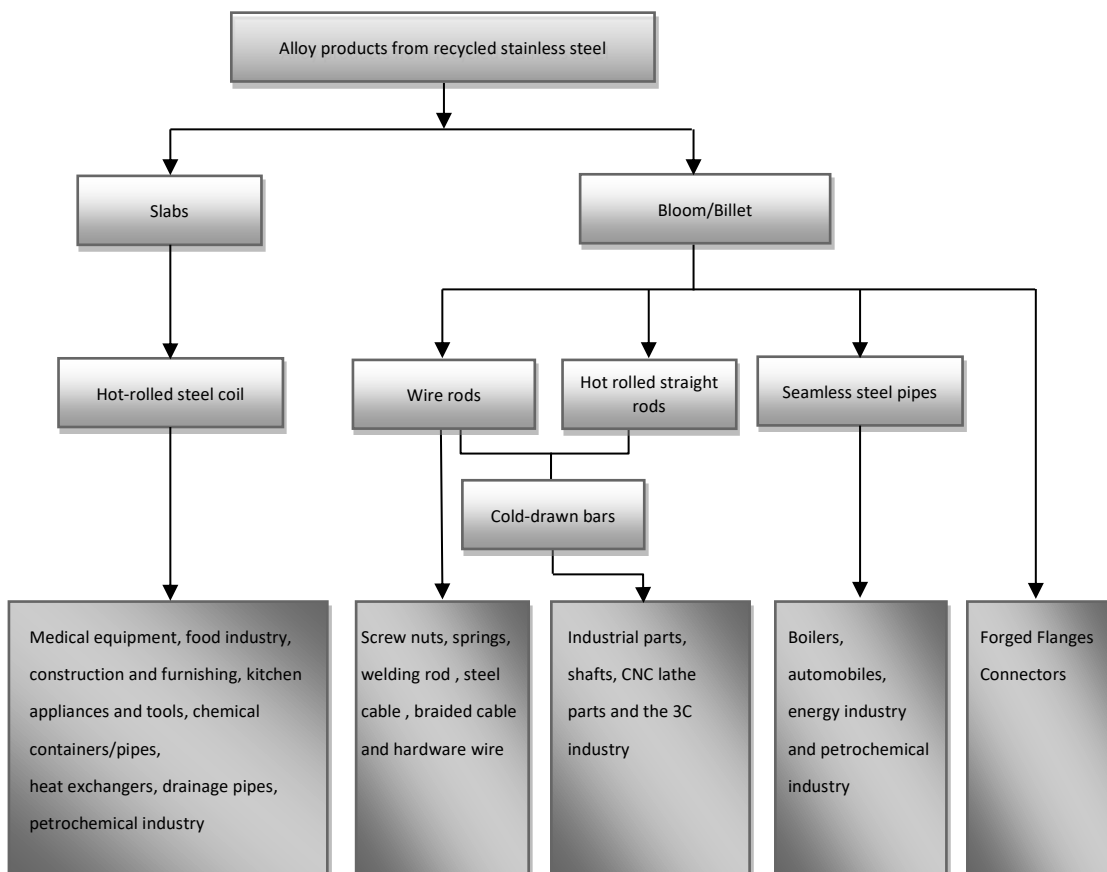


2. Relationships with suppliers in the industry's supply chain:

(1) Wire and Cable Business



(2) Stainless Steel Business



3. Product development trends and competition

(1) Wire and Cable Business


Development trend: In response to international net-zero emissions and the current energy policy of the Taiwan government, the pragmatic path for Taiwan's transition to net-zero 2050 is to increase natural gas, reduce coal combustion, and develop renewable energy to meet the increasing demand for green power from domestic industries, while maintaining a stable power supply and taking into account the country's competitiveness, which is so called "low carbon first, and then zero carbon". According to the information provided by the Bureau of Energy, Ministry of Economic Affairs, the installed capacity of renewable energy reached 10.7GW in September 2021, an increase of 128% compared to 2016, among which solar energy has grown significantly, with a 450% increase in power generation in 2021 compared to 2016. In addition, countries around the world, driven by the net zero transformation trend, are committed to the development of new energy vehicles, among which the largest producing and selling and fastest growing regions are Europe and China. Europe is the region with the highest adoption rate of new energy vehicles. According to the report released by Canalys, in 2021, new energy vehicles accounted for 19% of the total vehicle sales, and Europe's cumulative sales of 2.3 million vehicles were the second largest in the world, with an annual growth rate of 61%. According to the latest data from the China Association of Automobile Manufacturers, China sold 3.52 million vehicles in 2021, accounting for about half of the world's sales, with an annual growth rate of 168%. According to the information from the Motor Vehicles Office, the new energy vehicle market in Taiwan has also grown, with the total sales volume of new energy vehicles increasing by 42% in 2021. In addition, countries worldwide also continue to optimize the supporting environment for the development of new energy vehicle industry and accelerate the construction of charging stations, charging piles, power exchange stations, power battery recovery service network and other infrastructure. In this context, the demand for cables is increasing, and the cable industry is following this wave to develop cables, related products and services for the green energy industry.

Competition: From the historical output of Taiwan's power cable market, there is an oversupply of capacity in the overall cable market and competition is relatively fierce. However, benefited from the regional supply chain integration of Taiwan businessmen back to Taiwan to drive the demand for plant expansion, and a large number of residential, commercial office and public works projects, coupled with the government's active promotion of green energy policy, market demand continues to grow.

(2) Stainless Steel Business

Development trend: After more than 100 years of development, the nature of the stainless steel industry is not easy to make breakthrough changes. In recent years, we have seen many cases of upstream deployment and process adjustment to reduce costs, such as the Indonesian industry connecting the RKEF production line to the AOD to achieve the lowest cost benefit by hot iron water delivery. In terms of product development, apart from actively developing nickel-free steel grades, major stainless steel makers are also developing the most suitable materials for specific applications. For example, in response to the demand for automation, the demand for wear-resistant, high-precision and zero-defect materials has increased. In the past, key technologies were held in Japan, Europe and other countries, but Asian steel makers have also continued to invest in research and development in recent years, and to refine their own technological capabilities. At the same time, with the rising awareness of environmental protection, stainless steel is more widely used in various fields, and there are many cases of replacing carbon steel with stainless steel in the construction, transportation and other industries. In the renewable energy industry, stainless steel components can also be found in wind turbines and renewable energy vehicles.

Competition: Global stainless steel demand will return to normal growth after a sharp rebound in 2021.



Indonesian steel mills will dominate the Asian market with the advantage of low-cost raw materials; with the promotion of carbon emission control policy in Mainland China, the steel mills have shifted from incremental to value-added and started to consolidate with the strategy of eliminating the weak and leaving the strong; the rest of the steel makers will focus on niche industrial applications with high certification thresholds to add value to their products through end-use differentiation.

(3) Commodity Business

Development trend: Stainless steel plants in Mainland China and Indonesia are expanding their production capacity, and the demand for nickel pig iron and scrap steel will continue to rise, while nickel pig iron in Indonesia has a cost advantage and is economical for downstream steel plants. In the following years, there will still be new manufacturers entering Indonesia to invest in RKEF production line.

Competition: Indonesia's RKEF production lines have grown significantly since 2021 and will continue to open up significant capacity. In addition to continuing to provide additional stainless steel production capacity in Indonesia, the production lines will also make up for the possible decline in nickel pig iron supply in China. In addition, in response to the continuous growth of the new energy industry chain, some of the RKEF production lines have started to change their processes to make their output more flexible, so that they can flexibly switch between iron pig nickel and ice-nickel and that the market supply and demand can be in dynamic balance.

(4) Commercial Real Estate Business

Development Trends: Nanjing's real estate industry has shown a trend of comprehensive development in the past five years, with large-scale development around the city and the expansion of the city to the suburbs and suburban counties, bringing a continuous increase in the city's population, industrial development, infrastructure investment and overall economic capacity. The focus of development in the city center area is still on high quality and large volume complexes, the integration of commercial, office and residential multi-styles, and on experiential and interactive products. Children's playground, catering, leisure, entertainment and other experiential consumption become the focus of business revenue. In terms of residential property, high-end and even top-tier blocks continue to be the main development trend, driving the continuous upgrading of urban living quality, while in terms of office property, landmark international Grade A offices lead the development of high-end business areas.

Competition: The central part of the city is the focus of the real estate market, where land supply has always been rare and projects have been launched relatively rarely. After a major reshuffle in the real estate industry in the second half of 2021, a number of enterprises with high gearing and insufficient cash flow will be eliminated, and the industry pattern will further develop in the direction of "stronger is stronger". Stable and strong companies with low gearing and strong cash flow will have more advantages and opportunities in acquiring new development projects.

(3) Overview of Technology and R&D

1. R&D Expenses and Results

R&D Expenses		From Jan. 1, 2021 to March 18, 2022, the R&D expenses were around NT\$ 240 million.
R&D Profile	Wire and cables	<ol style="list-style-type: none"> (1) Wires used in large-machinery and renewable-energy industries: continue technical development and innovation. (2) Accelerate the development of key cable materials and environmentally friendly cable materials. (3) Continue to create core technologies in flexible cable and rubber, move toward light weighting, and co-develop related products and global markets with our international strategic partners. (4) Co-develop advanced material technologies and harness units of ultra-high power electric energy supplement system. (5) Develop waste cross-linked PE recycling technology.
	Stainless steel	<ol style="list-style-type: none"> (1) Expand the development of high-strength stainless steel materials, size, condition and product type: <ul style="list-style-type: none"> - improvement of product sizes and specifications, high-intensity martensite iron series - precipitation hardening type; duplex type (2) Accelerate the development of high performance stainless steel for automotive parts and components. (3) Actively invest in the development of high-strength and wear-resistant stainless steel for machinery and equipment (4) Continue to develop high-performance stainless steel for computer, communications, and consumer electronics products (5) Combine the middle and downstream industrial chains to enhance industrial value and provide service programs: <ul style="list-style-type: none"> - Development of stainless steel with high heat resistance for high temperature transmission network cables

2. Present and future R&D projects, as well as the estimated R&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:			
	Wire Harness for Renewable Energy Vehicle and Power Replenishment System	(1) Cable development and design (2) Material development and certification	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.
	Energy Storage Application Cables	Certified development of materials	2023	(1) Having the ability of independent development and verification of materials.
	Development of waste cross-linked PE recycling technology	Development of cross-linked material extraction method development	2023	(1) Having the ability to analyze and detect materials (2) Conduct research with academia and research units
Stainless steel	We plan to invest NT\$94,000,000 in R&D, including:			
	High strength and wear resistant stainless steel	Mass production improvement stage	2022	Hot rolling process parameter setting, heat treatment parameter setting
	High strength and high corrosion resistant stainless steel	Mass production improvement stage	2022	Component design, hot rolling process parameter setting
	Highly weldable stainless steel	Development stage	2022	Component design, hot rolling process parameter setting, heat treatment parameter setting
	High strength and high heat resistant stainless steel	Trial production stage	2022	Component design, hot rolling process parameter setting, heat treatment parameter setting
	Highly machinable soft magnetic stainless steel	Development stage	2022	Component design, hot rolling process parameter setting, heat treatment parameter setting

(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 leader 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 response to 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. For cold finished bars, we will focus on the development of direct customer channels and the expansion of available specifications in order to expand our market share; for plate products, we will use digital analysis to assist in material preparation and production scheduling, so that the delivery time can be close to customer expectations.

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 grasp upstream raw materials 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 cold finished bars, 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. Commodity Business

Short-term: The Company's RKEF production line was completed after mid-2021 and the power plant was started up at the end of 2021, and all production lines have been in full production in 2022. We will continue to ensure stable activation and full production operation, strengthen the stability of upstream raw materials for stainless steel, and enhance our competitiveness. Regarding our agency services, considering the impact of the epidemic and the uncertainty of the supply chain, we actively negotiate with Indonesian suppliers through our agency platform in order to reduce the cost of raw materials and improve the accuracy of delivery to meet the needs of our customers, and to strengthen the cooperative relationship between the Taiwanese industry and upstream suppliers, in order to enhance the international competitiveness of Taiwan stainless steel products and further increase the volume of orders received by our agency services.

Long-term: In response to the trend of climate change and sustainable development, we will continue to pay attention to the development of environmental protection policies and the trend of the industry, and study the most suitable green energy and carbon reduction projects to create a win-win situation for both the economy and the environment. Our agency service will continue to take advantage of the agency advantage to stabilize the market supply and demand, provide a stable source of materials with competitive costs, avoid the risk of price fluctuations and reduce the pressure on inventory capital (i.e., value-added services) to promote the overall effectiveness of the value chain of the stainless steel industry in Taiwan, and strive to achieve the long-term goal of simultaneous growth in the volume of orders received by the agency and the price of the stainless steel industry in Taiwan.

4. Commercial Real Estate Business

Short-Term: The second phase of the Company's real estate business, Phase II Lot AB, Building No. 6, was officially completed. The leasing of office space on the 5th-12th floors has been completed, and the leasing and opening of high-end restaurants on the 1st-4th floors has been completed, generating stable rental income. No.1 Office Tower, Phase II of Lot AB will soon begin to open for official visits and tours from customers, and will then be combined with the completion and delivery schedule to expand its customer base. At the same time, the design and development of the third phase of Lot AB will be steadily advanced in line with international Grade A office standards and the most advanced green building standards, in order to further enhance the added value of the product.

Long-term: Walsin Centro integrates various residential, commercial and office properties with a complementary relationships and we will increase overall brand value and create economies of scale through integrated marketing. High-end residential will bring brand reputation and market influence to the commercial, while high-quality commercial will bring support and services to the office. The landmark Grade A office will further enhance the brand status of the commercial and residential sectors, bringing abundant traffic and consumption to the commercial sector and better services to the residential customers. The maturation of each new industry is consolidating the competitive advantage of the existing industry and enhancing the value of the existing industry. After more than ten years of continuous development, Walsin Centro has become a new urban landmark in Nanjing and the Walsin Centro project has become a successful model for commercial development in Nanjing, with its market influence and brand reputation continuing to expand and its commercial and business value continuing to rise. For long-term business development, we will continue to strengthen the operational capacity and management efficiency of large urban complexes, creating brand value with efficient, quality and reliable management and services. We will also make full use of our existing brand influence and leverage our years of accumulated development experience and industry product advantages to actively seek new development projects with low risk and high profitability.

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 2021 sales of the Company's power cable products was approximately NT\$18.4 billion, and that of bare copper wire was about NT\$44.5 billion. According to the Department of Statistics of the Ministry of Economic Affairs, the domestic sales of power cable products in Taiwan in 2021 was estimated to reach NT\$53.8 billion. Therefore, the Company consistently maintains a market share of 20% or more and of 30% or more in Taiwan's power cable and copper bar markets, respectively.

(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, cold finished 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 cold finished bars occupy a significant position on the global market and we offer customers optimal lead times and services with sales offices distributed across the Taiwan Strait, a vertically integrated supply chain and a standardized production process.

Sales of stainless steel products made by the Company in Taiwan amounted to 643,000 tonnes in 2021. The Company's domestic market shares reach 70% (wire rods), 30% (hot-rolled steel coils), 35% (cold-rolled steel coils) and 30% (cold finished bars); the Company's global market shares are 9% (wire rods), 8% (hot-rolled steel coils) and 3% (cold finished bars).

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


(3) Commodity Business

Our RKEF production lines will be completed and started in 2021. We produce nickel pig iron, the upstream raw material for stainless steel manufacturing, which is mainly supplied to local steel mills in Indonesia for smelting stainless steel. Sales of nickel pig iron in 2021 were 114,000 tonnes, with full production and sales. According to SMM's research report, the Company's 2021 nickel pig iron production accounted for approximately 1.6% of Indonesia's total production.

In terms of agency service, the Company has been acting as an agent for the sales of Indonesia Tsingshan since May 2020, and the products we sell as an agent are mainly stainless steel products such as stainless steel billets, slabs and hot rolled steel coils. The main sales targets are Taiwan and Taiwan-invested overseas enterprises, with the aim of maintaining the international competitiveness of Taiwan's stainless steel plate products and promoting the overall efficiency of the value chain of the stainless steel industry. The Company received about 680,000 tonnes of orders in 2020 and about 980,000 tonnes in 2021, mainly because the recent geopolitical and supply chain instability have caused the switching effect, forcing Taiwan manufacturers' sales to further increase the demand for raw materials.

(4) Real Estate Business

In 2021, the area of business land transactions in Nanjing was 8.226 million square meters, down by 21.6% year-on-year. However, the total transaction amount of RMB207.4 billion was a record high, up by 2% over 2020. The development scale of Walsin Centro in Nanjing Hexi is 1 million square meters, and the finished



residential units have been sold out. The commercial shopping center has been successfully opened and operated. Currently, the main products are the opening and operation of Office Building No. 1 and the design and planning of Office Building No. 2.

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 3.9% in 2022. In terms of refined copper production, ICSG expects refined copper production to grow by 3.9% in 2022. In terms of the refined copper sales, the expected continued recovery of the world economy will benefit the copper end-use sector and help sustain growth in copper demand, with refined copper consumption forecast to grow by 2.4% in 2022.

With The strong demand for infrastructure in China after the pandemic of COVID 19, total power cable purchases from the national grid are recovering, and demand for copper and cable construction in the green energy, electrical appliance, and electronic semiconductor industries remains strong, which supports copper prices at a high level, meaning demand for cable-related products is expected to be strong. In Taiwan, in view of the global supply chain shift and changes in the international situation, the government considers that there is still a demand for Taiwanese businesses to return to Taiwan for investment, and in order to maintain the strength of private investment and encourage manufacturers to upgrade and transform intelligently, and in line with the government's goal of net zero carbon emissions by 2050, the Executive Yuan has approved to extend the period of acceptance of the Action Plan for Welcoming Taiwan Businesses to Invest in Taiwan to 2024 for those businesses that are gradually implementing carbon emission reduction. The government is actively promoting green energy policies such as offshore wind power and solar photovoltaic, and Taipower is scheduled to issue corporate bonds of over NT\$100 billion in 2022 for the construction of offshore wind power and green power facilities. The overall bond issuance amount will be a record high compared to the actual issuance of NT\$62.1 billion in 2021. Taipower will start four major projects in 2022, including the first phase of transmission and substation project in the Southern District, the renovation of the Dahlin Power Plant, the first phase of Green Energy (160MW of renewable energy will be added by 2025), and the new construction of the Baoshan ultra-high voltage substation, as well as the current plan to add many new units, which will boost the demand for cable and lead to good visibility of future orders.

(2) Stainless Steel Business

It is estimated that the global stainless steel production will reach 57 million tons in 2021, an increase of 12% compared to 2020. The low base period led to a relatively high increase due to the decline in steel production in the early stage affected by the epidemic control measures. However, with the epidemic slowing down and the market demand growth returning to normal, it is estimated that the global stainless steel production will grow by about 3% to 4% in 2022.

In addition, Mainland China is still the world's largest supplier, producing over 31.78 million tons in 2021, accounting for 56% of global production. However, production growth is expected to slow down in the future due to the impact of the carbon emission control policy in Mainland China. The main growth will be found in Indonesia, which will grow from the current 5 million tons to 10 million tons.

(3) Commodity Business

According to SMM's research report, Indonesia's nickel pig iron production will increase by 280,000 tons of nickel in 2022, which will compensate for the reduction of nickel pig iron production in Mainland China due to the dual control of energy consumption. Local stainless steel production in Indonesia continues to expand, with an estimated 2 million tons of new production, which will also consume new nickel pig iron output. The proportion of stainless steel production using nickel pig iron is expected to continue to rise despite the continued opening of nickel production lines in Indonesia. In addition, the demand for nickel for batteries

continues to rise, and the production process of nickel pig iron to high ice nickel may shift part of the nickel pig iron production capacity to high ice nickel, and the supply and demand of nickel pig iron is expected to be in the process of dynamic balance. In terms of agency services, it is estimated that the supply chain anomalies will ease in 2022, and the volume of stainless steel imports from Taiwan is expected to decrease by 10% and return to normal. The cost advantage of Indonesia, the cancellation of export tax rebates and tax increases in Mainland China, and other uncertain factors are expected to lead to a high dependence on Indonesian stainless steel imports in the future.

(4) Real Estate Business

Nanjing Jiangyou District is building a Yuantong shopping district centered on the Yuantong subway station to create a "demonstration area of international consumer center city". With the completion of nine super-high-rise buildings around the central park of Hexi, Yuantong is becoming the business office center with the highest standard of construction and the largest number of new projects in Nanjing, and the position of the Jiangyou District and the business center of Hexi in the urban structure of Nanjing has become more solid. After becoming a financial center, the core area of Yuantong will also become the center of business offices and commercial consumption in Nanjing.

Looking ahead to the development of Walsin Centro, the opening of No. One Office Building will bring new opportunities for Walsin Centro projects and establish Walsin's position as the first tier and leading brand in Nanjing's quality business office industry. The arrival of many headquarters-type office enterprises in the future will provide stable rental income and bring sufficient customer flow and stable consumption to the shopping center of One Mall, thus promoting the steady development of the real estate sector.

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

Wire and Cable Business	
Competitive Niche	(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. (2) Long-term supply of products and services related to demand for project engineering, accumulating rich supplier experience and having brand advantages. (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.
Favorable Factors	(1) The performance of quality, service and delivery is highly satisfactory to customers and we have brand power in the Taiwanese engineering market. (2) The high-voltage cable demand in the public sector sees signs of recovery, benefiting from the renewable energy policy. (3) The increase in private investment is driving cable demand for factory expansion, housing and commercial office.
Unfavorable Factors	(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. (2) The private sector faces oversupply and price competition.
Response Measures	(1) Through Industry 4.0 and production and sales intelligence to improve efficiency and service capacity. (2) We will actively respond to the government's energy policy and grasp and deepen the infrastructure business opportunities such as renewable energy, power plant and grid renewal and expansion.

Stainless Steel Business	
Competitive Niche	(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. (2) Plate materials have the advantage of short delivery period.

Stainless Steel Business	
	(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.
Favorable Factors	(1) Taiwan's cold-rolled steel coils are protected by anti-dumping duties. (2) China's environmental protection policies have increased their momentum, gradually improving the overcapacity of crude steel. (3) Environmental awareness arises, increasing the cost of operation and reducing profit margins for competitors.
Unfavorable Factors	(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. (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. (3) The Company lacks hot rolling production line in mainland China, making its delivery and quality stability insufficient.
Response Measures	(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. (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. (3) Maintaining major customers, actively developing new customer bases and expanding suitable markets for export (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.

Commodity Business	
Competitive Niche	(1) RKEF production line is located in Indonesia, which is a major producer of nickel ore in the world and has advantages in raw material prices and production costs. (2) The RKEF production line is equipped with its own power plant, which can supply electricity for full production without any issue.
Favorable Factors	(1) With Mainland China's dual control of energy consumption, Indonesia nickel pig iron is expected to make up for the possible production reduction gap in Mainland China. (2) The Indonesian government continues to ban the export of nickel ore, and the local raw material has a cost advantage.
Unfavorable Factors	(1) As environmental awareness is increasing, carbon reduction has become a common issue worldwide, and governments around the world continue to strengthen environmental controls. Future related fees or taxes will be unavoidable.
Response Measures	(1) We will continue to research on and promote the development of the most suitable green energy and carbon reduction projects.

Real Estate Business	
Competitive Niche	(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. (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. (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

Real Estate Business	
	<p>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> <p>(5) Corporate advantages: As a diversified corporate group with large asset size, abundant cash flow and good brand reputation, the Company has more opportunities and competitiveness in acquiring new development projects.</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) 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>(3) 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 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> <p>(5) Taking advantage of the real estate industry adjustment to actively seek new development projects with low cost and high profit expectations.</p>

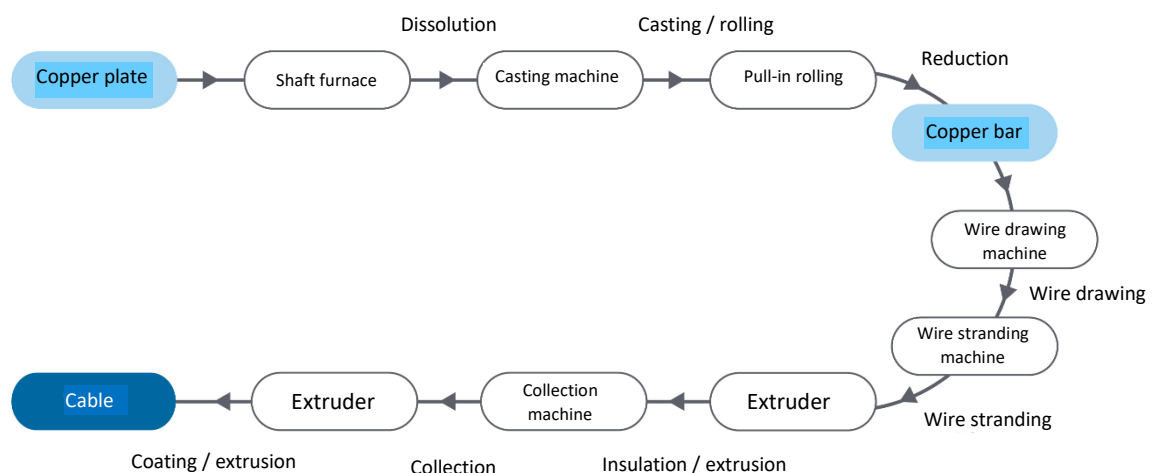
(2) Key applications and production processes of main products

1. Key Applications of Main Products

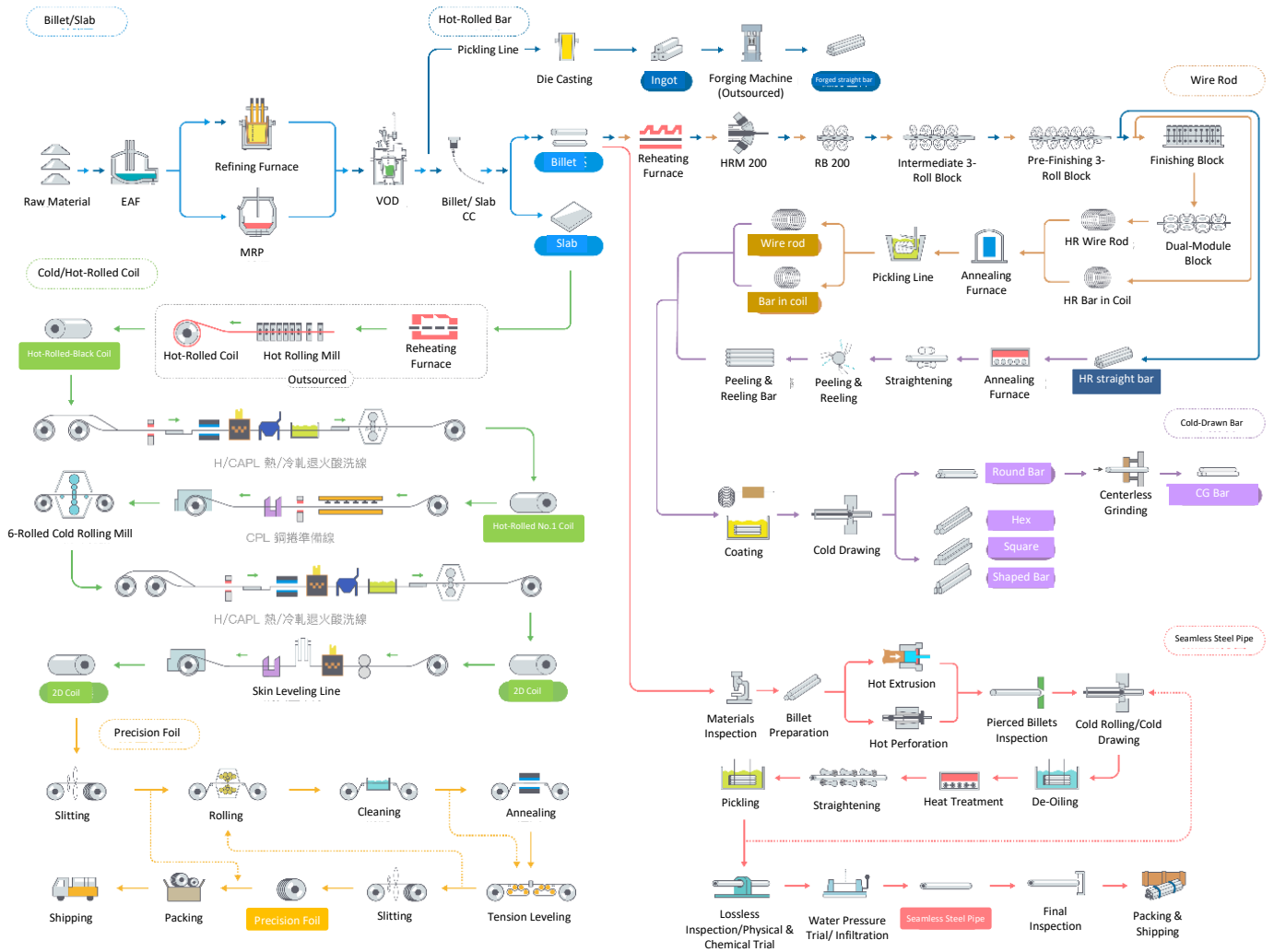
Main Products	Key Applications
Copper material	Wire and cable conductor, home appliances, electrical and electronic devices, transformers, etc.
Power cables	Primarily used for power plants, power transmission and distribution, plant facilities, transportation construction, construction of power transmission 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.
Nickle pig iron	Our products are mainly supplied to and used by steel mills to smelt stainless steel, and processed into semi-finished stainless steel products such as billets, slabs, HR coils and HR straight bars.
Real estate	Housing, office buildings and shopping malls

2. Production Process

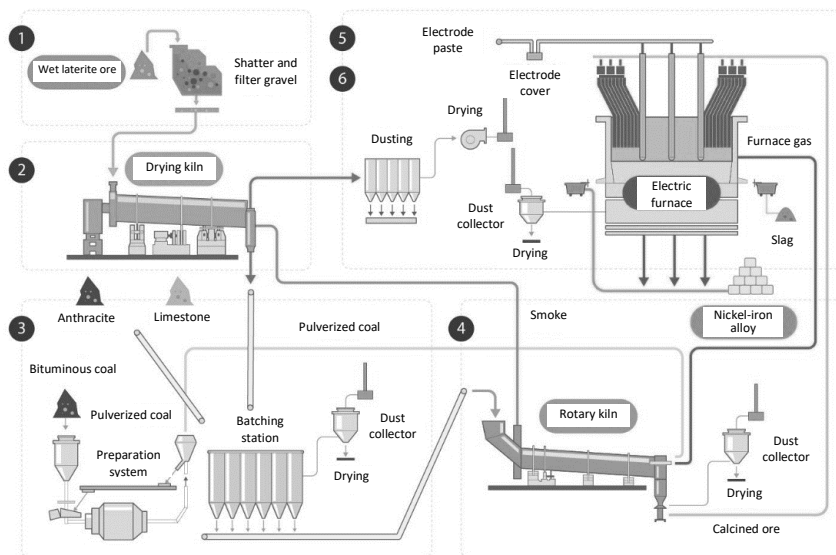
(1) Wire and Cable Business



(2) Stainless Steel Business



(3) Commodity 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, etc.	In addition to being sourced from Taiwan, raw materials are also from Japan, Australia, New Caledonia, South Africa, Europe, United States and China.
Commodity	Laterite nickel ore	Laterite nickel ore used for nickel pig iron is sourced from local suppliers in Indonesia, and the supply is stable.
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	2020				2021			
Item	Name	Amount	Percentage of Total Purchases (%)	Relationship with Issuer	Name	Amount	Percentage of Total Purchases (%)	Relationship with Issuer
	-	-	-	-	Supplier A	21,718,879	16.4	-
	Other (Note)	96,999,993	100.0	-	Other (Note)	110,511,261	83.6	-
	Net Purchases	96,999,993	100.0	-	Net Purchases	132,230,140	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	2020				2021			
Item	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer
	Net Sales	112,546,603	100.0	-	Net Sales	156,664,766	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: Tonne

Year	2020			2021		
	Production capacity	Production volume	Value	Production capacity	Production volume	Value
Bare copper wire	252,000	179,540	26,181,718	252,000	201,646	44,078,147
Wire and cables	49,414	37,176	8,373,610	52,920	48,143	14,445,559
Steel strands	110,000	73,254	1,727,335	140,000	75,911	2,094,465
Stainless steel strips and bars	555,720	465,909	25,822,376	562,200	454,596	33,907,526
Stainless steel coils	336,000	293,378	17,120,951	311,000	355,397	24,810,636
Seamless steel pipes	14,400	13,869	2,365,798	27,308	16,229	2,403,736
Nickle pig iron	-	-	-	36,000	14,258	4,397,473
Total			81,591,788			126,137,542

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: Tonne

Year	2020				2021			
	Domestic Sales		Exports		Domestic Sales		Exports	
Value of Main Products/ Sales volume and value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Bare copper wire	107,301	14,032,750	76,782	14,355,105	124,428	24,434,199	73,114	19,390,778
Wire and cables	38,126	9,993,726	1,309	338,225	46,484	15,739,654	2,942	781,564
Steel strands	77,094	1,817,662	1,922	41,465	74,081	2,038,377	2,984	80,171
Stainless steel strips and bars	324,350	19,148,761	106,619	7,517,159	316,417	23,423,375	122,845	11,195,453
Stainless steel coils	247,348	13,858,213	53,539	3,057,936	279,445	21,658,072	73,332	5,802,001
Seamless steel pipes	6,496	1,036,023	7,067	1,313,758	7,567	1,247,585	8,429	1,294,987
Nickel pig iron	-	-	-	-	14,258	7,201,148	-	-
Others (Note)	-	25,528,265	-	507,555	-	21,828,321	-	549,081
Total		85,415,400		27,131,203		117,570,731		39,094,035

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 18, 2022

Year		2020	2021	Current Year as of March 18, 2022
Number of employees		4,931	6,995	7,070
Average age		38.9	36.5	36.6
Average years of service		9.5	6.0	6.0
Education background (%)	Ph.D.	0.5	0.4	0.4
	Master's	9.7	7.7	7.8
	University/College	43.0	39.2	39.3
	High school	28.3	38.3	38.1
	Below high school	18.5	14.4	14.4

Note: Walsin Lihwa Holdings Limited includes its subsidiaries

(2) Employees of Walsin Lihwa Corp.:

As of March 18, 2022

Year		2020	2021	Current Year as of March 18, 2022
Number of employees		2,676	2,805	2,838
Average age		39.2	39.0	39.1
Average years of service		10.0	9.9	9.9
Education background (%)	Ph.D.	0.9	0.9	1.0
	Master's	16.3	18.2	18.4
	University/College	43.3	43.0	42.5
	High school	27.1	25.5	25.4
	Below high school	12.4	12.4	12.7

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.

Offshore Plants: Changshu Plant	
Punishment Date	July 13, 2021
Punishment Letter No.	Su-Huan-Sing-Fa-Zi-(2021)-81-No. 56 Hai-Zong-Fa-Huan-Zi-(2021)-No. 6 Hai-Zong-Fa-Huan-Zi-(2021)-No. 8
Punishing Unit	Changshu Ecological Environment Bureau, Suzhou City
Reason for Punishment	Improper disposal of hazardous waste and three cleaning line equipment without EIA permit application
Countermeasures	We immediately appointed a qualified third party to conduct the EIA supplemental procedures for the cleaning line and appointed an environmental custodian to visit the factory to investigate environmental non-conformities and make immediate improvements.
Legal Basis for Punishment	Paragraph 2 of Article 81 of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Article 79 of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Article 15 of the Regulations on the Administration of Construction Project Environmental Protection
Violations	Paragraph 2 of Article 81 of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes: "Hazardous wastes shall be stored with protective measures that comply with national environmental protection standards. It is prohibited to mix hazardous wastes with non-hazardous wastes for storage. Article 79 of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes: "Entities that generate hazardous wastes shall store, utilize and dispose of hazardous wastes in accordance with relevant state regulations and environmental protection standards, and shall not dump or pile them up without authorization. Article 15 of the Regulations on the Administration of Construction Project Environmental Protection stipulates that the environmental protection facilities that need to be built for construction projects must be designed, constructed and put into operation at the same time as the main project. In addition, the provisions of paragraph 1 of Article 19 states that: A construction project for which an environmental impact report and an environmental impact report form are prepared can only be put into production or use if the supporting environmental protection facilities have passed the acceptance inspection; otherwise, it shall not be put into production or use.
Amount of Penalty	RMB 793,000
Offshore Plants: Jiangying Walsin Steel Cable	
Punishment Date	August 13, 2021
Punishment Letter No.	Xi-Cheng-Huan-Fa-Gao-Zi-No. 2021-No. 07048

Punishing Unit	Wuxi Ecological Environment Bureau
Reason for Punishment	1. The spray pump of the acid mist tower of the pickling tank of the Company was out of service. The spray liquid was tested by pH test paper to be neutral. 2.1# galvanizing line dust removal facility pipeline is disconnected, and the dust removal equipment did not operate normally.
Countermeasures	1. The lower limit of the pH value of the spray liquid for automatic alkaline addition has been set. 2. Strengthen the preventive maintenance of equipment, and replace the spray liquid every two weeks. 3. Establish a maintenance management account for the acid mist tower equipment, and make emergency inventory for the commonly used spare parts of the equipment for timely maintenance. 4. Increase the sound and light alarm device for overload stoppage, strengthen the daily inspection of equipment operation on duty and keep records, and make a good management of equipment failure by "machine prevention + human prevention".
Legal Basis for Punishment	Article 20 of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
Violations	Enterprises, institutions and other producers and operators that discharge pollutants into the atmosphere shall set up air pollutant discharge outlets in accordance with laws and regulations and the provisions of the State Council's competent department of ecology and environment. It is forbidden to discharge air pollutants by evading supervision by means of stealing, tampering with or falsifying monitoring data, temporarily suspending production for the purpose of evading on-site inspection, opening emergency discharge channels in non-emergency situations, and abnormally operating air pollution prevention and control facilities.
Amount of Penalty	RMB 200,000

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. The relevant certificate documents are placed in the document management section of Walsin Lihwua website

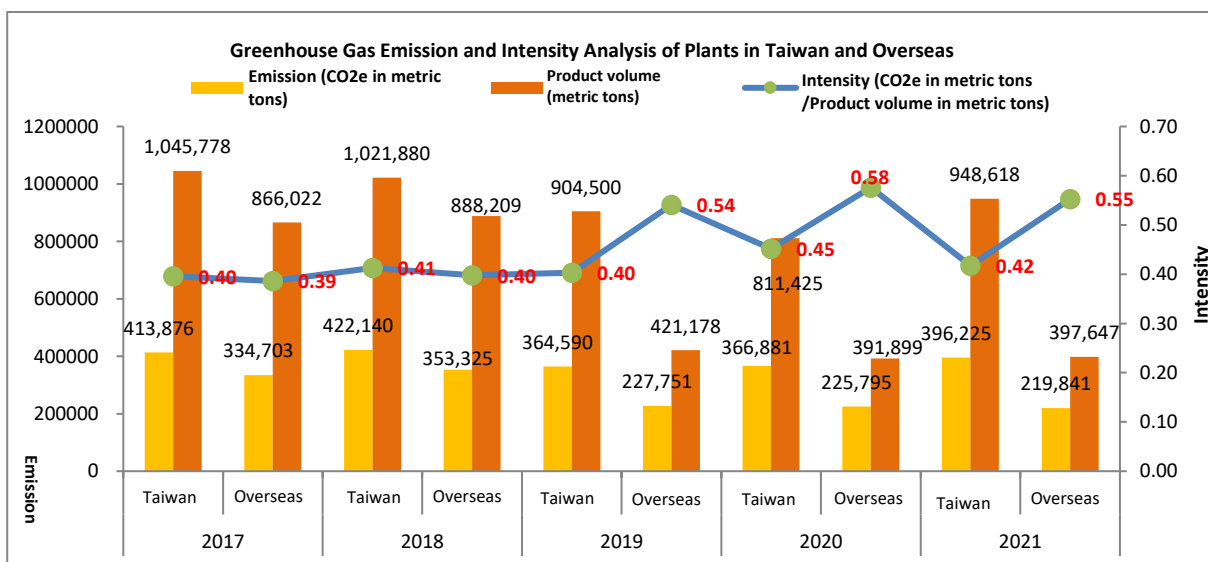
2. Air pollution management:

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-wise operation of the greenhouse gas control system, we also plan to promote the implementation of ISO 14064-1 in each plant. In 2015, 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. Hsinchuang, Yangmei, Taichung, and Yanshui Plants have also obtained 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 2021 met the effluent criteria. The recycling ratio of Taiwan plants reached as high as 94%.

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. The overall waste recycling rate of Walsin copper wire, wire and cable and stainless steel reached 96.84%, of which the non-hazardous waste recycling rate was 98.10% to 99.03%; hazardous waste was 77.77% to 99.48%. Except for some of the waste produced by self-recycling and reuse, the rest are entrusted to qualified manufacturers for removal, treatment or reuse. In 2021, the output of waste in Taiwan and overseas factories decreased by 19% compared with 2020; in 2021, for the Taiwan plants, the waste recycling rate of harmful waste increased by 0.1% compared with 2020, mainly because all the waste acid from Yanshui Plant was transported to the Taichung Plant for waste acid treatment and reuse and process improvement and adjustment, thereby reducing the output of dust collection ash and sludge, and the landfill rate in Taiwan and overseas regions is maintained at <1% target. 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 tonnes of oxide ballast and nearly 60,000 tonnes 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 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 plants in 2021 (Unit: Tonne):

Plant	Taiwan			Overseas		
	Non-hazardous	Hazardous	Total	Non-hazardous	Hazardous	Total
Recycling (for reuse)	92,408.71	64,024.41	156,433.12	33,086.98	5,706.02	38,793.00
Incineration	745.58	-	745.58	183.55	3.50	187.05
Burial	60.49	327.36	387.85	407.75	-	407.75
Other treatment (e.g., physical treatment)	95.45	7.28	102.73	49.50	1,627.30	1,676.80
Total	93,310.23	64,359.05	157,669.28	33,727.78	7,336.82	41,064.59
Recycling rate	99.03%	99.48%	99.22%	98.10%	77.77%	94.47%
Incineration rate	0.80%	0.00%	0.47%	0.54%	0.05%	0.46%
Burial rate	0.07%	0.51%	0.25%	1.21%	0.00%	0.99%
Other treatment (e.g., physical treatment)	0.10%	0.01%	0.06%	0.15%	22.18%	4.08%

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 (27,067.75 tonnes in total), all hazardous and non-hazardous waste generated is disposed of outside of the plant.

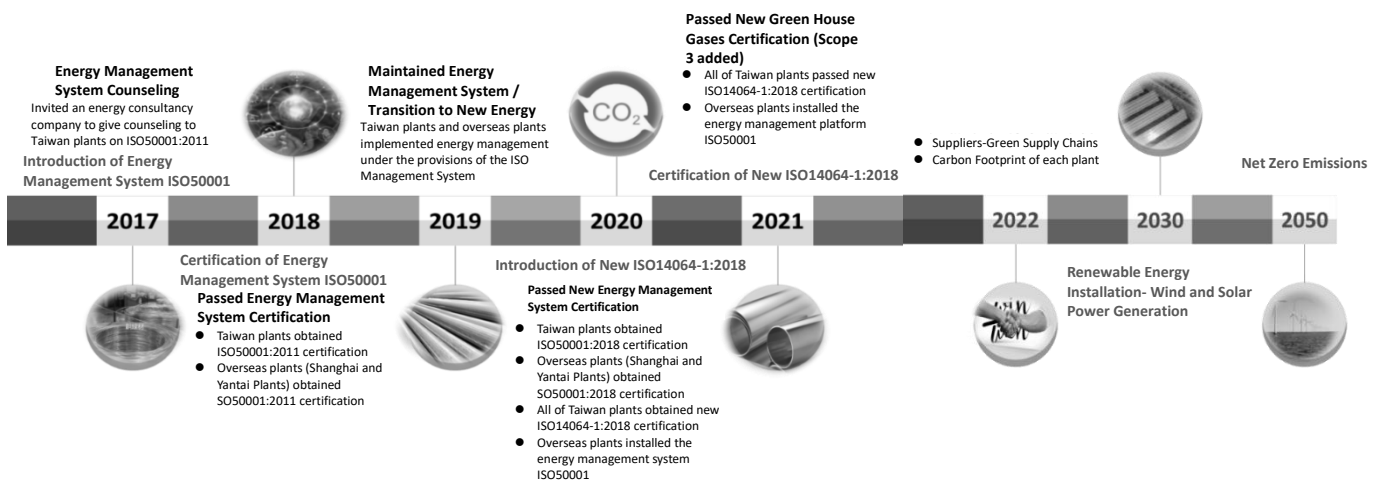
6. Improving energy use efficiency:

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:

Energy saving and carbon reduction has become the most concerned issue in the international community. To reduce energy consumption and greenhouse gas emissions and to improve production efficiency and competitiveness have been the objectives that the Company are striving for. Since 2015, Walsin Lihwa has set up an energy saving and carbon reduction management organization in each plant, set annual targets and various energy saving and carbon reduction measures, and held regular meetings to review and set up an energy management E-system for real-time management. There are four plants in Taiwan that are required to file annual energy returns, and all of them have met the 1% requirement of the competent authorities, with an average electricity saving rate of 2.71%, higher than the 1% target value set by the Energy Bureau. In 2021, the total energy saving rate of Taiwan and China plants reached 1.76%, and a total of 82 carbon reduction plans were proposed, with a total carbon reduction of 8,086.13 metric tons of CO₂e/year. Taiwan plant saved approximately NT\$33,785,571 and the overseas plants saved approximately RMB547,777 and MYR44,097

In addition, in order to effectively manage the efficiency of energy use, the Environmental Safety and Health Management Committee has developed a five-year energy management plan, the goal of continuous annual energy savings and carbon reduction of 1% since 2020, and is expected to effectively reduce environmental pollution and reduce greenhouse gas emissions, so that energy can be used reasonably and most efficiently to meet the challenges of climate change.



2021 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 Plant	Manufacturing process / Offices	Electricity (1000 kWh)	56	11,879.23	102,921.68	6,438.54	NTD 33,785,571
		Natural gas (1000 m ³)	4	349.83	13,178.22	725.82	
		Total	60	-	116,099.90	7,164.36	
Overseas	Manufacturing process	Electricity (1000 kWh)	19	1,205.80	10,447.08	873.00	RMB 547,77716, MYR 44,097
		Natural gas (1000 m ³)	3	29.27	1,102.42	48.82	
		Total	22		11,549.50	921.82	

8. 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 2021, our plants' investment in environmental protection equipment totaled NT\$90,884,000:

2021 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	0	87,566	0	3,317	0	0
Environment protection related management fee	E02-01 Resource circulation fee	344,403	0	9,363	0	20	0
	E02-02 Natural resources fee	0	0	25	0	0	0
	E02-03 Green procurement	17	0	0	0	0	0
	E02-04 Educational training fee	33	0	2	0	0	0
	E02-05 Test-derived fee	677	0	114	0	0	0
	E02-06 Monitoring fee	869	0	665	0	35	0
Other environment protection related fees	E02-07 R&D cost	2,081	0	18	0	0	0
	E02-08 Social activities cost	0	0	35	0	0	0
	E02-09 Damage compensation cost	0	0	993	0	0	0
	E02-10 Fees charged by governments	12,705	0	99	0	5	0
Sum	Subtotal	360,785	87,566	11,314	3,317	60	0
	Total		448,351		14,631		60

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 2021, for sake of the process improvements, all of its plants invested in pollution prevention for a total of capital expenditure of NT\$686,856,000 (Taiwanese plants) and RMB 148,843,000 (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	Fixed radiation pollution detector	1	2,500	Prevention of the failure of radiation detection of materials entering the factory
Yanshui	Upgrade of Continuous Opacity Monitoring System	1	1,550	Compliance with the regulations on continuous monitoring of stationary pollution sources
Yanshui	Mixed acid recycling equipment	1	500,000	Recycling
Yanshui	Change of water measures and addition of flowmeter for industrial water consumption control	1	4,535	Compliance with regulatory requirements
Yanshui	Domestic sewage improvement	1	46,338	Compliance with regulatory requirements
Yanshui	Construction of solar power generation system in Stainless Steel Business Group	1	110,233	Compliance with renewable energy laws and regulations
Yanshui	Improvement of LHF dust collection and addition of air blowing dust collection on the roof of electric furnace trolley	1	15,000	Reduction of dust escape
Yanshui	Added a payloader	1	1,800	Prevention of dust from escaping
Taichung	Added molybdenum removal system	1	4,900	The concentration of molybdenum in the discharged water will be less than 0.6ppm

(2) Plants in Mainland China

Plant area	Equipment name	Quantity	Investment cost (Currency: RMB 1,000)	Anticipated benefits
Jiangying Walsin	Domestic sewage diversion project	1	350	In order to solve the problem of domestic sewage discharge in the Company's factory and avoid the sewage discharge exceeding the standards.
Jiangying Walsin	Oil tray in storage area of alloy scrap shavings	1	278	Alloy waste shavings have residual cutting fluid, and the original storage area with epoxy flooring cannot meet the environmental safety system standard of leak-proof area. Now, we use steel plate full welding to make oil tray to prevent leakage, and groove the floor to make oil collection pit for cutting fluid collection to ensure that the environmental safety system is qualified.
Changshu Walsin	Reconstruction of steam pipes in the production area	1	1,100	New steam piping is used to ensure legal compliance
Changshu Walsin	Improvement of power supply system in the factory working area	1	2,000	Improve the power supply system in the plant
Changshu Walsin	Quartz sand automatic sandblasting machine	1	500	Improve production efficiency
Changshu Walsin	Pickling production line equipment	1	143,000	Improve the working environment of the pickling working area and increase production efficiency

Plant area	Equipment name	Quantity	Investment cost (Currency: RMB 1,000)	Anticipated benefits
Yantai Walsin	Repair works across the north side of the plant	1	250	1. Hardened area of approximately 2378 m', costing approximately RMB 250,000. 2. No additional maintenance cost and manpower. 3. Environmental protection requirements for hardening, resulting in less dust.
Yantai Walsin	9 cubic meters water sprinkler	1	195	1. Annual depreciation = 195,000RMB*0.95/5 years = 37,050 (RMB/year) 2. Necessity of investment: To meet the requirements of environmental protection ultra-low energy emission.
Yantai Walsin	Tunnel cleaning truck	1	120	1. It is an environmental protection type of expenditure, with no obvious benefit. 2. It can relieve the pressure of environmental protection of the Company. 3. No maintenance cost in the future, 4. For the purchase of a cleaning truck, its unit price was RMB 120,000, with a duration of 5 years; annual depreciation of 12,000 * 95% / 5 = RMB 22,800
Yantai Walsin	Phase II of ground hardening on the east side of the open-air area	1	450	1. Annual depreciation = 450,000RMB*0.95/7 years = 61,071 (RMB/year) 2. Necessity of investment: In order to protect the social environment, establish a good image of the Company, cooperate with government entities, and ensure the Company's smooth production operations, we plan to harden the ground in the open-air cross-storage area to meet the environmental protection requirements of the Environmental Protection Bureau.
Yantai Walsin	Ground hardening in the waste carbon steel storage area of the scrap steel plant	1	300	The ground is hardened to prevent and control dust pollution, which meets the requirements of the "Regulations on the Prevention and Control of Air Pollution in Shandong Province"
Yantai Walsin	Repair of storage and transportation finished product storage area	1	300	Prevention and control of dust pollution, in line with the requirements of the "Regulations on the Prevention and Control of Air Pollution in Shandong Province"

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

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 2021, the Company spent a total of NT\$10,622,000 on employee education and training. Details are as follows:

Total training participation	Total training hours	Average training hours per employee
40,558	122,026	24.99

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".

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

1. We comprehensively implemented 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). Each plant makes good use of the PDCA method and continues to carry out internal auditing drills to plan and implement according to the current year's occupational safety and health performance indicators and in compliance with the law. 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). 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 include certain labor representatives to participate in and discuss matters relating to occupational safety and health. The number of labor representatives in the safety and health committees set up in Taiwan factories in accordance with the law are in line with the regulatory requirements. These committees hold meetings every quarter. 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.

Plants	General Members	Labor Representatives	Meetings Times
Plants in Taiwan	57	36	28
Plants in China	95	13	22
Plants in Malaysia	13	10	4

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

In 2021, in line with the Group's policy and organizational changes, the risk assessment system was revised for high-risk plants ("SJP Project"), and a total of 890 Safety Job Procedures ("SJPs") were reviewed for plants with higher risks and similar operating nature (5 plants in total: Yanshui, Yantai, Jiangying Alloy, Jiangying Walsin, and Hsinchuang Plant), and the total SJP operation reduction ratio (retention ratio) was 69.33%. For the original lengthy operations, we focus on high-risk operations review, and for the original disaster-frequent operations, we definite unclear operations, so as to give a clear definition (or increase the steps and cases), so that each participant in the formulation of SJPs such as low-level supervisors and local safety managers may participate together, analyze the risks, and further achieve the objective of work safety.

In addition, in 2021, there were 80 incidents (including minor injuries; Note 1) and 236 near miss incidents (the near miss frequency rate was 415.93%; Note 2), all of which were included in the start-up risk assessment, and safety operation standards were revised to prevent disasters from happening again.

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 in 2021, we implemented 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 2022 and, in addition to the review of the workflow risk of the original workers, we will add a special item for "machinery/equipment" risk assessment, so that each plant can use it boldly to facilitate verification.

Note 1: Minor injury: refers to the non-temporarily incapacitated state: unable to work on the day of injury, but can resume normal operation the next day.

Note 2: Work-related near miss frequency rate (NMFR) = number of near miss events * 200,000/total hours experienced.

4. Training on occupational safety and health for workers

In order to protect the health and safety of employees, Walsin Lihwa Group has identified four important training needs in each business division according to important indicators such as process type and operating environment: "New Recruits", "In-Service Personnel (including re-training with licenses)", "Project Type", and "Pre-site Training for Outsourcing Contractors". Training is arranged based on the degree of impact on the company's operation and the serious rate and proportion of disasters. In 2021, 19,256 attendees took part in physical occupational safety and health courses for employees, and a total of 2,951 attendees from our contractors participated in the training.

Occupational Safety and Health Educational Training	New Recruit Training	In-Service Personnel Training (including re-training for licenses)		Project Type (including emergency response)		Pre-Site Training for Contractors	
		Number of Persons	Number of Times	Number of Persons	Number of Times	Number of Times	Number of Persons
Plants in Taiwan	408	1,316	2,961	39	2,965	193	1,850
Plants in China	408	197	9,861	62	2,427	170	1,101
Plants in Malaysia	12	18	166	4	48	-	-

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

In addition to annual escape drills, we encourage all employees to go through fire-fighting operations and strengthen fire-fighting drills at the beginning of a building fire. In 2021, a total of 167 personnel at the

headquarters took escape drills, accounting for 74% of the employee who were at work on that day, and each department escaped to the safety assembly point within the average time of escape drills of about 8.5 minutes, and it is expected that in 2021, the first aid energy at the headquarters will be strengthened to reduce the severity of injuries.

6. Optimization of Contractor Management Information System

In 2021, the Company has completed a number of constructions of contractor management systems in various factories in Mainland China. At the same time, it has also upgraded the "Standardization of Contractor Management Regulations", "Contractor Insurance Specifications" and "Non-Engineering (including Transportation) Hazard Notifications" to strengthen and implement procedures, key steps and guidelines and incorporate contractor management into all factories through contractor project planning, including resident manufacturers and engineering contractors, so that Walsin Lihwa's corporate culture and ethical principles and all workers are correct in terms of occupational safety may be spread through actions, resulting in a safer and healthier fitness environment for all employees and workers; besides, collective priority safety rules must be strictly followed.

7. Safe Job Procedure (SJP) and Risk Assessment

In 2021, the risk assessment system was revised for high-risk plants, and a total of 890 Safety Job Procedures ("SJPs") were reviewed for plants with higher risks and similar operating nature (5 plants in total: Yanshui, Yantai, Jiangying Alloy, Jiangying Walsin, and Hsinchuang Plant), and the total SJP operation reduction ratio (retention ratio) was 69.33%. For the original lengthy operations, we focus on high-risk operations review, and for the original disaster-frequent operations, we definite unclear operations, so as to give a clear definition or increase the steps and cases, so that each participant in the formulation of SJPs such as low-level supervisors and local safety managers may participate together, analyze the risks, and further achieve the objective of work safety.

8. Continue to strengthen safety and health control intensity

We will review each accident and penalty event, as well as high-risk hazardous operations, high-frequency near miss events by focusing on hidden dangers based on project types, and we will, through information systematization methods, gradually improve personnel safety awareness, real-time control of machinery and equipment, (raw) materials and chemical control, construction of a regulatory cloud information system, and continuous improvement of the overall operating environment. In 2021, the Company did not have any chemical leakage.

9. Establish friendly, safe and healthy workplace through health promotion

(1) **Strengthen epidemic prevention rules, weave a health care protection network, and promote both epidemic prevention and operation**

In 2021, Walsin Lihwa has cooperated with the government to prevent the spread of the COVID-19 pandemic. While taking into account the goals of epidemic prevention and operation, Walsin Lihwa actively cooperated with the government's epidemic prevention regulations, strengthened various epidemic prevention measures, and always prepared sufficient epidemic prevention materials (such as medical masks, medicinal alcohol, disinfectant, and forehead thermometers), formulated work guidelines and plans related to epidemic prevention, such as guidelines for staggering employee shifts, regulations on epidemic prevention management for migrant workers, key points of notification and emergency response management, epidemic prevention regulations for business trips or returning to the station, entry quarantine measures, etc. At the same time, the Company regularly strengthened environmental disinfection, mandatory wearing of masks, and control of people entering and leaving the factory and office premises. All employees should take their body temperature before going to work every day, and the Company collected information and educated employees about the development of the epidemic every day, and tracked the health of employees every day, and work from home drills. We will continue to encourage and increase the COVID-19 vaccination rate of employees to 93% and implement epidemic prevention upgrades. As a corporate social citizen, Walsin Lihwa has a duty to make arrangements ahead of time, put all our efforts into the epidemic prevention, and work with our partners to get through the

pandemic period together.

Employees are the most precious assets of an enterprise, and Walsin Lihwa upholds the concept of mutual benefit and care. Through the health management system, employees can use the platform to inquire about historical health examination trends, click on relevant health or health education information, make appointments for health promotion activities/seminars, and consult with physicians; thus, the Company may enhance employees' autonomy in health promotion and provide them with the care and resources they need. As a result of its commitment to employee health care and health promotion, Walsin Lihwa has been actively promoting and guiding employees to change their health behaviors and habits, increase their knowledge of proper hygiene, the concept of self-efficacy and health belief patterns. A total of 57 health-related seminars were held, with a total of 2,069 attendees.

(2) **Results of Health Promotion Activities**

Health Promotion	Number of Times	Number of Attendees
Health Promotion - Dynamic Activities	32	924
Health Issues - Static Lectures	57	2,069
Safety First Aid Education and Training	24	1,121
Blood donation for charity	5	379 (658 bags of blood)

(3) **2021 Promotion of Healthy Workplaces**

Hsinchuang Plant won 2021 CHR Healthy Corporate Citizenship Bronze Award

Taichung Plant won 2021 National Excellent Healthy Workplace-Health Model Award

Yanshui Plant won 2021 Tainan City Five Hearts Workplace Certification and Healthy Workplace Certification-Health Promotion Badge (3) As of December 31, 2021 and the date of publication of this Annual Report, the Company has not suffered any significant losses due to labor-management disputes.

6. Information Security Management

- (1) Describe the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management.

1. Risk management framework for information and communications security

The Company has established the IT Steering Committee, which is the information security management and decision-making body for the head office and business units, and is responsible for reviewing and deciding on matters related to information security management. In addition, we have established a special information security organization under the Information Center: Big Data and Information Security Division, which is responsible for formulating information security policies, planning, coordinating and implementing information security measures, and promoting information security management and solutions year by year in accordance with the information security plan.

2. Information Security Policy

The "Information Security Management Charter" is established to govern all employees, internal and external information service users and third-party outsourced service providers to work together to achieve the following objectives:

- (1) To protect the Company's confidential information in accordance with domestic and foreign laws and regulations, to handle and protect personal information and intellectual property rights carefully, and to ensure the confidentiality of information assets.
- (2) To establish a complete business continuity plan and information security incident management procedures, enhance information security incident response capabilities, and conduct regular drills to strengthen the continuous operation of information services to ensure the availability of information assets.

(3) To establish information security requirements for system development and maintenance, implement information security testing and monitoring, and avoid unauthorized access, unauthorized modification, and destruction to ensure the integrity of information assets.

3. Information security specific management plan

The proposed information security plan is to promote information security policy year by year, to introduce information security system and process specification, and to continuously establish complete information security technical protection measures.

The specific management plan is based on five objectives: "Internal and External Segregation", "Physical Fitness", "Insight", "Smart Security", and "Behavior Analysis", and four components: "IT Governance", "Data and Device Protection", "Network and System Control", and "Boundary Defense", to achieve them step by step.

The specific management plan includes

- (1) Implement appropriate access authorization and protection according to the confidentiality level of information assets.
 - (2) Regularly organize educational training to promote new information security knowledge and conduct employee social engineering drills to raise employees' awareness of information security.
 - (3) Regularly conduct disaster preparedness drills for important systems so that in the event of a disaster, operations can be quickly resumed to ensure the company's operational sustainability.
 - (4) Establish an information security operations center (SOC) to detect and prevent malicious attacks at an early stage through big data analysis, and build the ability to respond quickly to information security incidents.
 - (5) Continuously introduce advanced information security solutions to effectively manage and protect application systems, hosts, network security, and high-authority personnel.
 - (6) Future information security efforts will focus on protecting intellectual property, production line equipment and remote offices from hacker attacks.
- (2) Any losses, possible impacts and responses to major information security incidents suffered in the most recent year and up to the date of printing of the annual report: None.

7. 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 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
Construction Agreement	Chung-Lu Construction Co., Ltd.	2021/07/05-2023/05/15	3,249,750,000	None
Share Purchase Agreement	Perlux Limited, Ever Rising Limited and Plenty Limited	2021/07/30	Acquired 42,000,000 shares of New Hono Investment Pte. Ltd. for US\$178,500,000.	None

(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.	2020/07/21 - 2026/09/30	Walsin Centro AB area phase two design, consultancy, construction, power distribution, etc., in a total of RMB191,545,000.	None

(3) Yantai Walsin Stainless Steel Co., Ltd.

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Construction Agreement	5 companies, including China Construction Eighth Engineering Division. Corp. LTD	2020/12/28 - 2022/09/30	Civil construction for Yantai Plant, in a total of RMB262,895,000.	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	2020/04/22 - 2022/01/31	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/ - present	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				
			2017	2018	2019	2020	2021
Current Assets			63,652,434	58,726,913	60,789,794	56,176,808	69,320,640
Property, Plant and Equipment			20,984,890	25,083,436	27,845,109	34,294,221	41,474,488
Intangible Assets			169,726	164,451	168,134	175,000	173,430
Other Assets			45,443,695	48,679,310	49,263,365	60,917,977	72,066,340
Total Assets			130,250,745	132,654,110	138,066,402	151,564,006	183,034,898
Current Liabilities	Before Distribution		34,618,169	32,146,970	40,743,553	31,458,157	38,852,513
	After Distribution		37,944,169	36,138,170	42,406,553	34,546,357	44,342,646
Non-current Liabilities			23,352,320	21,242,797	18,756,735	32,825,019	36,236,117
Total Liabilities	Before Distribution		57,970,489	53,389,767	59,500,288	64,283,176	75,088,630
	After Distribution		61,296,489	57,380,967	61,163,288	67,371,376	80,578,763
Equity Attributable to owners of the Company			70,523,463	77,328,012	77,384,341	84,468,235	105,883,524
Capital Stock			33,660,002	33,260,002	33,260,002	32,260,002	34,313,329
Capital Surplus			15,854,392	15,966,420	16,055,238	15,690,406	18,440,875
Retained Earnings	Before Distribution		19,234,380	32,144,727	31,179,511	36,330,187	47,787,207
	After Distribution		15,908,380	28,153,527	29,516,511	33,241,987	42,297,074
Other Equity			2,090,607	(4,043,137)	(3,110,410)	187,640	5,342,113
Treasury Stock			(315,918)	0	0	0	0
Non-controlling Interests			1,756,793	1,936,331	1,181,773	2,812,595	2,062,744
Total Equity	Before Distribution		72,280,256	79,264,343	78,566,114	87,280,830	107,946,268
	After Distribution		68,954,256	75,273,143	76,903,114	84,192,630	102,456,135

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

Unit : NT \$Thousands

Items	Year	Financial Summary for the Last Five Years				
		2017	2018	2019	2020	2021
Current Assets		15,188,603	16,809,906	16,615,466	18,421,337	28,943,268
Property, Plant and Equipment		14,356,176	16,432,206	17,621,858	17,493,296	17,411,273
Intangible Assets		-	-	-	-	-
Other Assets		76,090,868	86,063,522	86,140,209	104,556,223	118,325,438
Total Assets		105,635,647	119,305,634	120,377,533	140,470,856	164,679,979
Current Liabilities	Before Distribution	12,497,690	21,561,638	25,700,349	24,192,375	23,762,737
	After Distribution	15,823,690	25,552,838	27,363,349	27,280,575	29,252,870
Non-current Liabilities		22,614,494	20,415,984	17,292,843	31,810,246	35,033,718
Total Liabilities	Before Distribution	35,112,184	41,977,622	42,993,192	56,002,621	58,796,455
	After Distribution	38,438,184	45,968,822	44,656,192	59,090,821	64,286,588
Capital Stock		33,660,002	33,260,002	33,260,002	32,260,002	34,313,329
Capital Surplus		15,854,392	15,966,420	16,055,238	15,690,406	18,440,875
Retained Earnings	Before Distribution	19,234,380	32,144,727	31,179,511	36,330,187	47,787,207
	After Distribution	15,908,380	28,153,527	29,516,511	33,241,987	42,297,074
Other Equity		2,090,607	(4,043,137)	(3,110,410)	187,640	5,342,113
Treasury Stock		(315,918)	0	0	0	0
Total Equity	Before Distribution	70,523,463	77,328,012	77,384,341	84,468,235	105,883,524
	After Distribution	67,197,463	73,336,812	75,721,341	81,380,035	100,393,391

(3) Condensed Statements of Comprehensive Income - Consolidated (Based on IFRSs)

Unit : NT \$Thousands (Except EPS:NT\$)

Items \ Year	Financial Summary for the Last Five Years				
	2017	2018	2019	2020	2021
Net Sales	167,792,585	190,915,137	134,804,405	112,546,603	156,664,766
Gross Profit	12,004,831	15,935,365	9,390,566	12,468,338	19,809,465
Operating Income	7,895,645	11,026,209	4,059,474	7,385,062	13,345,552
Non-operating Revenue and Expense	1,498,803	5,644,765	680,793	1,865,603	5,776,946
Profit before Taxes	9,394,448	16,670,974	4,740,267	9,250,665	19,122,498
Gain from Continued Operations	6,694,013	11,959,287	3,783,324	7,005,801	15,257,314
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	6,694,013	11,959,287	3,783,324	7,005,801	15,257,314
Other comprehensive income, net of income tax	2,786,719	(3,142,772)	915,620	3,338,209	5,113,693
Total comprehensive income for the year	9,480,732	8,816,515	4,698,944	10,344,010	20,371,007
Profit for the year attributable to owners of the company	6,559,984	11,756,781	3,149,679	6,691,149	14,642,629
Profit for the year attributable to non-controlling interests	134,029	202,506	633,645	314,652	614,685
Total comprehensive income for the year attributable to owners of the company	9,362,394	8,612,785	4,082,661	10,114,207	19,791,160
Total comprehensive income for the year attributable to non-controlling interests	118,338	203,730	616,283	229,803	579,847
Earnings Per Share	1.97	3.53	0.95	2.04	4.27

(4) Condensed Statements of Comprehensive Income - Unconsolidated (Based on IFRSs)

Unit : NT \$Thousands (Except EPS:NT\$)

Items \ Year	Financial Summary for the Last Five Years				
	2017	2018	2019	2020	2021
Net Sales	76,123,074	85,099,970	71,596,648	64,097,690	97,789,648
Gross Profit	5,318,064	3,840,250	4,155,851	4,457,566	12,894,560
Operating Income	3,836,535	2,122,510	2,445,178	2,681,141	10,197,929
Non-operating Revenue and Expense	3,290,917	10,123,522	644,517	3,982,969	8,195,530
Profit before Taxes	7,127,452	12,246,032	3,089,695	6,664,110	18,393,459
Gain from Continued Operations	6,559,984	11,756,781	3,149,679	6,691,149	14,642,629
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	6,559,984	11,756,781	3,149,679	6,691,149	14,642,629
Other comprehensive income, net of income tax	2,802,410	(3,143,996)	932,982	3,423,058	5,148,531
Total comprehensive income for the year	9,362,394	8,612,785	4,082,661	10,114,207	19,791,160
Earnings Per Share	1.97	3.53	0.95	2.04	4.27

(5) Auditors' Opinion from 2016 to 2020

Year	CPA	Audit Opinion
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
2021	Deloitte & Touche Wen-Yea, Shyu, Ker-Chang Wu	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				
		2017	2018	2019	2020	2021	
Capital structure (%)	Debt Ratio	44.50	40.24	43.09	42.41	41.02	
	Ratio of long-term Capital to Property, Plant and Equipment	455.72	400.69	349.51	350.22	347.64	
Liquidity analysis (%)	Current Ratio	183.87	182.68	149.20	178.57	178.41	
	Quick Ratio	80.75	94.86	89.96	93.02	81.32	
	Interest Coverage Ratio (times)	1,931.29	2,536.69	947.08	1,813.14	4,675.29	
Operating Performance	Accounts Receivable Turnover (Times)	11.75	12.56	10.06	10.35	12.95	
	Average Collection Period	31.06	29.06	36.28	35.26	28.18	
	Inventory Turnover (Times)	5.24	5.99	5.21	4.64	5.18	
	Accounts Payable Turnover (times)	17.39	18.67	15.32	13.30	16.51	
	Average Days in Sales	69.65	60.93	70.05	78.66	70.46	
	Property, plant and equipment Turnover (Times)	8.09	8.28	5.09	3.62	4.13	
	Total Assets Turnover (Times)	1.37	1.45	0.99	0.77	0.93	
Profitability analysis	Return on Total Assets (%)	5.77	9.47	3.12	5.12	9.31	
	Return on Stockholders' equity (%)	9.73	15.78	4.79	8.44	15.63	
	Pre-tax Income to Paid-in Capital (%)	27.90	50.12	14.25	28.67	55.72	
	Profit Ratio (%)	3.98	6.26	2.80	6.22	9.73	
	Earnings (loss) Per Share (NT\$) (Note 1)	1.97	3.53	0.95	2.04	4.27	
Cash Flow(Note 2)	Cash Flow Ratio (%)	22.23	9.39	21.17	22.72	3.38	
	Cash Flow Adequacy Ratio (%)	83.19	62.30	72.07	68.03	45.36	
	Cash Reinvestment Ratio (%)	5.32	0.00	4.51	4.58	0.00	
Leverage	Operating Leverage	1.49	1.48	2.93	2.06	1.72	
	Financial Leverage	1.06	1.06	1.15	1.07	1.03	

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

- A. Compared to 2020 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 2021 show an increase. It's because that profit before tax and profit for the year ended December 31, 2021 increased.
- B. Compared to 2020, accounts receivable turnover and total assets turnover in 2021 show an increase; average collection period in 2021 shows a decrease. It's because that operating revenue for the year ended December 31, 2021 increased.
- C. Compared to 2020, accounts payable turnover in 2019 shows an increase. It's because that sales volume and operating costs for the year ended December 31, 2021 increased.
- D. Compared to 2020, cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio in 2021 show a decrease. It's because that decreased in cashflows from operation activities due to increase in inventories and the aquirement of property, plant and equipment increased.

Note : Financial analysis formulas show as the following :

1. Financial Structure :

$$(1) \text{Debt Ratio} = \text{Total liabilities} / \text{Total assets}$$

(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				
		2017	2018	2019	2020	2021	
Capital structure (%)	Debt Ratio	33.23	35.18	35.71	39.86	35.70	
	Ratio of Long-term Capital to Property, plant and equipment	648.76	594.83	537.27	664.70	809.34	
Liquidity analysis (%)	Current Ratio	121.53	77.96	64.65	76.14	121.80	
	Quick Ratio	44.92	22.20	26.77	30.89	47.65	
	Interest Coverage Ratio (times)	1,741.08	2,652.81	676.50	1,571.22	4,424.13	
Operating Performance	Accounts Receivable Turnover (Times)	33.13	31.71	32.56	32.75	28.78	
	Average Collection Period	11.01	11.51	11.21	11.14	12.68	
	Inventory Turnover (Times)	8.20	7.94	6.53	6.67	7.05	
	Accounts Payable turnover (times)	19.34	20.33	21.25	23.75	30.51	
	Average Days in Sales	44.51	45.96	55.89	54.72	51.77	
	Property, plant and equipment Turnover (Times)	5.39	5.52	4.20	3.65	5.60	
	Total Assets Turnover (Times)	0.76	0.75	0.59	0.49	0.64	
Profitability analysis	Return on Total Assets (%)	6.96	10.86	3.08	5.47	9.81	
	Return on Stockholders' equity (%)	9.79	15.90	4.07	8.26	15.38	
	Pre-tax Income to Paid-in Capital (%)	21.17	36.81	9.28	20.65	53.60	
	Profit Ratio (%)	8.61	13.81	4.39	10.43	14.97	
	Earnings (loss) Per Share (NT\$) (Note 1)	1.97	3.53	0.95	2.04	4.27	
Cash Flow (Note 2)	Cash Flow Ratio (%)	29.65	9.03	18.90	16.21	14.69	
	Cash Flow Adequacy Ratio (%)	47.63	34.25	46.95	45.79	36.49	
	Cash Reinvestment Ratio (%)	1.44	0.00	0.89	2.10	0.29	
Leverage	Operating Leverage	2.03	2.55	2.63	2.52	1.48	
	Financial Leverage	1.12	1.29	1.28	1.20	1.04	
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)							
A. Compared to 2020, 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 2021 show an increase. It's because that profit before tax and profit for the year ended December 31, 2021 increased.							
B. Compared to 2020, the ratio of long-term funds to property, plant and equipment in 2021 shows an increase. It's because that total equity increased.							
C. Compared to 2020, current ratio and quick ratio in 2021 show an increase. It's because that accounts receivable increased.							
D. Compared to 2020, accounts payable turnover in 2021 shows an increase. It's because that sales volume and operating costs for the year ended December 31, 2021 increased.							
E. Compared to 2020, property, plant and equipment turnover and total assets turnover in 2021 show an increase. It's because that operating revenue for the year ended December 31, 2021 increased.							
F. Compared to 2020, cash flow adequacy ratio and cash reinvestment ratio in 2021 show a decrease. It's because that the aquirement of property, plant and equipment and investments accounted for using equity method increased.							
G. Compared to 2020, operating leverage in 2021 shows a decrease. It's because that net operating profit for the year ended December 31, 2021 increased.							

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

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

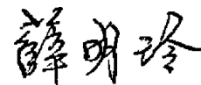
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The Financial Statements had been audited by Deloitte & Touche Accountants, Wen-Yea, Shyu and Ker-Chang Wu 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 22, 2022

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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. 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, 2021:

Sales Revenue Recognition

In 2021, 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 24 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, 2021 and 2020 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\$10,292,042 thousand and NT\$10,148,841 thousand, which constituted 5.62% and 6.70% of the Group's consolidated total assets, as of December 31, 2021 and 2020, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$17,799,306 thousand and NT\$18,427,711 thousand, which constituted 11.36% and 16.37% of the Group's consolidated total net operating revenue, for the years ended December 31, 2021 and 2020, respectively.

We did not audit the financial statements of some associates accounted for using the equity method included in the consolidated financial statements of the Group, but such statements were audited by other auditors. As of December 31, 2021, the total asset of these associates was NT\$1,053,790 thousand, representing 0.58% of the consolidated total assets; the share of losses of these associates was NT\$5,936 thousand, representing (0.03%) of the consolidated income before income tax.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2021 and 2020 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.

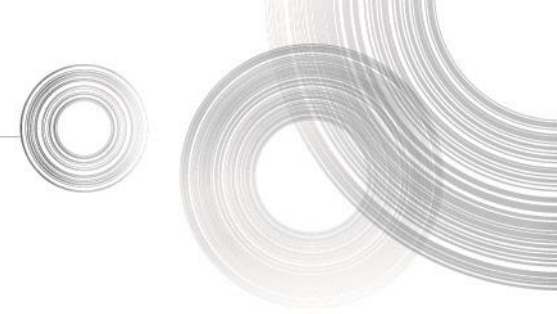
Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 10,387,581	6	\$ 11,944,408	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	16,147	-	73,329	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	1,315,970	1
Derivative financial assets for hedging - current (Notes 4 and 8)	89,232	-	8,282	-
Contract assets - current (Notes 4 and 10)	5,750,344	3	4,460,992	3
Notes receivable (Notes 4, 11 and 31)	2,627,411	2	2,974,132	2
Trade receivables (Notes 4, 11 and 31)	11,045,689	6	7,543,131	5
Finance lease receivables (Notes 4 and 12)	58,042	-	56,128	-
Other receivables (Note 31)	1,620,595	1	887,091	1
Inventories (Notes 4 and 13)	31,659,723	17	21,080,535	14
Other financial assets - current (Notes 6 and 32)	530,650	-	705,277	-
Other current assets	5,535,226	3	5,127,533	3
Total current assets	69,320,640	38	56,176,808	37
NON-CURRENT ASSETS				
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)	16,290,587	9	6,910,644	5
Investments accounted for using the equity method (Notes 4 and 16)	39,451,117	22	32,767,091	22
Property, plant and equipment (Notes 4 and 17)	41,474,488	23	34,294,221	23
Right-of-use assets (Notes 4 and 18)	1,803,510	1	1,664,406	1
Investment properties (Notes 4 and 19)	10,431,063	6	9,874,926	6
Other intangible assets	173,430	-	175,000	-
Deferred tax assets (Notes 4 and 26)	2,818,549	1	2,428,545	2
Refundable deposits (Note 6)	207,622	-	221,314	-
Long-term finance lease receivables - non-current (Notes 4 and 12)	662,543	-	720,585	-
Other non-current assets (Notes 6 and 32)	401,349	-	646,607	-
Total non-current assets	113,714,258	62	95,387,198	63
TOTAL	\$ 183,034,898	100	\$ 151,564,006	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 7,108,766	4	\$ 6,591,019	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	37,439	-	8,374	-
Contract liabilities - current	3,426	-	1,499	-
Notes payable	346,947	-	235,258	-
Trade payables	8,493,921	5	7,494,471	5
Current tax liabilities (Notes 4 and 26)	6,082,152	3	4,557,761	3
Other payables	4,861,341	3	5,143,921	4
Lease liabilities - current (Notes 4 and 18)	71,470	-	75,261	-
Current portion of long-term borrowings (Note 20)	10,719,081	6	6,162,400	4
Other current liabilities (Note 30)	1,127,970	-	1,188,193	1
Total current liabilities	38,852,513	21	31,458,157	21
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	7,500,000	4	-	-
Long-term borrowings (Note 20)	24,785,952	14	31,406,829	21
Deferred tax liabilities (Notes 4 and 26)	2,214,650	1	214,457	-
Lease liabilities - non-current (Notes 4 and 18)	243,676	-	274,442	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	560,362	-	384,299	-
Other non-current liabilities (Note 28)	931,477	1	544,992	-
Total non-current liabilities	36,236,117	20	32,825,019	21
Total liabilities	75,088,630	41	64,283,176	42
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23)				
Share capital	34,313,329	19	32,260,002	21
Capital surplus	18,440,875	10	15,690,406	11
Retained earnings				
Legal reserve	6,109,568	3	5,428,200	4
Special reserve	2,712,250	2	3,110,410	2
Unappropriated earnings	38,965,389	21	27,791,577	18
Total retained earnings	47,787,207	26	36,330,187	24
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(6,100,687)	(3)	(5,905,135)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	11,534,267	6	6,092,775	4
Other equity-other	(91,467)	-	-	-
Total other equity	5,342,113	3	187,640	-
Total equity attributable to owners of WLC	105,883,524	58	84,468,235	56
NON-CONTROLLING INTERESTS	2,062,744	1	2,812,595	2
Total equity	107,946,268	59	87,280,830	58
TOTAL	\$ 183,034,898	100	\$ 151,564,006	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 375,274	6	\$ 431,518	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	583	-	2,649	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	47,542	1
Derivative financial assets for hedging - current (Notes 4 and 8)	3,224	-	299	-
Contract assets - current (Notes 4 and 10)	207,744	3	161,163	3
Notes receivable (Notes 4, 11 and 31)	94,921	2	107,447	2
Trade receivables (Notes 4, 11 and 31)	399,049	6	272,512	5
Finance lease receivables (Notes 4 and 12)	2,097	-	2,028	-
Other receivables (Note 31)	58,548	1	32,048	1
Inventories (Notes 4 and 13)	1,143,776	17	761,580	14
Other financial assets - current (Notes 6 and 32)	19,171	-	25,480	-
Other current assets	199,971	3	185,243	3
Total current assets	<u>2,504,358</u>	<u>38</u>	<u>2,029,509</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	205,342	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	588,533	9	249,662	5
Investments accounted for using the equity method (Notes 4 and 16)	1,425,257	22	1,183,782	22
Property, plant and equipment (Notes 4 and 17)	1,498,356	23	1,238,953	23
Right-of-use assets (Notes 4 and 18)	65,156	1	60,130	1
Investment properties (Notes 4 and 19)	376,845	6	356,753	6
Other intangible assets	6,266	-	6,322	-
Deferred tax assets (Notes 4 and 26)	101,826	1	87,736	2
Refundable deposits (Note 6)	7,501	-	7,995	-
Long-term finance lease receivables - non-current (Notes 4 and 12)	23,936	-	26,033	-
Other non-current assets (Notes 6 and 32)	14,498	-	23,361	-
Total non-current assets	<u>4,108,174</u>	<u>62</u>	<u>3,446,069</u>	<u>63</u>
TOTAL	<u>\$ 6,612,532</u>	<u>100</u>	<u>\$ 5,475,578</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 256,820	4	\$ 238,115	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,353	-	303	-
Contract liabilities - current	124	-	54	-
Notes payable	12,534	-	8,499	-
Trade payables	306,861	5	270,754	5
Current tax liabilities (Notes 4 and 26)	219,731	3	164,659	3
Other payables	175,626	3	185,835	4
Lease liabilities - current (Notes 4 and 18)	2,582	-	2,719	-
Current portion of long-term borrowings (Note 20)	387,250	6	222,630	4
Other current liabilities (Note 30)	40,750	-	42,926	1
Total current liabilities	<u>1,403,631</u>	<u>21</u>	<u>1,136,494</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	270,954	4	-	-
Long-term borrowings (Note 20)	895,446	14	1,134,640	21
Deferred tax liabilities (Notes 4 and 26)	80,009	1	7,748	-
Lease liabilities - non-current (Notes 4 and 18)	8,803	-	9,915	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	20,244	-	13,884	-
Other non-current liabilities (Note 28)	33,652	1	19,689	-
Total non-current liabilities	<u>1,309,108</u>	<u>20</u>	<u>1,185,876</u>	<u>21</u>
Total liabilities	<u>2,712,739</u>	<u>41</u>	<u>2,322,370</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23)				
Share capital	1,239,643	19	1,165,463	21
Capital surplus	666,217	10	566,850	11
Retained earnings				
Legal reserve	220,721	3	196,105	4
Special reserve	97,986	2	112,370	2
Unappropriated earnings	1,407,709	21	1,004,031	18
Total retained earnings	<u>1,726,416</u>	<u>26</u>	<u>1,312,506</u>	<u>24</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(220,400)	(3)	(213,337)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	416,700	6	220,115	4
Other equity-other	(3,304)	-	-	-
Total other equity	<u>192,996</u>	<u>3</u>	<u>6,778</u>	<u>-</u>
Total equity attributable to owners of WLC	3,825,272	58	3,051,597	56
NON-CONTROLLING INTERESTS	<u>74,521</u>	<u>1</u>	<u>101,611</u>	<u>2</u>
Total equity	<u>3,899,793</u>	<u>59</u>	<u>3,153,208</u>	<u>58</u>
TOTAL	<u>\$ 6,612,532</u>	<u>100</u>	<u>\$ 5,475,578</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)	\$ 156,664,766	100	\$ 112,546,603	100
OPERATING COSTS (Notes 4 and 13)	<u>(136,855,301)</u>	<u>(88)</u>	<u>(100,078,265)</u>	<u>(89)</u>
GROSS PROFIT	<u>19,809,465</u>	<u>12</u>	<u>12,468,338</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,487,342	2	1,868,164	2
General and administrative expenses	3,784,683	2	3,091,413	3
Research and development expenses	<u>191,888</u>	<u>-</u>	<u>123,699</u>	<u>-</u>
Total operating expenses	<u>6,463,913</u>	<u>4</u>	<u>5,083,276</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>13,345,552</u>	<u>8</u>	<u>7,385,062</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	91,952	-	261,523	-
Dividend income	561,499	-	110,990	-
Other income	549,102	-	136,095	-
Gain (loss) on disposal of property, plant and equipment	20,468	-	(7,979)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	647,228	-	732,121	1
Recognition (reversal) of impairment loss (Note 25)	(693,892)	-	674	-
Other expenses	(231,656)	-	(381,505)	-
Foreign exchange loss, net	(237,222)	-	(66,726)	-
Interest expense	(417,951)	-	(539,982)	-
Gain (loss) on disposal of investments (Note 25)	679,207	1	(75,927)	-
Share of profit of associates accounted for using the equity method	<u>4,808,211</u>	<u>3</u>	<u>1,696,319</u>	<u>1</u>
Total non-operating income and expenses	<u>5,776,946</u>	<u>4</u>	<u>1,865,603</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	19,122,498	12	9,250,665	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(3,865,184)</u>	<u>(2)</u>	<u>(2,244,864)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>15,257,314</u>	<u>10</u>	<u>7,005,801</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(153,272)	-	36,292	-
Unrealized gain on financial assets at fair value through other comprehensive income	2,594,208	1	1,077,834	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,906,573</u>	<u>2</u>	<u>2,664,780</u>	<u>2</u>
	<u>5,347,509</u>	<u>3</u>	<u>3,778,906</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(105,982)	-	(358,081)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(127,834)</u>	<u>-</u>	<u>(82,616)</u>	<u>-</u>
	<u>(233,816)</u>	<u>-</u>	<u>(440,697)</u>	<u>-</u>
Other comprehensive income for the year	<u>5,113,693</u>	<u>3</u>	<u>3,338,209</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 20,371,007</u>	<u>13</u>	<u>\$ 10,344,010</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 14,642,629	9	\$ 6,691,149	6
Non-controlling interests	<u>614,685</u>	<u>1</u>	<u>314,652</u>	<u>-</u>
	<u>\$ 15,257,314</u>	<u>10</u>	<u>\$ 7,005,801</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 19,791,160	13	\$ 10,114,207	9
Non-controlling interests	<u>579,847</u>	<u>-</u>	<u>229,803</u>	<u>-</u>
	<u>\$ 20,371,007</u>	<u>13</u>	<u>\$ 10,344,010</u>	<u>9</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.27</u>		<u>\$ 2.04</u>	
Diluted	<u>\$ 4.26</u>		<u>\$ 2.04</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)	\$ 5,659,854	100	\$ 4,065,990	100
OPERATING COSTS (Notes 4 and 13)	<u>(4,944,194)</u>	<u>(88)</u>	<u>(3,615,544)</u>	<u>(89)</u>
GROSS PROFIT	<u>715,660</u>	<u>12</u>	<u>450,446</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing expenses	89,861	2	67,491	2
General and administrative expenses	136,730	2	111,684	3
Research and development expenses	<u>6,932</u>	<u>-</u>	<u>4,469</u>	<u>-</u>
Total operating expenses	<u>233,523</u>	<u>4</u>	<u>183,644</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>482,137</u>	<u>8</u>	<u>266,802</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,322	-	9,448	-
Dividend income	20,285	-	4,010	-
Other income	19,838	-	4,917	-
Gain (loss) on disposal of property, plant and equipment	739	-	(288)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	23,383	-	26,449	1
Recognition (reversal) of impairment loss (Note 25)	(25,068)	-	24	-
Other expenses	(8,369)	-	(13,782)	-
Foreign exchange loss, net	(8,570)	-	(2,411)	-
Interest expense	(15,099)	-	(19,508)	-
Gain (loss) on disposal of investments (Note 25)	24,538	1	(2,743)	-
Share of profit of associates accounted for using the equity method	<u>173,707</u>	<u>3</u>	<u>61,283</u>	<u>1</u>
Total non-operating income and expenses	<u>208,706</u>	<u>4</u>	<u>67,399</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	690,843	12	334,201	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(139,639)</u>	<u>(2)</u>	<u>(81,101)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>551,204</u>	<u>10</u>	<u>253,100</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(5,537)	-	1,311	-
Unrealized gain on financial assets at fair value through other comprehensive income	93,721	1	38,939	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>105,006</u>	<u>2</u>	<u>96,271</u>	<u>2</u>
	<u>193,190</u>	<u>3</u>	<u>136,521</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(3,829)	-	(12,936)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(4,618)</u>	<u>-</u>	<u>(2,985)</u>	<u>-</u>
	<u>(8,447)</u>	<u>-</u>	<u>(15,921)</u>	<u>-</u>
Other comprehensive income for the year	<u>184,743</u>	<u>3</u>	<u>120,600</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 735,947</u>	<u>13</u>	<u>\$ 373,700</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 528,997	9	\$ 241,732	6
Non-controlling interests	<u>22,207</u>	<u>1</u>	<u>11,367</u>	<u>-</u>
	<u>\$ 551,204</u>	<u>10</u>	<u>\$ 253,099</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 714,999	13	\$ 365,398	9
Non-controlling interests	<u>20,948</u>	<u>-</u>	<u>8,302</u>	<u>-</u>
	<u>\$ 735,947</u>	<u>13</u>	<u>\$ 373,700</u>	<u>9</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.15</u>		<u>\$ 0.07</u>	
Diluted	<u>\$ 0.15</u>		<u>\$ 0.07</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC								Total	Non-controlling Interests	Total Equity	
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation the Financial Statement of Foreign Operations	Other Equity					
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Other				Treasury Shares
BALANCE AT JANUARY 1, 2020	\$ 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 23)												
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 carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	-	-	-	(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)
Cancellation 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
Appropriation of 2020 earnings (Note 23)												
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(3,088,200)	-	-	-	-	(3,088,200)	-	(3,088,200)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	3,124	-	-	-	-	-	-	-	3,124	-	3,124
Change in capital surplus and retained earnings from investments in associates under the equity method	-	(26,782)	-	-	77,160	-	(77,160)	(91,467)	-	(118,249)	-	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629	614,685	15,257,314
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(174,569)	(195,552)	5,518,652	-	-	5,148,531	(34,838)	5,113,693
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,468,060	(195,552)	5,518,652	-	-	19,791,160	579,847	20,371,007
Others	-	2,329	-	-	-	-	-	-	-	2,329	-	2,329
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,329,698)	(1,329,698)
BALANCE, DECEMBER 31, 2021	\$ 34,313,329	\$ 18,440,875	\$ 6,109,568	\$ 2,712,250	\$ 38,965,389	\$ (6,100,687)	\$ 11,534,267	\$ (91,467)	\$ -	\$ 105,883,524	\$ 2,062,744	\$ 107,946,268

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

(US)CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of U.S. Dollars)

	Equity Attributable to Owners of WLC											
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation the Financial Statement of Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Other				
BALANCE AT JANUARY 1, 2020	\$ 1,201,590	\$ 580,030	\$ 184,727	\$ 146,067	\$ 795,634	\$ (200,374)	\$ 88,004	\$ -	\$ -	\$ 2,795,678	\$ 42,694	\$ 2,838,372
Appropriation of 2019 earnings (Note 23)												
Legal reserve	-	-	11,378	-	(11,378)	-	-	-	-	-	-	-
Special reserve	-	-	-	(33,697)	33,697	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(60,081)	-	-	-	-	(60,081)	-	(60,081)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	-	-	-	(91)	-	-	-	-	(91)	-	(91)
Change in capital surplus from investments in associates under the equity method	-	4,888	-	-	3,511	-	(3,511)	-	-	4,888	-	4,888
Net profit for the year ended December 31, 2020	-	-	-	-	241,732	-	-	-	-	241,732	11,367	253,099
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	1,007	(12,963)	135,622	-	-	123,666	(3,065)	120,601
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	242,739	(12,963)	135,622	-	-	365,398	8,302	373,700
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(54,194)	(54,194)	-	(54,194)
Cancellation of treasury shares	(36,127)	(18,067)	-	-	-	-	-	-	54,194	-	-	-
Others	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	50,615	50,615
BALANCE, DECEMBER 31, 2020	1,165,463	566,850	196,105	112,370	1,004,031	(213,337)	220,115	-	-	3,051,597	101,611	3,153,208
Appropriation of 2020 earnings (Note 23)												
Legal reserve	-	-	24,616	-	(24,616)	-	-	-	-	-	-	-
Special reserve	-	-	-	(14,384)	14,384	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(11,567)	-	-	-	-	(11,567)	-	(11,567)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	113	-	-	-	-	-	-	-	113	-	113
Change in capital surplus and retained earnings from investments in associates under the equity method	-	(968)	-	-	2,788	-	(2,788)	(3,304)	-	(4,272)	-	(4,272)
Issuance of new shares in exchange for the shares of another company	74,180	100,138	-	-	-	-	-	-	-	174,318	-	174,318
Net profit for the year ended December 31, 2021	-	-	-	-	528,997	-	-	-	-	528,997	22,207	551,204
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,308)	(7,063)	199,373	-	-	186,002	(1,259)	184,743
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	522,689	(7,063)	199,373	-	-	714,999	20,948	735,947
Others	-	84	-	-	-	-	-	-	-	84	-	84
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(48,038)	(48,038)
BALANCE, DECEMBER 31, 2021	\$ 1,239,643	\$ 666,217	\$ 220,721	\$ 97,986	\$ 1,507,709	\$ (220,400)	\$ 416,700	\$ (3,304)	\$ -	\$ 3,925,272	\$ 74,521	\$ 3,999,793

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,122,498	\$ 9,250,665
Adjustments for:		
Depreciation expense	2,799,315	2,405,513
Amortization expense	31,498	35,485
Expected credit (reversed) loss recognized on trade receivables	(7,901)	12,209
Net gain on fair value change of financial assets and liabilities as at fair value through profit or loss	(647,228)	(732,121)
Interest expense	417,951	539,982
Interest income	(91,952)	(261,523)
Dividend income	(561,499)	(110,990)
Compensation cost of employees share options	11,490	8,804
Share of profit of associates accounted for using the equity method	(4,808,211)	(1,696,319)
(Gain) loss on disposal of property, plant and equipment	(20,468)	7,979
(Gain) loss on disposal of investments	(679,207)	75,927
Impairment loss (reversed) recognized on non-financial assets	693,892	(674)
Unrealized loss on foreign currency exchange	89,472	962
Gain on lease modification	-	(38)
Changes in operating assets and liabilities		
Increase in contract assets	(1,289,352)	(446,320)
Decrease in notes receivable	346,721	602,201
(Increase) decrease in trade receivables	(3,494,657)	311,810
(Increase) decrease in other receivables	(775,485)	467,742
(Increase) decrease in inventories	(11,987,254)	938,706
Increase in other current assets	(45,654)	(2,794,980)
Decrease (increase) in other financial assets	174,627	(387,544)
Increase in other operating assets	(626,734)	(366,618)
Increase in financial liabilities held for trading	513,105	75,283
Increase in contract liabilities	1,927	981
Increase (decrease) in notes payable	111,689	(107,151)
Increase in trade payables	999,450	526,654
Increase in other payables	674,668	152,124
(Decrease) increase in other current liabilities	(60,224)	532,710
Increase (decrease) in net defined benefit liabilities	176,063	(152,315)
Increase (decrease) in other operating liabilities	<u>565,146</u>	<u>(133,769)</u>
Cash generated from operations	1,633,686	8,755,375
Interest received	69,679	294,277
Dividends received	1,359,121	789,298
Interest paid	(491,575)	(534,655)
Income tax paid	<u>(1,254,756)</u>	<u>(2,156,365)</u>
Net cash generated from operating activities	<u>1,316,155</u>	<u>7,147,930</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,985,957)	(507,274)
Capital reduction and refund from financial assets at fair value through other comprehensive income	3,615	-
Disposal of financial assets at amortized cost	1,325,403	252,140
Purchase of financial assets at fair value through profit or loss	-	(5,353,790)
Disposal of financial assets at fair value through profit or loss	4,948,895	-
Acquisition of investments accounted for using the equity method	(3,227)	-
Net cash flow on disposal of subsidiaries	-	2,025,974
Payments for property, plant and equipment	(6,415,398)	(8,816,415)
Proceeds from disposal of property, plant and equipment	50,410	21,684
Decrease (increase) in refundable deposits	13,208	(36,228)
Payments for intangible assets	(6,248)	(9,327)
Payments for right-of-use assets	(222,330)	(18,989)
Payments for investment properties	(2,362)	(546)
Other investing activities	<u>1,308,017</u>	<u>132,890</u>
Net cash used in investing activities	<u>(985,974)</u>	<u>(12,309,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	485,651	(5,804,988)
Proceeds from bonds payable	7,500,000	-
Proceeds from long-term borrowings	4,000,000	20,640,014
Repayment of long-term borrowings	(6,064,196)	(6,564,196)
Repayment of the principal portion of lease liabilities	(89,794)	(83,862)
Cash dividends paid	(3,088,030)	(1,662,891)
Payments for buy-back of ordinary shares	-	(1,500,108)
Acquisition of subsidiaries	(5,003,810)	-
Changes in non-controlling interests	(21,666)	586,927
Other financing activities	<u>2,329</u>	<u>(28)</u>
Net cash (used in) generated from financing activities	<u>(2,279,516)</u>	<u>5,610,868</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>392,508</u>	<u>(257,515)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,556,827)	191,402
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,944,408</u>	<u>11,753,006</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 10,387,581</u>	<u>\$ 11,944,408</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 690,843	\$ 334,200
Adjustments for:		
Depreciation expense	101,131	86,904
Amortization expense	1,138	1,282
Expected credit (reversed) loss recognized on trade receivables	(285)	441
Net gain on fair value change of financial assets and liabilities as at fair value through profit or loss	(23,383)	(26,449)
Interest expense	15,099	19,508
Interest income	(3,322)	(9,448)
Dividend income	(20,285)	(4,010)
Compensation cost of employees share options	415	318
Share of profit of associates accounted for using the equity method	(173,707)	(61,283)
(Gain) loss on disposal of property, plant and equipment	(739)	288
(Gain) loss on disposal of investments	(24,538)	2,743
Impairment loss (reversed) recognized on non-financial assets	25,068	(24)
Unrealized loss on foreign currency exchange	3,232	35
Gain on lease modification	-	(1)
Changes in operating assets and liabilities		
Increase in contract assets	(46,581)	(16,124)
Decrease in notes receivable	12,526	21,756
(Increase) decrease in trade receivables	(126,252)	11,265
(Increase) decrease in other receivables	(28,016)	16,898
(Increase) decrease in inventories	(433,066)	33,913
Increase in other current assets	(1,649)	(100,975)
Decrease (increase) in other financial assets	6,309	(14,001)
Increase in other operating assets	(22,642)	(13,245)
Increase in financial liabilities held for trading	18,537	2,720
Increase in contract liabilities	70	35
Increase (decrease) in notes payable	4,035	(3,871)
Increase in trade payables	36,107	19,027
Increase in other payables	24,374	5,496
(Decrease) increase in other current liabilities	(2,176)	19,245
Increase (decrease) in net defined benefit liabilities	6,361	(5,503)
Increase (decrease) in other operating liabilities	20,417	(4,833)
Cash generated from operations	59,021	316,307
Interest received	2,517	10,631
Dividends received	49,101	28,515
Interest paid	(17,759)	(19,316)
Income tax paid	(45,331)	(77,903)
Net cash generated from operating activities	<u>47,549</u>	<u>258,234</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(71,747)	(18,326)
Capital reduction and refund from financial assets at fair value through other comprehensive income	131	-
Disposal of financial assets at amortized cost	47,883	9,109
Purchase of financial assets at fair value through profit or loss	-	(193,417)
Disposal of financial assets at fair value through profit or loss	178,790	-
Acquisition of investments accounted for using the equity method	(117)	-
Net cash flow on disposal of subsidiaries	-	73,193
Payments for property, plant and equipment	(231,770)	(318,512)
Proceeds from disposal of property, plant and equipment	1,821	783
Decrease (increase) in refundable deposits	477	(1,309)
Payments for intangible assets	(226)	(337)
Payments for right-of-use assets	(8,032)	(686)
Payments for investment properties	(85)	(20)
Other investing activities	<u>47,255</u>	<u>4,801</u>
Net cash used in investing activities	<u>(35,620)</u>	<u>(444,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	17,545	(209,718)
Proceeds from bonds payable	270,954	-
Proceeds from long-term borrowings	144,509	745,665
Repayment of long-term borrowings	(219,082)	(237,146)
Repayment of the principal portion of lease liabilities	(3,244)	(3,030)
Payments for buy-back of ordinary shares	-	(54,195)
Acquisition of subsidiaries	(180,773)	-
Cash dividends paid	(111,562)	(60,076)
Changes in non-controlling interests	(783)	21,204
Other financing activities	<u>84</u>	<u>(1)</u>
Net cash (used in) generated from financing activities	<u>(82,352)</u>	<u>202,703</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>14,179</u>	<u>(9,301)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(56,244)	6,915
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>431,518</u>	<u>424,603</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 375,274</u>	<u>\$ 431,518</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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 22, 2022.


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)

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by the IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)



Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) 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.

2) 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.

3) 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.

4) 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).

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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


Note 3: 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.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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) 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.
- 4) 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.

- 5) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the 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

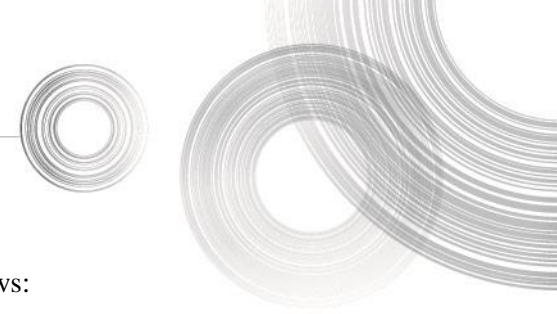
- a. Statement of compliance

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

- 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, investment properties, 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; 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, 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 others

a) 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.

b) 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 rereasurement) 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. Rereasurement, 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. Rereasurement 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.

t. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act 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 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The 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

	December 31	
	2021	2020
Cash on hand	\$ 2,926	\$ 3,216
Checking accounts and cash in bank	8,473,267	9,723,431
Cash equivalents		
Time deposits	1,801,526	2,108,064
Short-term bills	<u>109,862</u>	<u>109,697</u>
	<u>\$ 10,387,581</u>	<u>\$ 11,944,408</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%):

	December 31	
	2021	2020
Bank balance	0.001%-2.75%	0.001%-3.90%
Short-term bills	0.16%	0.18%

As of December 31, 2021 and 2020, certain time deposits were classified and pledged as follows:

	Purpose	December 31	
		2021	2020
Other financial assets - current			
Restricted time deposits	Negotiable certificate of deposits (not expired)	\$ -	\$ 2,300
Restricted deposits	To meet contract requirements for completing construction	18,139	14,516
	To secure short-term borrowings and letters of credit	370,054	523,952
	Repatriation of offshore funds and project grants	<u>80,493</u>	<u>85,160</u>
		<u>468,686</u>	<u>625,928</u>
Refundable deposits			
Other - pledged time deposits	To meet contract requirements for completing construction	51,667	51,528
	To meet required security deposit	867	878
Other non-current assets - other	To secure long-term borrowings	<u>-</u>	<u>8,730</u>
		<u>52,534</u>	<u>61,136</u>
		<u>\$ 521,220</u>	<u>\$ 687,064</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ 1,940	\$ 73,329
Foreign exchange forward contracts	14,207	-
Options	-	-
Hybrid financial assets		
Corporate bonds	<u>-</u>	<u>5,683,859</u>
Financial assets at FVTPL	<u>\$ 16,147</u>	<u>\$ 5,757,188</u>
Current	\$ 16,147	\$ 73,329
Non-current	<u>-</u>	<u>5,683,859</u>
	<u>\$ 16,147</u>	<u>\$ 5,757,188</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 8,374
Exchange rate swap contracts	<u>37,439</u>	<u>-</u>
Financial liabilities at FVTPL	<u>\$ 37,439</u>	<u>\$ 8,374</u>
Current	\$ 37,439	\$ 8,374
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 37,439</u>	<u>\$ 8,374</u>

- a. As of December 31, 2021 and 2020, 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, 2021</u>							
Commodity futures contracts							
Copper	Buy	9,925	2021.09.01-2021.12.31	2022.01.19-2022.04.20	US\$ 94,424	US\$ 96,834	US\$ 2,410
Copper	Sell	3,050	2021.12.10-2021.12.31	2022.01.19-2022.03.31	US\$ 29,229	US\$ 29,846	US\$ (617)
Nickel	Sell	2,238	2021.11.04-2021.12.31	2022.02.04-2022.03.31	US\$ 44,698	US\$ 46,459	US\$ (1,761)
Copper	Buy	1,770	2021.09.07-2021.12.31	2022.01.31-2022.06.30	RMB 124,483	RMB 124,618	RMB 135
Zinc	Buy	275	2021.10.14-2021.12.10	2022.03.31	RMB 6,520	RMB 6,630	RMB 110

(Continued)

	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							
	Buy	10,250	2020.04.30-2020.12.31	2021.01.20-2021.10.20	US\$ 76,919	US\$ 79,276	US\$ 2,357
	Sell	882	2020.10.15-2020.12.17	2021.01.15-2021.03.17	US\$ 14,560	US\$ 14,597	US\$ (37)
	Buy	1,125	2020.10.12-2020.12.30	2021.01.31-2021.07.31	RMB 63,272	RMB 65,034	RMB 1,762
	Buy	155	2020.12.09-2020.12.30	2021.01.31-2021.02.28	RMB 3,318	RMB 3,233	RMB (85)
	Buy	3,000	2020.12.31	2021.03.31	RMB 40,121	RMB 40,110	RMB (11)
(Concluded)							

- b. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell	EUR to USD	2022.01.08-2022.02.17	EUR18,000/USD20,326
	USD to NTD	2022.01.07-2022.02.10	USD100,000/NTD2,776,800
	USD to RMB	2022.01.13-2022.07.20	USD83,643/RMB536,528
	EUR to MYR	2022.01.14-2022.03.02	EUR1,160/MYR5,590
Buy	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.24	USD9,430/JPY1,077,970
	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to SGD	2022.01.12	USD20,207/SGD27,651
	USD to RMB	2022.01.13	USD10,000/RMB63,611

December 31, 2020

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
	USD to RMB	2021.01.04-2021.01.28	USD115,000/RMB752,822
Buy	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

- c. As of December 31, 2021, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021	USD to NTD	2022.01.12	USD75,000/NTD2,097,188
	USD to NTD	2022.01.12	USD70,000/NTD1,957,375
	USD to NTD	2022.01.14	USD40,000/NTD1,109,600

- d. For the years ended December 31, 2021 and 2020, 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. Due to the cash flow demand, the Group communicated with Golden Harbour International Pte. Ltd. on August 27, 2021 to exercise the early redemption to pay back the bonds. Refer to Note 15.
- 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>	
	2021	2020
<u>Financial assets - current</u>		
Fair value hedges - exchange rate swap contracts	<u>\$ 89,232</u>	<u>\$ 8,282</u>

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)
<u>December 31, 2021</u>			
Exchange rate swap contracts	USD to RMB	2022.01.14	USD75,000/RMB488,325
	USD to RMB	2022.01.14	USD70,000/RMB455,700
	USD to RMB	2022.06.08	USD20,000/RMB129,220
	USD to RMB	2022.06.08	USD15,000/RMB96,921
<u>December 31, 2020</u>			
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

(Continued)

Currency	Maturity Date	Notional Amount (In Thousands)
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

(Concluded)

	For the Year Ended December 31	
	2021	2020
Gain on the hedging instruments	<u>\$ 89,232</u>	<u>\$ 8,282</u>
Loss on the hedged items	<u>\$ 52,963</u>	<u>\$ 42,075</u>

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Foreign investments		
Interest rate-linked structured investment deposits	<u>\$ -</u>	<u>\$ 1,315,970</u>

The interest rates for interest rate-linked structured investment deposits was 3.2% as of December 31, 2020.

10. CONTRACT ASSETS

As of December 31, 2021 and 2020, contract balances were as follows:

	December 31	
	2021	2020
Contract assets		
Cable installation	\$ 840,341	\$ 781,196
Solar power systems installation	4,910,003	3,679,796
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 5,750,344</u>	<u>\$ 4,460,992</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

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable	<u>\$ 2,627,411</u>	<u>\$ 2,974,132</u>
<u>Trade receivables</u>		
Trade receivables	\$ 11,138,592	\$ 7,637,153
Less: Allowance for impairment loss	<u>(92,903)</u>	<u>(94,022)</u>
	<u>\$ 11,045,689</u>	<u>\$ 7,543,131</u>

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, 2021

	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	\$ 9,374,469	\$ 1,373,270	\$ 224,201	\$ 74,105	\$ 92,547	\$ 11,138,592
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(2,081)</u>	<u>(12,786)</u>	<u>(10,688)</u>	<u>(67,348)</u>	<u>(92,903)</u>
Amortized cost	<u>\$ 9,374,469</u>	<u>\$ 1,371,189</u>	<u>\$ 211,415</u>	<u>\$ 63,417</u>	<u>\$ 25,199</u>	<u>\$ 11,045,689</u>

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)	<u>-</u>	<u>(1,937)</u>	<u>(8,503)</u>	<u>(13,451)</u>	<u>(70,131)</u>	<u>(94,022)</u>
Amortized cost	<u>\$ 4,721,878</u>	<u>\$ 2,366,014</u>	<u>\$ 268,339</u>	<u>\$ 139,662</u>	<u>\$ 47,238</u>	<u>\$ 7,543,131</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 94,022	\$ 68,967
Add: Amount recovered	8,764	26,688
(Less) add: Net remeasurement of loss allowance	(7,900)	12,209
Less: Amounts written off	(508)	(13,135)
Foreign exchange gains and losses	<u>(1,475)</u>	<u>(707)</u>
Balance at December 31	<u>\$ 92,903</u>	<u>\$ 94,022</u>

12. FINANCE LEASE RECEIVABLES

	For the Year Ended December 31	
	2021	2020
<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>450,376</u>	<u>531,735</u>
	857,171	938,530
Less: Unearned finance income	<u>(136,586)</u>	<u>(161,817)</u>

(Continued)

	December 31	
	2021	2020
Net investment in leases presented as finance lease receivables	<u>\$ 720,585</u>	<u>\$ 776,713</u>
Current	\$ 58,042	\$ 56,128
Non-current	<u>662,543</u>	<u>720,585</u>
	<u>\$ 720,585</u>	<u>\$ 776,713</u>

(Concluded)

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, 2021 and 2020.

The finance lease receivables as of December 31, 2021 and 2020 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

	December 31	
	2021	2020
Manufacturing and trading industries		
Raw materials	\$ 6,753,215	\$ 3,804,593
Raw materials in transit	2,609,416	1,426,333
Supplies	1,780,788	1,420,645
Work-in-process	3,726,215	2,495,808
Finished goods and merchandise	9,435,648	5,493,205
Contracts in progress	<u>229,425</u>	<u>317,612</u>
	<u>24,534,707</u>	<u>14,958,196</u>
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	211,858	218,402
Contracts in progress	<u>6,909,724</u>	<u>5,900,503</u>
	<u>7,125,016</u>	<u>6,122,339</u>
	<u>\$ 31,659,723</u>	<u>\$ 21,080,535</u>

- a. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was NT\$135,868,487 thousand and NT\$99,095,630 thousand, respectively.

- b. The cost of goods sold for the years ended December 31, 2021 and 2020 included reversals of inventory write-downs of NT\$38,114 thousand and NT\$323,333 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 and 2020 resulted from the inventory closeout.
- 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, 2021 and 2020; the selling prices for the related residential buildings and office buildings were RMB2,400 thousand and RMB1,346,175 thousand, respectively. The sales of the real estate in the amounts of NT\$9,918 thousand and NT\$5,495,319 thousand were recorded as operating revenue for the years ended December 31, 2021 and 2020, respectively.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 5,423,342	\$ 3,685,476
HannStar Board Corp.	2,894,429	2,763,734
TECO Electric & Machinery Corp.	7,293,386	26,378
Global PMX Co., Ltd.	15,928	-
Domestic unlisted ordinary shares	560,757	339,955
Foreign unlisted ordinary shares	<u>102,745</u>	<u>95,101</u>
	<u>\$ 16,290,587</u>	<u>\$ 6,910,644</u>
Current	\$ -	\$ -
Non-current	<u>16,290,587</u>	<u>6,910,644</u>
	<u>\$ 16,290,587</u>	<u>\$ 6,910,644</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. In the December 31, 2021 and 2020, the unrealized valuation gains resulting from these investments in equity instruments were NT\$2,594,208 thousand and NT\$1,077,834 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Group issued 205,333 thousand shares in exchange for 171,104 thousand 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 Group also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2021 and December 31, 2020, the Group held a total of 230,439 thousand and 954 thousand shares, respectively, of TECO Electric & Machinery Co., Ltd.

15. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated entities as of December 31, 2021 and 2020 were as follows:

Investor	Investee	Main Business	% of Ownership	
			2021	2020
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00
	Ace Result Global Limited	Investment holding	100.00	100.00
	Energy Pilot Limited (Energy Pilot)	Investment holding	-	-
	Market Pilot Limited (Market Pilot)	Investment holding	(Note 2)	(Note 2)
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	(Note 5)	(Note 5)
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	100.00	100.00
	Jin-Cherng Construction Co. (Jin-Cherng)	Investment in the construction of residential and commercial buildings sold, rented design and interior decoration business contractors	99.51	99.51
	Joint Success Enterprises Limited	Investments	99.22	99.22
	P.T. Walsin Lippo Industries (P.T. Walsin)	Manufacture and sale of cables and wires	49.05	49.05
	PT. Walsin Lippo Kabel	Cables and wires	70.00	70.00
	Waltuo Green Resources Corp.	Waste disposal, resource recovery and cement products	70.00	70.00
	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	100.00	100.00
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	(Note 1)	(Note 1)
	New Hono Investment Pte. Ltd.	Investment holding	(Note 8)	-
	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	100.00	-
	WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	(Note 1)
	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	42.00	-
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	(Note 1)	(Note 1)
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00
	Renowned International Limited	Investments	-	-
	Walsin International Investments Limited	Investments	(Note 3)	(Note 3)
	Borrego Solar System, Inc.	Solar power system	100.00	100.00
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	73.49	73.66
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	100.00	100.00
CIL	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment	18.37	18.37
	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

(Continued)

Investor	Investee	Main Business	% of Ownership	
			December 31 2021	December 31 2020
Jin-Cherng	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	- (Note 8)	100.00
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	- (Note 6)	- (Note 6)
	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
	Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	- (Note 9)	100.00
	Walsin Nanjing Commercial Management Co., Ltd.	Business management, food marketing, catering services and sale of groceries	- (Note 4)	- (Note 4)
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	- (Note 7)	- (Note 7)

(Concluded)

Note 1: 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 the Group and NHI in January 2020, the Group had the right to purchase 100% of NHI’s shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Company resolved to acquire 100% of NHI’s shares and the Group acquired 100% of NHI’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Group directly and indirectly acquired 92% of WNII’s shares. The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Group’s own foreign exchange. Therefore, the Group communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Group will pay the purchase of NHI’s shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.

Note 2: The liquidation of Energy Pilot Limited was completed on September 3, 2020.

Note 3: The liquidation of Renowned International Limited was completed on August 24, 2020.

Note 4: The liquidation of Walsin Nanjing Commercial Management Co., Ltd. was completed on December 7, 2020.

Note 5: The liquidation of Market Pilot Limited was completed on December 9, 2020.

Note 6: The liquidation of Walsin Lihwa (Changzhou) Investment Co., Ltd. was completed on October 19, 2020.

Note 7: The liquidation of XiAn Walsin United Technology Co., Ltd. was completed on December 7, 2020.

Note 8: In order to adjust the investment structure of the Group, it was transferred from CIL to WLC.

Note 9: The liquidation of Walsin Nanjing Culture and Arts Co., Ltd. was completed on December 22, 2021.

b. The following entities were excluded from consolidation as of December 31, 2021 and 2020:

Investor	Investee	Main Business	% of Ownership		Note
			December 31		
			2021	2020	
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, 2021 and 2020, 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 subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries (P.T. Walsin), Borrego Solar System, Inc. and Walsin Precision Technology Sdn, Bhd. were not audited by the auditor of WLC but by other auditors. As of December 31, 2021 and 2020, the combined total assets of those subsidiaries were NT\$10,292,042 thousand and NT\$10,148,841 thousand, respectively; for the years ended December 31, 2021 and 2020, the combined net operating revenues of these subsidiaries were NT\$17,799,306 thousand and NT\$18,427,711 thousand, respectively.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

Name of Associate	December 31			
	2021		2020	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 18,357,864	22.21	\$14,595,661	22.21
Walton Advanced Engineering, Inc.	2,322,664	21.01	2,601,028	21.65
Walsin Technology Corp.	8,166,415	18.30	7,068,731	18.30
<u>Associates that are not individually material</u>				
Others	<u>10,604,174</u>		<u>8,501,671</u>	
	<u>\$ 39,451,117</u>		<u>\$32,767,091</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.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31	
	2021	2020
Winbond Electronics Corp.	\$ 30,050,846	\$ 25,675,797
Walton Advanced Engineering, Inc.	\$ 2,066,495	\$ 1,512,872
Walsin Technology Corp.	\$ 14,846,688	\$ 20,491,986

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, 2021 and 2020 were based on the associates’ financial statements audited by independent auditors for the same period.

a. Material associates

December 31, 2021

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 72,506,733	\$ 8,361,878	\$ 41,187,886
Non-current assets	80,233,551	13,155,507	52,910,618
Current liabilities	(28,644,931)	(5,019,961)	(21,557,433)
Non-current liabilities	<u>(34,061,841)</u>	<u>(5,259,172)</u>	<u>(19,062,857)</u>
Equity	90,033,512	11,238,252	53,478,214
Non-controlling interests	<u>(7,589,399)</u>	<u>(297,416)</u>	<u>(9,089,372)</u>
	<u>\$ 82,444,113</u>	<u>\$ 10,940,836</u>	<u>\$ 44,388,842</u>
Proportion of the Group’s ownership	22.21%	21.01%	18.30%
Equity attributable to the Group	\$ 18,310,837	\$ 2,298,670	\$ 8,123,158
Other adjustments	<u>47,027</u>	<u>23,994</u>	<u>43,257</u>

(Continued)

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Carrying amount	<u>\$ 18,357,864</u>	<u>\$ 2,322,664</u>	<u>\$ 8,166,415</u>
Operating revenue	<u>\$ 99,569,924</u>	<u>\$ 8,118,256</u>	<u>\$ 42,108,708</u>
Net profit for the year	\$ 15,000,122	\$ 118,732	\$ 8,961,076
Other comprehensive income (loss)	<u>4,186,931</u>	<u>(892,554)</u>	<u>1,157,156</u>
Total comprehensive income for the year	<u>\$ 19,187,053</u>	<u>\$ (773,822)</u>	<u>\$ 10,118,232</u> (Concluded)

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>
	<u>\$ 65,449,119</u>	<u>\$ 11,884,185</u>	<u>\$ 38,620,462</u>
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>

b. Associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Gain (loss) from continuing operations	\$ 327,147	\$ 119,854
Other comprehensive income	<u>1,839,778</u>	<u>1,809,645</u>
Total comprehensive income for the year	<u>\$ 2,166,925</u>	<u>\$ 1,929,499</u>

The Group's share of profit and other comprehensive income of the associates for the year ended December 31, 2021 and 2020 was based on the associates' financial statements audited by independent auditors for the same period. For the year ended December 31, 2021, Walsin Color Co., Ltd. was not audited by the auditor of WLC but by other auditors. As of December 31, 2021, the carrying amount of investments accounted for using the equity method was NT\$1,053,790 thousand; for the year ended December 31, 2021, the amounts of the share of loss were NT\$5,936 thousand, respectively.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31					
	2021					2020
Assets used by the Group	<u>\$ 41,474,488</u>					<u>\$ 34,294,221</u>
	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 3,483,995	\$ 16,545,654	\$ 25,806,284	\$ 7,133,130	\$ 8,576,988	\$ 61,546,051
Additions	78,421	90,205	1,600,733	648,730	7,592,258	10,010,347
Disposals	(1,164)	(41,482)	(323,350)	(178,162)	(60)	(544,218)
Reclassified	49,773	1,463,134	8,021,006	209,169	(9,743,082)	-
Reclassified as inventories	-	682,342	-	-	-	682,342
Effect of foreign currency exchange differences	-	(68,579)	(135,618)	(29,229)	(120,729)	(354,155)
Balance at December 31, 2021	<u>\$ 3,611,025</u>	<u>\$ 18,671,274</u>	<u>\$ 34,969,055</u>	<u>\$ 7,783,638</u>	<u>\$ 6,305,375</u>	<u>\$ 71,340,367</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 8,067	\$ 6,265,972	\$ 15,948,131	\$ 5,029,660	\$ -	\$ 27,251,830
Disposals	-	(37,511)	(305,754)	(171,011)	-	(514,276)
Impairment losses recognized (reversed)	-	71,468	630,232	(7,898)	-	693,802
Depreciation expenses	-	760,482	1,288,451	450,632	-	2,499,565
Reclassified	-	55,108	4,583	(59,691)	-	-
Effect of foreign currency exchange differences	-	(12,753)	(37,899)	(14,390)	-	(65,042)
Balance at December 31, 2021	<u>\$ 8,067</u>	<u>\$ 7,102,766</u>	<u>\$ 17,527,744</u>	<u>\$ 5,227,302</u>	<u>\$ -</u>	<u>\$ 29,865,879</u>

(Continued)

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Carrying amount at December 31, 2021	<u>\$ 3,602,958</u>	<u>\$ 11,568,508</u>	<u>\$ 17,441,311</u>	<u>\$ 2,556,336</u>	<u>\$ 6,305,375</u>	<u>\$ 41,474,488</u>
Cost						
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	-	149,569	37,608	45,834	(248,696)	(15,685)
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>
Accumulated depreciation and impairment						
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)
Impairment losses recognized (reversed)	-	-	-	(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	-	43,658	50,723	34,289	-	128,670
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>

The property, plant, and machinery equipment of PT. Walsin Nickel Industrial Indonesia which is the subsidiary of the Group is depreciated on an accelerated basis over their estimated useful lives for 16 years.

Apart from stated above, 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 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.

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, 2021 and 2020, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand.

After appropriate evaluation, the Group recognized an impairment loss on property, plant and equipment of NT\$693,801 thousand for the year ended December 31, 2021.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 1,643,343	\$ 1,480,251
Buildings	124,948	156,056
Transportation equipment	<u>35,219</u>	<u>28,099</u>
	<u>\$ 1,803,510</u>	<u>\$ 1,664,406</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 291,861</u>	<u>\$ 424,199</u>
Disposal	<u>\$ (7,762)</u>	<u>\$ (1,245)</u>
Depreciation charge for right-of-use assets		
Land	\$ 57,774	\$ 53,383
Buildings	57,569	62,564
Transportation equipment	<u>16,964</u>	<u>15,469</u>
	<u>\$ 132,307</u>	<u>\$ 131,416</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 71,470</u>	<u>\$ 75,261</u>
Non-current	<u>\$ 243,676</u>	<u>\$ 274,442</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.83%-6.123%	0.83%-6.123%
Buildings	1.409%-8%	1.409%-8%
Transportation equipment	3.038%-5.75%	3.038%-5.75%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 45,453</u>	<u>\$ 77,768</u>
Expenses relating to low-value asset leases	<u>\$ 722</u>	<u>\$ 663</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 8,688</u>	<u>\$ 8,683</u>
Total cash outflow for leases	<u>\$ (144,657)</u>	<u>\$ (170,946)</u>

19. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Completed investment properties	<u>\$ 10,431,063</u>	<u>\$ 9,874,926</u>
		Completed Investment Properties
<u>Cost</u>		
Balance at January 1, 2021		\$ 12,271,365
Additions		2,362
Reclassified from inventories		725,571
Effects of foreign currency exchange differences		<u>(7,944)</u>
Balance at December 31, 2021		<u>\$ 12,991,354</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>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1, 2021		\$ 2,396,439
Depreciation expense		167,443
Effect of foreign currency exchange differences		<u>(3,591)</u>
Balance at December 31, 2021		<u>\$ 2,560,291</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>

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, 2021 and 2020, the fair values of completed investment properties' were NT\$35,173,881 thousand and NT\$33,971,481 thousand, respectively.

20. BORROWINGS

	December 31	
	2021	2020
Short-term borrowings	<u>\$ 7,108,766</u>	<u>\$ 6,591,019</u>
Current portion of long-term borrowings	<u>\$ 10,719,081</u>	<u>\$ 6,162,400</u>
Long-term borrowings	<u>\$ 24,785,952</u>	<u>\$ 31,406,829</u>

a. Short-term borrowings as of December 31, 2021 and 2020 were as follows:

	December 31			
	2021		2020	
	Interest Rate %	Amount	Interest Rate %	Amount
Procurement loans	0.64-0.70	\$ 2,111,447	0.70-0.90	\$ 5,091,019
Bank's lines of credit	0.69-3.50	<u>4,997,319</u>	0.65	<u>1,500,000</u>
		<u>\$ 7,108,766</u>		<u>\$ 6,591,019</u>

Refer to Notes 6 and 32 for collateral pledged for short-term borrowings as of December 31, 2021 and 2021.

b. Long-term borrowings as of December 31, 2021 and 2020 were as follows:

		December 31	
		2021	2020
	Significant Covenant	Amount	Amount
First Commercial Bank	Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021	\$ -	\$ 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
Hua Nan Commercial Bank	Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021	-	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
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
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

(Continued)

		December 31	
		2021	2020
	Significant Covenant	Amount	Amount
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; principal repayment at maturity, from January 14, 2020 to December 31, 2023	5,352,144	5,352,144
DBS Bank	Long-term credit loan; principal repayment at maturity, from March 30, 2020 to March 30, 2023	3,028,500	3,028,500
DBS Bank	Long-term credit loan; principal repayment at maturity, from March 31, 2020 to March 31, 2023	3,018,600	3,018,600
DBS Bank	Long-term credit loan; principal repayment at maturity, from April 15, 2020 to April 15, 2023	3,010,000	3,010,000
Standard Chartered Bank	Long-term credit loan; principal repayment at maturity, from September 27, 2020 to December 31, 2023	2,093,000	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	3,000,000
The Export-Import Bank of the Republic of China	Long-term credit loan from December 4, 2020 to December 4, 2027; 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	1,137,770
Hua Nan Commercial Bank	Long-term credit loan; Principal repayments at maturity, from March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2,000,000	-
Taiwan Cooperative Bank	Long-term credit loan; Principal repayments at maturity, from June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date.	2,000,000	-
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	98,203	117,844
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	104,669	122,844
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	84,805	101,218
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	\$ 27,500	\$ 31,167
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	24,267	27,467
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>25,575</u>	<u>28,675</u>
		35,505,033	37,569,229
Less: Current portion of long-term borrowings		<u>(10,719,081)</u>	<u>(6,162,400)</u>
		<u>\$ 24,785,952</u>	<u>\$ 31,406,829</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, 2021 and 2020, the effective interest rate range of the credit borrowings was 0.85%-1.20% and 0.10%-1.50% per annum, respectively. As of December 31, 2021 and 2020, the effective interest rate range of the secured borrowings was 1.66%-2.07% per annum.
- 3) As of December 31, 2021 and 2020, the Group's current portion of long-term borrowings were NT\$10,719,081 thousand and NT\$6,162,400 thousand, respectively, under the loan agreements. The Group's consolidated financial statements for the years ended December 31, 2021 and 2020 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, 2021 and 2020.

21. BONDS PAYABLE

	December 31	
	2021	2020
The 1st unsecured bonds in 2021	<u>\$ 7,500,000</u>	<u>\$ -</u>

On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual interest rate is 0.7%. From the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

22. 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, 2021 and 2020 was NT\$95,977 thousand and NT\$89,868 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:

	December 31		
	2021	2020	
Present value of defined benefit obligation	\$ 1,487,554	\$ 1,371,774	
Fair value of plan assets	<u>(1,037,916)</u>	<u>(1,083,800)</u>	
Net defined benefit liabilities	<u>\$ 449,638</u>	<u>\$ 287,974</u>	
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	<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)	<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 loss - changes in demographic assumptions	3,949	-	3,949
Actuarial loss - changes in financial assumptions	\$ 30,358	\$ -	\$ 30,358
Actuarial gain - experience adjustments	<u>(45,036)</u>	<u>-</u>	<u>(45,036)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Recognized in other comprehensive 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	<u>(14,620)</u>	<u>-</u>	<u>(14,620)</u>
Balance at December 31, 2020	<u>1,371,774</u>	<u>(1,083,800)</u>	<u>287,974</u>
Service cost			
Current service cost	10,917	-	10,917
Net interest expense (income)	<u>6,801</u>	<u>(5,366)</u>	<u>1,435</u>
Recognized in profit or loss	<u>17,718</u>	<u>(5,366)</u>	<u>12,352</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,584)	(13,584)
Actuarial loss - changes in demographic assumptions	38,641	-	38,641
Actuarial gain - changes in financial assumptions	(15,729)	-	(15,729)
Actuarial loss - experience adjustments	<u>151,322</u>	<u>-</u>	<u>151,322</u>
Recognized in other comprehensive loss	<u>174,234</u>	<u>(13,584)</u>	<u>160,650</u>
Contributions from the employer	-	(11,338)	(11,338)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,487,554</u>	<u>\$ (1,037,916)</u>	<u>\$ 449,638</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 6,240	\$ 9,465
Selling and marketing expenses	945	1,286
General and administrative expenses	4,918	4,947
Research and development expenses	<u>249</u>	<u>479</u>
	<u>\$ 12,352</u>	<u>\$ 16,177</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:

	December 31	
	2021	2020
Discount rates	0.625%	0.50%
Expected rates of salary increase	2.25%	2.25%

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

	December 31	
	2021	2020
Discount rates		
0.5% increase	<u>\$ (61,945)</u>	<u>\$ (59,752)</u>
0.5% decrease	<u>\$ 66,092</u>	<u>\$ 63,935</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 63,726</u>	<u>\$ 61,541</u>
0.5% decrease	<u>\$ (60,375)</u>	<u>\$ (58,145)</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.

23. EQUITY

	December 31	
	2021	2020
Share capital		
Ordinary shares	\$ 34,313,329	\$ 32,260,002
Capital surplus	18,440,875	15,690,406
Retained earnings	47,787,207	36,330,187
Others	5,342,113	187,640
Non-controlling interests	<u>2,062,744</u>	<u>2,812,595</u>
	<u>\$ 107,946,268</u>	<u>\$ 87,280,830</u>

a. Share capital

Ordinary shares

	December 31	
	2021	2020
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>3,431,333</u>	<u>3,226,000</u>
Amount of issued shares	<u>\$ 34,313,329</u>	<u>\$ 32,260,002</u>

As of January 1, 2020, the amount of WLC's issued shares was all NT\$33,260,002 thousand, which consisted of 3,326,000 thousand shares at par value of NT\$10.

In August 2020 and November 2020, WLC reduced capital and cancelled 40,000 thousand and 60,000 thousand treasury shares, respectively. In January 2021, the Group issued 205,333 thousand shares of TECO Electric & Machinery Co., Ltd. Hence, as of December 31, 2021, the paid-in capital was NT\$34,313,329 thousand, divided into 3,431,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2021, 2 thousand GDRs of WLC were traded on the Luxemburg Stock Exchange. The number of common shares represented by the GDRs was 22 thousand shares (one GDR represents 10 common shares).

b. Capital surplus

	December 31	
	2021	2020
Issuance of ordinary shares	\$ 12,639,452	\$ 9,867,654
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,124	-
Share of changes in capital surplus of associates	440,288	467,070
Treasury share transactions	2,254,074	2,254,074
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,029,706</u>	<u>1,027,377</u>
	<u>\$ 18,440,875</u>	<u>\$ 15,690,406</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 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

The shareholders of WLC held their regular meeting on July 15, 2021, and in that meeting, resolved the amendments to WLC's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by WLC'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 to shareholders. Other than the aforementioned regulations, WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by WLC'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 to shareholders. WLC shall reserve no lesser than 40% of the balance amount as shareholders' 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.

Appropriation of earnings to the 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.

Refer to Note 25 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2020 and 2019, which were approved in the shareholders' meeting on July 15, 2021 and May 29, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 681,368	\$ 314,968	\$ -	\$ -
Special reserve	(398,160)	(932,728)	-	-
Cash dividends	<u>3,088,200</u>	<u>1,663,000</u>	0.9	0.5
	<u>\$ 3,371,408</u>	<u>\$ 1,045,240</u>		

The appropriation of earnings for 2021, which were proposed by WLC's board of directors on February 22, 2022, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,454,522	\$ -
Cash dividends	<u>5,490,133</u>	1.6
	<u>\$ 6,944,655</u>	

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on May 13, 2022.

d. Special reserve

	December 31	
	2021	2020
Special reserve	<u>\$ 2,712,250</u>	<u>\$ 3,110,410</u>

Information regarding any changes to the above special reserve was as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,110,410	\$ 4,043,138
Appropriations	<u>(398,160)</u>	<u>(932,728)</u>
Balance at December 31	<u>\$ 2,712,250</u>	<u>\$ 3,110,410</u>

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (5,905,135)	\$ (5,546,359)
Share from subsidiaries and associates accounted for using the equity method	<u>(195,552)</u>	<u>(358,776)</u>
Balance at December 31	<u>\$ (6,100,687)</u>	<u>\$ (5,905,135)</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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 6,092,775	\$ 2,435,949
Unrealized gain - equity instruments	2,594,208	1,258,198
Share from associates accounted for using the equity method	<u>2,847,284</u>	<u>2,398,628</u>
Balance at December 31	<u>\$ 11,534,267</u>	<u>\$ 6,092,775</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ -	\$ -
Other equity from associates accounted for using the equity	<u>(91,467)</u>	<u>-</u>
Balance at December 31	<u>\$ (91,467)</u>	<u>\$ -</u>

f. Treasury shares

Treasury share transactions for the year ended December 31, 2020 were summarized as follows:

Purpose of Buy-back	Number of Shares at January 1, 2020	Increase During the Period	Decrease During the Period	Number of Shares at December 31, 2020
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.

24. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
Sales revenue	\$ 152,001,410	\$ 105,217,487
Sales of real estate	9,918	5,495,319
Other revenue	<u>4,653,438</u>	<u>1,833,797</u>
	<u>\$ 156,664,766</u>	<u>\$ 112,546,603</u>

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expense - Gain (Loss) on Disposal of Investment

	For the Year Ended December 31	
	2021	2020
Gain (loss) on disposal of investments - commodity futures	\$ 513,703	\$ (217,842)
Gain on disposal of investments - foreign exchange forward contracts	167,227	142,504
Gain on disposal of investments - exchange rate swap contracts	14,301	2,349
Loss on disposal of investments - commodity options	<u>(16,024)</u>	<u>(2,938)</u>
	<u>\$ 679,207</u>	<u>\$ (75,927)</u>

Non-operating Income and Expense - Impairment Loss (Recognized) Reversed

	For the Year Ended December 31	
	2021	2020
Impairment loss (recognized) reversed on property, plant and equipment	\$ (693,801)	\$ 691
Others	<u>(91)</u>	<u>(17)</u>
	<u>\$ (693,892)</u>	<u>\$ 674</u>

Employee Benefits Expense, Depreciation and Amortization

	For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	<u>\$ 3,540,027</u>	<u>\$ 2,529,250</u>	<u>\$ -</u>	<u>\$ 6,069,277</u>
Post-employment benefits	<u>\$ 190,141</u>	<u>\$ 115,367</u>	<u>\$ -</u>	<u>\$ 305,508</u>
Other employee benefits	<u>\$ 439,493</u>	<u>\$ 301,869</u>	<u>\$ -</u>	<u>\$ 741,362</u>

(Continued)

For the Year Ended December 31, 2021				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Depreciation				
Property, plant and equipment	\$ 1,918,969	\$ 577,770	\$ 2,826	\$ 2,499,565
Right-of-use assets	32,101	100,206	-	132,307
Investment properties	<u>165,918</u>	<u>1,525</u>	<u>-</u>	<u>167,443</u>
	<u>\$ 2,116,988</u>	<u>\$ 679,501</u>	<u>\$ 2,826</u>	<u>\$ 2,799,315</u>
Amortization	<u>\$ 4,225</u>	<u>\$ 27,273</u>	<u>\$ -</u>	<u>\$ 31,498</u>
				(Concluded)
For the Year Ended December 31, 2020				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
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>

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees amounted to NT\$187,000 thousand and NT\$68,500 thousand, respectively, and the remuneration of directors and supervisors amounted to NT\$75,000 thousand and NT\$34,050 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 were approved by the Group's board of directors on February 22, 2022 and February 26, 2021, 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.

There was no difference between the employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 resolved by WLC's board of directors on February 26, 2021 and February 27, 2020, 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 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 2,173,361	\$ 1,155,082
Income tax on unappropriated earnings	83,446	48,843
Adjustments for prior year	(7,968)	(5,279)
Land value increment tax	6,156	1,375,227
Others	-	16,218
	<u>2,254,995</u>	<u>2,590,090</u>
Deferred tax		
In respect of the current year	1,615,411	(280,516)
Adjustments to deferred tax attributable to changes in tax rates and laws	(5,222)	(64,710)
	<u>1,610,189</u>	<u>(345,226)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,865,184</u>	<u>\$ 2,244,864</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 19,122,498</u>	<u>\$ 9,250,665</u>
Income tax expense calculated at the statutory rate	\$ 3,931,277	\$ 2,961,094
Equity in investees' net gain	481,251	(1,008,704)
Tax-exempt dividend income	(111,889)	(21,701)
Loss on disposal of equity investments	-	(560,411)
Loss on investments	(384,000)	(495,100)
Tax-exempt subsidize revenue	-	(3,880)
Others	(23,339)	150,520
Unrecognized loss carryforwards/deductible temporary differences	(104,528)	(131,035)

(Continued)

	For the Year Ended December 31	
	2021	2020
Adjustments for prior years' tax	(13,190)	(69,989)
Income tax on unappropriated earnings	83,446	48,843
Land value increment tax	<u>6,156</u>	<u>1,375,227</u>
Income tax expense recognized in profit or loss	<u>\$ 3,865,184</u>	<u>\$ 2,244,864</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.

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable (recorded under other non-current assets - others)	<u>\$ 28,619</u>	<u>\$ 47,864</u>
Current tax liabilities		
Income tax payable	<u>\$ 6,082,152</u>	<u>\$ 4,557,761</u>

c. Deferred tax assets and liabilities

	December 31	
	2021	2020
<u>Deferred tax assets</u>		
Loss carryforwards	\$ 119,774	\$ 300,951
Pension expense not currently deductible	32,000	32,000
Provision for devaluation loss on obsolete and slow-moving inventories	42,307	34,564
Provision for impairment loss on idle assets	10,000	17,000
Unrealized gross profit from intercompany transactions	2,000	6,489
Provision for devaluation loss on long-term investments	547,000	547,000
Difference between financial and tax accounting of the depreciation of property, plant and equipment	21,583	400
Prepaid expense	899,015	1,173,984
Loss of liquidation of investments	384,000	-
Others	<u>760,870</u>	<u>316,157</u>
	<u>\$ 2,818,549</u>	<u>\$ 2,428,545</u> (Continued)


December 31

2021 **2020**

Deferred tax liabilities

Difference between financial and tax accounting of the depreciation of property, plant and equipment	\$ (67,388)	\$ (60,930)
Reserve for land value increment tax	(153,214)	(173,329)
Unrealized gain on investments	(2,020,432)	-
Others	<u>26,384</u>	<u>19,802</u>
	<u>\$ (2,214,650)</u>	<u>\$ (214,457)</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:

Loss Carryforwards	December 31	
	2021	2020
Expiry in 2021	\$ -	\$ 643,157
Expiry in 2022	44,883	77,524
Expiry in 2023	75,676	109,241
Expiry in 2024	85,267	90,064
Expiry in 2025	82,435	3,937
Expiry in 2026	<u>2,186</u>	<u>-</u>
	<u>\$ 290,447</u>	<u>\$ 923,923</u>

- e. The Group's tax loss carryforwards as of December 31, 2021 were as follows:

Expiry Year	Tax Loss Carryforwards
2022	\$ 44,883
2023	152,856
2024	87,057
2025	95,532
2026	16,392
2031	<u>13,501</u>
	<u>\$ 410,221</u>

- f. WLC's income tax returns through 2018 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

	For the Year Ended December 31					
	2021			2020		
	Amounts (Numerator) After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Shareholders)	Amounts (Numerator) After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Shareholders)
Basic earnings per share						
Net income	\$ 14,642,629	3,428,520	\$ <u>4.27</u>	\$ 6,691,149	3,276,128	\$ <u>2.04</u>
Effect of potentially dilutive ordinary shares						
Diluted earnings per share	-	7,632		-	4,100	
Employee bonus	\$ <u>14,642,629</u>	<u>3,436,152</u>	\$ <u>4.26</u>	\$ <u>6,691,149</u>	<u>3,280,228</u>	\$ <u>2.04</u>

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, 2021 and 2020, deposits received under operating leases amounted to NT\$329,321 thousand and NT\$303,187 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2021, the Group's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

2022	\$ 1,237,025
2023-2027	2,028,375
After 2027	<u>232,010</u>
	\$ <u>3,497,410</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 financial statements approximate the fair values.

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs including bond duration, bond interest rates and credit rating.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 1,940	\$ 14,207	\$ -	\$ 16,147
Derivatives financial assets for hedging	-	89,232	-	89,232
	\$ 1,940	\$ 103,439	\$ -	\$ 105,379
<u>Financial assets at fair value FVTOCI</u>				
Investments in equity instruments				
Listed securities in the ROC	\$ 15,627,085	\$ -	\$ -	\$ 15,627,085
Unlisted securities	-	-	663,502	663,502

	Level 1	Level 2	Level 3	Total
	<u>\$ 15,627,085</u>	<u>\$ -</u>	<u>\$ 663,502</u>	<u>\$ 16,290,587</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>\$ -</u>	<u>\$ 37,439</u>	<u>\$ -</u>	<u>\$ 37,439</u>
<u>December 31, 2020</u>				(Concluded)

	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 FVTOCI</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>

2) There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2021 and 2020.

3) Reconciliation of Level 3 fair value measurements of financial instruments.

For the year ended December 31, 2021

Financial Assets

**Financial Assets
at FVTOCI
Equity
Instruments**

Balance at January 1, 2021	\$ 435,056
Additions	177,887
Capital reduction and refund	(3,615)
	(Continued)
	Financial Assets
	at FVTOCI
	Equity
	Instruments
Recognized in other comprehensive income	\$ 54,678
Effects of exchange rate changes	<u>(504)</u>
Balance at December 31, 2021	<u>\$ 663,502</u>
	(Concluded)

For the year ended December 31, 2020

	Financial Assets
	at FVTOCI
	Equity
	Instruments
Balance at January 1, 2020	\$ 593,981
Additions	58,950
Recognized in other comprehensive income	(222,166)
Effects of exchange rate changes	<u>4,291</u>
Balance at December 31, 2020	<u>\$ 435,056</u>

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.

(Continued)

Financial Instruments**Valuation Techniques and Inputs**

	Net asset method. Fair values are determined based on the book value of companies.
	Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
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.

(Concluded)

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 10,387,581	\$ 11,944,408
Contract assets - current	5,750,344	4,460,992
Notes receivable and trade receivables (including related parties)	13,673,100	10,517,263
Finance lease receivables (current and non-current)	720,585	776,713
Other receivables	1,620,595	887,091
Other financial assets	530,650	705,277
Refundable deposits	207,622	221,314
Financial assets at amortized cost - current	-	1,315,970
Derivative financial assets for hedging (current and non-current)	89,232	8,282
Financial assets at FVTPL (current and non-current)	16,147	5,757,188
Financial assets at FVTOCI (current and non-current)	16,290,587	6,910,644
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	37,439	8,374
Financial liabilities at amortized cost		
Short-term borrowings	7,108,766	6,591,019
Contract liabilities	3,426	1,499
Notes payable and trade payables	8,840,868	7,729,729
Other payables	4,861,341	5,143,921
Bonds payable	7,500,000	-
Long-term borrowings (including current portion)	35,505,033	37,569,229
Deposits received (accounted for as other current and non-current liabilities)	920,410	532,530

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:

	December 31	
	2021	2020
<u>Assets</u>		
U.S. dollar	\$ 22,471,643	\$ 7,361,149
Japanese yen	122,926	27,663
Euro	953,435	487,961
Singapore dollar	67,335	-
Hong Kong dollar	15,903	8,771

(Continued)

	December 31	
	2021	2020
Australian dollar	31,714	12,493
Malaysian ringgit	-	713,350
Indonesian rupiah	3,267,147	111,268
 <u>Liabilities</u>		
U.S. dollar	6,392,384	14,723,112
Japanese yen	-	1,108
Euro	830	159
Malaysian ringgit	-	48,113
Renminbi	743	795,234
Swiss franc	513	549
Indonesian rupiah	103,634	-
		(Concluded)

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	December 31	
	2021	2020
<u>Assets</u>		
U.S. dollar	\$ 9,660,314	\$ 8,661,457
Euro	795,675	-
<u>Liabilities</u>		
U.S. dollar	10,204,046	8,951,264
Euro	600,096	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.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 155,355	\$ (95,784)

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:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	\$ 7,500,000	\$ -
Cash flow interest rate risk		
Financial assets	\$ -	\$ 1,315,970
Financial liabilities	42,613,799	44,160,248

Sensitivity analysis

The sensitivity analysis below shows the possible effect on profit and loss assuming a change in was determined based on the Group's exposure to interest rates for financial instruments at the end of the reporting period. For floating liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's pre-tax, net profit for the years ended December 31, 2021 and 2020 would have decreased by NT\$426,138 thousand and NT\$428,443 thousand, respectively.

Hedge accountingFor the year ended December 31, 2021

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 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 RMB	USD75,000/ RMB488,325	2022.1.14	RMB 498,529	Financial assets for hedging	RMB 10,204	\$ -	\$ -
Exchange rate swap contracts	USD to RMB	USD70,000/ RMB455,700	2022.1.14	RMB 465,153	Financial assets for hedging	RMB 9,453	-	-
Exchange rate swap contracts	USD to RMB	USD20,000/ RMB129,220	2022.6.08	RMB 129,728	Financial assets for hedging	RMB 508	-	-
Exchange rate swap contracts	USD to RMB	USD15,000/ RMB96,921	2022.6.08	RMB 97,308	Financial assets for hedging	RMB 387	-	-

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, 2021

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 17,827,847	\$ 16,648,182	\$ 7,000,000	\$ 1,137,770	\$ 42,613,799
Lease liabilities	83,709	68,394	100,609	141,279	393,991
Fixed interest rate liabilities	-	-	7,500,000	-	7,500,000
Non-interest bearing	<u>14,491,770</u>	<u>29,024</u>	<u>101,825</u>	<u>-</u>	<u>14,622,619</u>
	<u>\$ 32,403,326</u>	<u>\$ 16,745,600</u>	<u>\$ 14,702,434</u>	<u>\$ 1,279,049</u>	<u>\$ 65,130,409</u>

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>

- b) The Group's derivative financial instruments with agreed upon settlement dates were as follows:

December 31, 2021

	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	\$ 16,434	\$ (19,571)	\$ 5,077	\$ -	\$ 1,940
Foreign exchange forward contracts	13,115	146	946	-	14,207
Exchange rate swap contracts	<u>47,904</u>	<u>-</u>	<u>3,889</u>	<u>-</u>	<u>51,793</u>
	<u>\$ 77,453</u>	<u>\$ (19,425)</u>	<u>\$ 9,912</u>	<u>\$ -</u>	<u>\$ 67,940</u>

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	\$ (617)	\$ 62,663	\$ 11,283	\$ -	\$ 73,329
Foreign 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>

e. Transfers of financial assets

Factored trade receivables that are not overdue at the end of the year were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2021</u>					
CTBC bank	<u>\$ 150,495</u>	<u>\$ 5,786</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-
<u>December 31, 2020</u>					
CTBC bank	<u>\$ 137,121</u>	<u>\$ 21,266</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-

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

Related Party Name	Related Party Category
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

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Walsin Color Co., Ltd.	Associate
Nuvoton Technology Corporation	Associate
Prosperity Dielectrics Co., Ltd.	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party
HannStar Board Tech. (Jiangyin) Corp	Substantive related party
HannStar Board Corp.	Substantive related party
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party
	(Concluded)

b. Sales

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 6,458	\$ 8,782
Other related parties	<u>1,751,701</u>	<u>903,376</u>
	<u>\$ 1,758,159</u>	<u>\$ 912,158</u>

c. Rental income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 46,197	\$ 44,514
Other related parties	<u>1,029</u>	<u>993</u>
	<u>\$ 47,226</u>	<u>\$ 45,507</u>

d. Purchases of goods

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 33,027	\$ 30,100
Other related parties	<u>4,961</u>	<u>3,891</u>
	<u>\$ 37,988</u>	<u>\$ 33,991</u>

e. Administrative expenses

	For the Year Ended December 31	
	2021	2020
Associates	\$ 14,889	\$ 12,955
Other related parties	<u>13,558</u>	<u>10,725</u>
	<u>\$ 28,447</u>	<u>\$ 23,680</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

	For the Year Ended December 31	
	2021	2020
HannStar Display Corp.	\$ 149,816	\$ -
HannStar Board Corp.	140,259	106,722
Other related parties	<u>7,705</u>	<u>2,890</u>
	<u>\$ 297,780</u>	<u>\$ 109,612</u>

g. Notes receivable

	December 31	
	2021	2020
Associates	<u>\$ 2,186</u>	<u>\$ 6,312</u>

h. Trade receivables

	December 31	
	2021	2020
Other related parties	<u>\$ 17,229</u>	<u>\$ 39,054</u>

i. Notes payable

	December 31	
	2021	2020
Associates	<u>\$ 10,257</u>	<u>\$ 16,857</u>

j. Trade payables

	December 31	
	2021	2020
Other related parties	<u>\$ 601</u>	<u>\$ 684</u>

k. Other receivables (excluding financing provided)

	December 31	
	2021	2020
Associates	\$ 19,279	\$ 9,945
Other related parties	<u>2,648</u>	<u>2,598</u>
	<u>\$ 21,927</u>	<u>\$ 12,543</u>

l. Financing provided

Financing provided for years ended December 31, 2021 and 2020 are as follows:

Related Parties	December 31, 2021			
	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,991</u>	<u>\$ 347,329</u>	<u>\$ 15,310</u>	4.35%

Related Parties	December 31, 2020			
	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,663</u>	<u>\$ 349,187</u>	<u>\$ 16,159</u>	4.35%-4.79%

m. Guarantee deposits

	December 31	
	2021	2020
Associates	\$ 7,453	\$ 7,225
Other related parties	<u>282</u>	<u>282</u>
	<u>\$ 7,735</u>	<u>\$ 7,507</u>

n. Disposal of property, plant and equipment (included investment properties)

	For the Year Ended December 31			
	2021		2020	
	Price	Gain on Disposals	Price	Gain on Disposals
Prosperity Dielectrics Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 295</u>

o. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

	December 31	
	2021	2020
Short-term benefits	\$ 217,518	\$ 127,218
Post-employment benefits	<u>1,392</u>	<u>1,414</u>
	<u>\$ 218,910</u>	<u>\$ 128,632</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:

	December 31	
	2021	2020
Refundable deposits (recorded under other financial assets - current)	\$ 61,964	\$ 79,977
Restricted deposits (recorded under other financial assets - current)	388,193	538,468
Pledged time deposits (recorded under other financial assets - current)	8,683	-
Pledged time deposits (recorded under other financial assets - non-current)	-	8,730
Finance lease receivables - current	58,042	56,128
Finance lease receivables - non-current	662,543	720,585
Other non-current assets	<u>52,534</u>	<u>52,406</u>
	<u>\$ 1,231,959</u>	<u>\$ 1,456,294</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, 2021 and 2020 were as follows:

- a. Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2021 and 2020 were as follows (in thousands):

	December 31	
	2021	2020
U.S. dollar	US\$ 9,572	US\$ 17,455
Japanese Yen	JPY 160,710	JPY 108,812
Euro	EUR 26,852	EUR 4,770
Renminbi	RMB 13,134	RMB 13,134
New Taiwan dollar	NT\$ 47,575	NT\$ 82,347

- b. Outstanding standby letters of credit not reflected in the consolidated financial statements as follows (in thousands):

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$ 665,286</u>	<u>NT\$ 392,784</u>
U.S. dollar	<u>US\$ 30</u>	<u>US\$ 30</u>
Renminbi	<u>RMB 111,504</u>	<u>RMB 41,533</u>

- c. Based on the tariff and relevant regulations, the Group shall issue a letters of credit to import goods and to meet the needs of post-release duty payment. The guaranteed amount was as follows:

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$ 462,000</u>	<u>NT\$ 434,000</u>

- d. Non-cancelable raw material procurement contracts were as follows:

	December 31	
	2021	2020
U.S. dollar	<u>US\$ 42,595</u>	<u>US\$ 22,681</u>
Renminbi	<u>RMB 259,005</u>	<u>RMB -</u>

- e. The Group entered into a contract for the construction of new plants on the Group's own land. The amount of the unrecognized commitments were as follow:

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$2,702,350</u>	<u>NT\$ -</u>
U.S. dollar	<u>US\$ 4,362</u>	<u>US\$ 115,670</u>
Renminbi	<u>RMB 395,368</u>	<u>RMB -</u>

34. 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, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 811,837	27.6800	\$ 22,471,643
Japanese yen	511,128	0.2405	122,926
Euro	30,442	31.3200	953,435
Hong Kong dollar	4,481	3.5490	15,903
Australian dollar	1,579	20.0800	31,714
Singapore dollars	3,291	20.4600	67,335
Indonesian rupiah	1,650,074,291	0.00198	3,267,147
Non-monetary items			
U.S. dollar	320	27.6800	8,864
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	230,939	27.68	6,392,384
Euro	27	31.3200	830
Renminbi	171	4.3416	743
Swiss franc	17	31.1750	513
Indonesian rupiah	52,340,604	0.00198	103,634
Non-monetary items			
U.S. dollar	1,353	27.68	37,439

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

(Continued)


	Foreign Currency	Exchange Rate	Carrying Amount
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
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	516,963	28.4800	14,723,112
Japanese yen	4,011	0.2763	1,108
Euro	5	35.0200	159
Malaysian ringgit	7,086	6.7895	48,113
Renminbi	182,191	4.3648	795,234
Swiss franc	17	32.3050	549
Non-monetary items			
U.S. dollar	6,377	28.4800	181,613 (Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were NT\$237,222 thousand and NT\$66,726 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.

35. 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 10):
 - 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)

36. 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:

	(NT\$ in Thousand)					
	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
For the year ended <u>December 31, 2021</u>						
External net sales and operating revenues	\$ 64,422,883	\$ 65,297,118	\$ 8,571,368	\$ 1,882,235	\$ 16,491,162	\$ 156,664,766
Operating profit	2,239,742	5,904,114	4,009,584	214,240	977,872	13,345,552
Net non-operating income (expenses)						
Net interest income (expenses)						(325,999)
Share of profit of associates accounted for using the equity method						4,808,211
Dividend income						561,499
Gain on disposal of property, plant and equipment						20,468
Gain on disposal of investments						679,207
Foreign exchange gain, net						(237,222)
Gain on financial assets and liabilities at fair value through profit or loss						647,228
Impairment loss						(693,892)
Net other income						<u>317,446</u>
Consolidated income before income tax						<u>\$ 19,122,498</u>
For the year ended <u>December 31, 2020</u>						
External net sales and operating revenues	41,378,992	46,030,715	-	7,099,820	18,037,076	\$ 112,546,603
Operating profit	1,242,325	1,196,472	(53,818)	3,583,825	1,252,635	7,221,439
Net non-operating income (expenses)						
Net interest income (expenses)						(278,459)
Share of profit of associates accounted for using the equity method						1,696,319
Dividend income						110,990
Gain on disposal of property, plant and equipment						(7,979)
Loss 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						674
Net other expenses						<u>(245,410)</u>
Consolidated income before income tax						<u>\$ 9,250,665</u>

2) Segment assets and liabilities

	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
<u>Segment assets</u>						
December 31, 2021	\$ 15,420,471	\$ 38,002,224	\$ 17,042,352	\$ 28,324,476	\$ 84,245,375	<u>\$ 183,034,898</u>
December 31, 2020	11,208,815	30,235,244	15,047,662	27,684,853	67,387,432	<u>\$ 151,564,006</u>
<u>Segment liabilities</u>						
December 31, 2021	11,025,954	16,632,104	7,578,444	12,893,795	26,958,333	<u>\$ 75,088,630</u>
December 31, 2020	3,902,905	14,463,048	11,710,614	12,371,783	21,834,826	<u>\$ 64,283,176</u>

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:

	Revenue from External Customers		Non-current Assets December 31	
	2021	2020	2021	2020
Asia	\$ 134,031,146	\$ 90,763,089	\$ 54,005,146	\$ 46,169,318
United States of America	17,315,503	17,896,829	225,071	156,460
Europe	3,662,416	2,048,572	-	-
Others	<u>1,655,701</u>	<u>1,838,113</u>	<u>-</u>	<u>-</u>
	<u>\$ 156,664,766</u>	<u>\$ 112,546,603</u>	<u>\$ 54,230,217</u>	<u>\$ 46,325,778</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 2021 and 2020.

TABLE 1**WALSIN LIHWA CORPORATION AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	\$ 17,824,000 (US\$ 640,000)	\$ 8,857,600 (US\$ 320,000)	\$ - (US\$ -)	3.50	Operating capital	\$ -	Operating capital and equipment purchase	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)

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 = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)
 - b. The limit on the amount of financing provided was as follows:
The limit on the amount of financing provided = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)
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, 2021 was as follows: US\$ to NT\$ = 1:27.68.

TABLE 1-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Other receivables	Yes	350,991 (RMB 80,000)	347,329 (RMB 80,000)	347,329 (RMB 80,000)	4.35	Operating capital	-	Operating capital	-	-	-	1,780,563 (US\$ 64,325)	1,780,563 (US\$ 64,325)
		Walsin (Nanjing) Construction Limited	Other receivables	Yes	4,387,390 (RMB1,000,000)	4,341,610 (RMB1,000,000)	3,023,515 (RMB 696,404)	4.05	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	6,612,155 (US\$ 100,000) (RMB 860,000)	6,501,785 (US\$ 100,000) (RMB 860,000)	3,239,085 (US\$ 60,115) (RMB 362,792)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,805,170 (US\$ 45,000) (RMB 120,000)	1,766,593 (US\$ 45,000) (RMB 120,000)	1,234,307 (US\$ 44,592) (RMB -)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	2,393,248 (US\$ 58,000) (RMB 170,000)	2,343,514 (US\$ 58,000) (RMB 170,000)	1,543,714 (US\$ 55,770) (RMB -)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Dongguan Walsin Wire & Cable Co., Ltd.	Other receivables	Yes	2,282,800 (US\$ 80,000)	2,214,400 (US\$ 80,000)	1,895,443 (US\$ 68,477)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	2,038,856 (US\$ 10,000) (RMB 400,000)	2,013,444 (US\$ 10,000) (RMB 400,000)	1,168,579 (US\$ 8,708) (RMB 213,640)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	256,815 (US\$ 9,000)	249,120 (US\$ 9,000)	247,653 (US\$ 8,947)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	445,141 (US\$ 16,081)	1,780,563 (US\$ 64,325)
2	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	2,851,804 (RMB 650,000)	2,822,047 (RMB 650,000)	2,396,200 (RMB 551,915)	2.70	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
3	Walsin International Investments Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	15,794,322 (US\$ 382,000) (RMB1,127,000)	15,466,754 (US\$ 382,000) (RMB1,127,000)	11,040,170 (US\$ 242,000) (RMB1,000,000)	0.98-2.60	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		Walsin Lihwa Corporation	Other receivables	Yes	9,844,575 (US\$ 345,000)	9,549,600 (US\$ 345,000)	- (US\$ -)	0.12-0.23	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$1,530,109)	42,353,410 (US\$1,530,109)
		PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	6,920,000 (US\$ 250,000)	6,920,000 (US\$ 250,000)	6,920,000 (US\$ 250,000)	3.50	Operating capital	-	Operating capital	-	-	-	7,322,605 (US\$ 264,537)	7,322,605 (US\$ 264,537)

(Continued)

Notes:

1. According to the financing regulations provided by Walsin (China) Investment Co., Ltd., Dongguan Walsin Wire & Cable Co., Ltd. and Walsin International Investments Ltd., 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. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = $\text{US}\$160,812 \times 10\% = \text{US}\$16,081$ (445,141)
Walsin (China) Investment Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Walsin Lihwa Corporation = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Walsin (Nanjing) Construction Limited = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Yantai Walsin Stainless Steel Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Changshu Walsin Specialty Steel Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Dongguan Walsin Wire & Cable Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Walsin Lihwa Holdings Limited = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Hangzhou Walsin Power Cable & Wire Co., Ltd. = $\text{US}\$160,812 \times 40\% = \text{US}\$64,325$ (1,780,563)
PT. Walsin Nickel Industrial Indonesia = $\text{US}\$661,343 \times 40\% = \text{US}\$264,537$ (7,322,605)

 - b. The limit on the amount of financing provided was as follows:

Walsin Lihwa Corporation = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Walsin (China) Investment Co., Ltd. = $\text{US}\$160,812 \times 40\% = \text{US}\$64,325$ (1,780,563)
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, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

(Concluded)

TABLE 1-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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		
4	Concord Industries Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 4,387,390 (RMB 1,000,000)	\$ - (RMB -)	\$ - (RMB -)	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)
5	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	307,117 (RMB 70,000)	303,913 (RMB 70,000)	164,469 (RMB 37,882)	2.70	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	877,478 (RMB 200,000)	868,322 (RMB 200,000)	430,887 (RMB 99,246)	2.70	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)

Notes:

1. According to the financing regulations of 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.
 - a. The limit on the amount of financing provided to a single enterprise was as follows:
Walsin (China) Investment Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)
 - b. The limit on the amount of financing provided was as follows:
The limit on the amount of financing provided = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

TABLE 1-3

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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		
7	Joint Success Enterprises Limited	Walsin (Nanjing) Construction Co., Ltd.	Other receivables	Yes	\$ 755,607 (US\$ 26,480)	\$ 732,966 (US\$ 26,480)	\$ 732,966 (US\$ 26,480)	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)
8	Walsin (Nanjing) Construction Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	2,193,695 (RMB 500,000)	- (RMB -)	- RMB -	-	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)

Notes:

- According to the financing regulation provided by Joint Success Enterprises Limited and Walsin (Nanjing) Development Co., Ltd., 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. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
Walsin (China) Investment Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
 - The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
- 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, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

TABLE 1-4

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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		
9	Walsin Info-Electric Corp.	Walsin Lihwa Corporation	Other receivables	Yes	\$ 130,000	\$ 130,000	\$ 130,000	0.70	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 134,809	\$ 134,809

Notes:

1. According to the financing regulation provided by Walsin Info-electric Corp. Corporation, 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:
Walsin Lihwa Corporation = $\$337,022 \times 40\% = \$134,809$
 - b. The limit on the amount of financing provided was as follows:
The limit on the amount of financing provided = $\$337,022 \times 40\% = \$134,809$

TABLE 2

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

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)										
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	b	\$ 12,196,998 (US\$ 440,643)	\$ 2,491,200 (US\$ 90,000)	\$ 2,491,200 (US\$ 90,000)	\$ 1,107,200 (US\$ 40,000)	\$ -	-	\$ 105,883,524	Yes	No	No

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:

$$\text{NT\$}105,883,524 \times 100\% = \text{\$}105,883,524$$
 - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

$$\text{PT. Walsin Nickel Industrial Indonesia.: US\$}191,584 \times 250\% \times 92\% = \text{US\$}440,643$$
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68.

TABLE 2-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2021

(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	\$ 11,128,190 (US\$ 402,030)	\$ 1,362,361 (RMB 310,579)	\$ - (RMB -)	\$ - US\$ -	\$ -	-	\$ 105,883,524	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:

$$\text{NT\$}105,883,524 \times 100\% = \text{\$}105,883,524$$
 - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

$$\text{Walsin (China) Investment Co., Ltd.: US\$}160,812 \times 250\% \times 100\% = \text{US\$}402,030$$
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161.

TABLE 2-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2021

(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	\$ 11,128,190 (US\$ 402,030)	\$ 1,362,631 (RMB 310,579)	\$ - (RMB -)	\$ - US\$ -	\$ -	-	\$ 105,883,524	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:

$$\text{NT\$}105,883,524 \times 100\% = \text{NT\$}105,883,524$$
 - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

$$\text{Walsin (China) Investment Co., Ltd.: US\$}160,812 \times 250\% \times 100\% = \text{US\$}402,030$$
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161.

TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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, 2021				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	\$ 5,423,342	9.90	\$ 5,423,342	
	HannStar Board Corp.	The chairman of the holding company and the chairman of the company are second-class relatives	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,894,429	12.06	2,894,429	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	230,438,730	7,293,386	10.77	7,293,386	
	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	276,509	9.39	276,509	
	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	149	6.67	149	
	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	60,283	2.97	60,283	
	WK Technology Fund	-	Financial assets at fair value through other comprehensive income - non-current	19,024	187	1.91	187	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	12,650	1.16	12,650	
	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	28,596	15.00	28,596	
Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	149,993	4.01	149,993		

TABLE 3-1

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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, 2021				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	17,240	6.02	17,240	

TABLE 3-2**JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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, 2021				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Jin-Cherng Construction Co.	Share 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, 2021

(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, 2021				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	\$ 2,568	5.43	\$ 2,568	
	Ufi Space Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	297,069	29,822	1.07	29,822	
	Global PMX Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	88,000	15,928	0.08	15,928	
	Landing AI	-	Financial assets at fair value through other comprehensive income - non-current	265,583	27,894	0.54	27,894	

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, 2021
(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	Share Concord Industries Limited	Investments accounted for using the equity method	Capital investment/capital reduction	Subsidiaries	285,903,187	\$ 4,631,181	47,000,000	\$ 1,156,955 (Note 1)	15,398,007	\$ 434,994	\$434,994	\$ -	317,505,180	\$ 5,353,142
	Walsin Precision Technology Corp.	Investments accounted for using the equity method	Concord Industries Limited	Subsidiaries	-	-	32,178,385	447,963 (Note 2)	-	-	-	-	32,178,385	447,963
	New Hono Investment Pte. Ltd	Investments accounted for using the equity method	Capital investment	Subsidiaries	-	-	42,000,000	5,828,396 (Note 2)	-	-	-	-	42,000,000	5,828,396
	TECO Electric & Machinery Corp.	Financial assets at fair value through profit or loss	Capital investment	-	954,000	26,378	229,484,730	7,267,008 (Note 3)	-	-	-	-	230,438,730	7,293,386

Note 1: The amount included subscription for shares, investment income or loss and changes in other equity.

Note 2: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 3: The amount included issuance of new shares in exchange for the shares of another company and adjustments through fair value.

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, 2021
(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	4,303,960,202	\$ 3,874,450	349,411,500	\$ 342,076 (Note)	-	\$ -	\$ -	\$ -	4,653,371,702	\$ 4,216,526
Walsin (China) Investment Co., Ltd.	Certificate of capital verification Fubon Bank (China) RMB structured deposits	Financial assets at amortized cost	Fubon Bank	-	N/A	300,000	N/A	1,500,000	N/A	1,805,457	1,800,000	5,457	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, 2021
(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
Concord Industries Limited	Share Walsin Precision Technology Corp.	Investments accounted for using the equity method	Walsin Lihwa Corporation	Subsidiaries	32,178,385	\$ 168,042	-	\$ -	32,178,385	\$ 99,848	\$ 123,750 (Note 1)	\$ (23,902) (Note 2)	-	\$ -

Note 1: The amount included investment income or loss, distribution of dividends from the capital surplus and cumulative translation adjustments.

Note 2: Loss on disposal is unrealized in the consolidated report.

TABLE 5**WALSIN LIHWA CORPORATION**

**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, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Walsin Lihwa Corporation	Plant	2021/08/19-2021/12/23	\$ 521,333	Based on the terms in the contract	Chung-Lu Construction Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

TABLE 5-1

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

**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, 2021
(In Thousands of Renminbi)**

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Yantai Walsin Stainless Steel Co., Ltd.	Plant	2021/07/12-2021/09/14	\$ 89,064	Based on the terms in the contract	China Construction Eighth Engineering Division. Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

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, 2021
(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	\$ (2,273,189)	(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	\$ 81,510	2	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(668,583)	(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	245,996	5	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(1,743,620)	(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	17,229	-	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(595,996)	(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	281,518	5	

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, 2021
(In Thousands of New Taiwan Dollars and Renminbi)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		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	\$ 2,273,189	12	Normal	Normal	Normal	\$ (81,510)	(27)	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Sales	RMB (49,712)	(1)	Normal	Normal	Normal	RMB 14,014	10	
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Purchases	RMB 49,712	6	Normal	Normal	Normal	RMB (14,014)	(7)	

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, 2021
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		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	RMB (242,772)	(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	RMB 27,331	6	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (233,251)	(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	RMB 6,386	1	
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 32,926	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	RMB (5,739)	(2)	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 40,500	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	RMB (1,213)	-	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (40,500)	(10)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 1,213	1	
	Walsin Lihwa Corporation	Parent company	Purchases	668,583	37	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(245,996)	(76)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 233,251	57	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (6,386)	(9)	
Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (32,926)	(5)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 5,739	4	
	Walsin Lihwa Corporation	Parent company	Purchases	595,996	25	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(281,518)	(32)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 242,772	44	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (27,331)	(14)	

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, 2021****(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	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 245,996	3.87	\$ -	-	\$ 99,789	\$ -
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 281,518	4.12	-	-	194,308	-

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, 2021
(In Thousands of Renminbi and U.S. 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 Holdings Limited	Walsin (China) Investment Co., Ltd.	100% owned subsidiary	Other receivables RMB 261,794	-	\$ -	-	\$ -	\$ -
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\$ 60,175	-	-	-	-	-
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 363,643	-	-	-	-	-
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 55,825	-	-	-	-	-
	Jiangyin Walsin Steel Cable Co., Ltd.	18.37% owned subsidiary	Other receivables US\$ 44,636	-	-	-	-	-
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 8,717	-	-	-	-	-
	Walsin (Nanjing) Development Co., Ltd.	95.71% directly owned subsidiary	Other receivables RMB 214,155	-	-	-	-	-
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 8,955	-	-	-	-	-
	XiAn Walsin Metal Product Co., Ltd.	Associate	Other receivables RMB 698,586	-	-	-	-	-
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 81,228	-	-	-	-	-
Walsin International Investments Limited	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 176,213	-	-	-	-	-
	PT. Walsin Nickel Industrial Indonesia	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 37,250	-	-	-	-	-
Dongguan Walsin Wire & Cable Co., Ltd.	Dongguan Walsin Wire & Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 68,544	-	-	-	-	-
	Walsin (China) Investment Co., Ltd.	Parent company	Other receivables RMB 1,596,871	-	-	-	-	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 2,558,656	-	-	-	-	-
	Walsin (China) Investment Co., Ltd.	Parent company	Other receivables RMB 553,394	-	-	-	-	-
			Other receivables RMB 83,540	-	-	-	-	-

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, 2021
(In Thousands of Renminbi)**

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		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables \$ 27,331	8.07	\$ -	-	\$ -	\$ -
Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 37,911	-	-	-	-	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 99,473	-	-	-	-	-

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, 2021
(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 \$ 177,412	-	\$ -	-	\$ -	\$ -

TABLE 8

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2021

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		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 14,495,777	\$ 14,760,298	473,730,393	100.00	\$ 26,803,960	\$ 1,081,312	\$ 1,081,391	
	Concord Industries Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	13,611,135	12,724,589	317,505,180	100.00	5,353,142	(162,677)	(58,882)	
	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	383,632	46,062	46,062	
	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	29,995,859	100.00	365,703	31,059	31,059	
	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	19,203	10,366	10,366	
	Walsin Precision Technology Corp.	2115-1, Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	434,994	-	32,178,385	100.00	447,963	47,066	30,256	(Note 1)
	New Hono Investment Pte. Ltd	2 Battery Road, #27-01, Maybank Tower, Singapore 049907	Investments	5,003,810	-	42,000,000	100.00	5,828,396	953,732	849,748	
	Jin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction	611,688	611,688	577,583,403	99.22	6,348,728	(108,838)	(108,129)	
	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	270,034	29,854,246	99.51	335,371	(4,767)	(4,744)	
	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	818,205	90,143	63,100	
	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	12,690	5,705	3,994	
	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	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	2,381,125	2,598,802	1,128,008	
	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	5,175,692	(237,201)	(115,394)	
	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	8,011,194	528,594	195,580	
	Walsin Color Co., Ltd.	24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Management of investments and conglomerates	457,610	457,610	49,831,505	33.97	1,053,790	(17,475)	(5,936)	
Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106., R.O.C.	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	174,332	(16,822)	(4,486)		
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	18,357,864	13,594,643	2,984,304		
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	21.01	2,322,664	219,897	46,403		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Holding Limited	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	\$ 8,166,415	\$ 7,931,941	\$ 1,450,358	
	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	-	-	-	
	Walsin International Investments Limited	Unit 9-15, 22/F, Millennium City, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	Investments	HK\$ 4,653,372	HK\$ 4,303,960	4,653,371,702	100.00	18,306,511	222,439	222,439	
	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	0.829	-	-	
Concord Industries Limited	Borrego Solar Systems, Inc.	6210 Lake Shore Drive, San Diego, CA92119, USA	Grid-connected solar electric systems	US\$ 15,000	US\$ 15,000	1,460,458	73.49	3,420,689	875,401	639,533	
	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	1,016,241	51,770	51,770	
	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\$ -	US\$ 8,470	-	-	-	47,066	16,810	(Note 3)
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	5,273,922	(237,201)	(120,854)	
	Dingshin Development Co., Ltd.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	39,427	5,282	1,866	
	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	1,127	(16,822)	(72)	
New Hono Investment Pte. Ltd.	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	146,794	528,594	3,546	
	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	Production and sale of nickel pig iron	US\$ 42,000	US\$ -	42,000	42.00	2,227,285	2,598,802	953,791	

Note 1: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.

Note 2: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 3: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.

Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars and Hong Kong dollars.

(Continued)

TABLE 9

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021

(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	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 553,600 (US\$ 20,000)	b	\$ 720,815 (US\$ 26,041) (Note 2)	\$ -	\$ -	\$ 720,815 (US\$ 26,041) (Note 2)	\$ 84,065	100.00	\$ 84,065	\$ 871,873	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	432,555 (US\$ 15,627)	b	413,982 (US\$ 14,956) (Note 3)	-	-	413,982 (US\$ 14,956) (Note 3)	124,098	95.71	118,774	1,153,271	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	4,929,254 (US\$ 178,080)	b	2,335,638 (US\$ 84,380) (Note 4)	-	-	2,335,638 (US\$ 84,380) (Note 4)	188,273	40.00	73,296	622,240	-
Walsin (China) Investment Co., Ltd.	Investments	2,175,648 (US\$ 78,600)	b	2,175,648 (US\$ 78,600) (Note 5)	-	-	2,175,648 (US\$ 78,600) (Note 5)	217,722	100.00	217,722	4,451,409	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,684,960 (US\$ 97,000)	b	2,684,960 (US\$ 97,000) (Note 6)	-	-	2,684,960 (US\$ 97,000) (Note 6)	39,607	100.00	39,607	700,497	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	470,560 (US\$ 17,000) (Note 7)	b	1,079,520 (US\$ 39,000) (Note 8)	-	-	1,079,520 (US\$ 39,000) (Note 8)	13,217	100.00	13,217	233,101	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	719,680 (US\$ 26,000)	b	719,680 (US\$ 26,000) (Note 9)	-	-	719,680 (US\$ 26,000) (Note 9)	7,337	100.00	7,337	1,651,531	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,356,320 (US\$ 49,000)	b	1,356,320 (US\$ 49,000) (Note 10)	-	-	1,356,320 (US\$ 49,000) (Note 10)	(1,462)	100.00	(1,462)	1,981,997	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,532,088 (US\$ 55,350)	b	834,552 (US\$ 30,150)	-	-	834,552 (US\$ 30,150)	(14,119)	100.00	(14,119)	(766,837)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	9,274,599 (US\$ 335,065) (Note 11)	b	3,679,419 (US\$ 132,927)	2,214,400 (US\$ 80,000)	-	5,893,819 (US\$ 212,927)	(260,618)	100.00	(260,618)	4,705,064	-

(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,206,848 (US\$ 43,600)	b	\$ 362,054 (US\$ 13,080)	\$ -	\$ -	\$ 362,054 (US\$ 13,080)	\$ 210,875	30.00	\$ 63,264	\$ 441,125	\$ 844,794 (US\$ 30,520)
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	27,680 (US\$ 1,000)	b	27,680 (US\$ 1,000)	-	-	27,680 (US\$ 1,000)	15,963	100.00	15,963	(414,815)	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,209,932 (RMB 1,200,000)	b	- (US\$ -)	-	-	- (US\$ -)	(1,132,244)	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	43,416 (RMB 10,000)	b	8,415 (US\$ 304)	-	-	8,415 (US\$ 304)	456	20.00	91	9,326	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	675,541 (RMB 155,597)	b	- (RMB -)	-	-	- (RMB -)	11,768	6.02	-	74,849	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,384,000 (US\$ 50,000)	b	1,378,464 (US\$ 49,800) (Note 15)	-	-	1,378,464 (US\$ 49,800) (Note 15)	(234,792)	99.60	(233,859)	9,607,206	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,342 (RMB 1,000)	b	- (RMB -)	-	-	- (RMB -)	(6,073)	99.60	(6,049)	(5,206)	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	6,512 (RMB 1,500)	b	- (RMB -)	-	-	- (RMB -)	8,676	99.60	8,643	-	-

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, 2021 (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)
\$ 17,817,284 (US\$ 643,688)	\$ 17,646,969 (US\$ 637,535)	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\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global 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\$20,000 thousand 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 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. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
17. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68, RMB to NT\$ = 1:4.34161. The average exchange rates of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.976, RMB to NT\$ = 1:4.33908.
18. Amount was recognized based on audited financial statements.
19. 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	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	Note 1	US\$ 25,475	\$ -	\$ -	US\$ 25,475	\$ (54,111)	50.95	\$ (27,570)	\$ 1,131,931	\$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	(1,400)	50.95	(713)	(613)	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	1,500	Note 1	-	-	-	-	1,999	50.95	1,019	-	-

2. The upper limit on investment in mainland China

Accumulated Outward Remittance for Mainland China as of December 31, 2021 (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\$3,839,173 (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 audited financial statements.

Note 3: The upper limit on investment in mainland China was as follows:

$$\text{NT\$6,398,621 thousand} \times 60\% = \text{NT\$3,839,173 thousand.}$$

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, 2021 AND 2020
(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	\$ 81,510	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	281,518	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	245,996	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	Trade receivables	4,515	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	2,773,189	The terms are set by quotations on the local market and are similar to those of general customers	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	595,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	668,583	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	18,689	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	7,723	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	Other receivables	32,849	The terms are set by quotations on the local market and are similar to those of general customers	-
Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	37,008	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 261,794	Based on capital demand	1
		Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Trade receivables	RMB 10,259	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) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 177,412	Based on capital demand	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
3	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\$ 60,175	Based on capital demand	2
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 363,643	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 44,636	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,717	Based on capital demand	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 214,155	Based on capital demand	-
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 55,825	Based on capital demand	1
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 698,586	Based on capital demand	2
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 176,213	Based on capital demand	-
Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 37,250	Based on capital demand	-		
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 68,544	Based on capital demand	1
4	Walsin International Investments Limited	PT. Walsin Nickel Industrial Indonesia	Transactions between subsidiaries	Other receivables	RMB 1,596,871	Based on capital demand	4
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,558,656	Based on capital demand	6
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 27,311	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 6,386	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 242,772	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 233,251	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.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 10,581	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 1,213	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 40,500	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 99,473	Based on capital demand	-
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	-

(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.	Transactions between subsidiaries	Trade receivables	RMB 1,130	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 5,739	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	Sales	RMB 817	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 32,926	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 37,911	Based on capital demand	-
9	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 6	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 83,540	Based on capital demand	-
10	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 553,394	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 49,712	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 subsidiaries	Trade receivables	RMB 14,014	The terms are set by quotations on the local market and are similar to those of general customers	-
12	Jiangyin Walsin Steel Cable Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 581	The terms are set by quotations on the local market and are similar to those of general customers	-
13	Nanjing Walsin Property Management Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 5,420	Based on capital demand	-
0	2020 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

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
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
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\$ 9,987	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 295,409	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,986	Based on capital demand	-
		Walsin (Nanjing) Construction Co., Ltd.	Transactions between 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	1
		XiAn Walsin Metal Product Co., Ltd.	Associates	Other receivables	RMB 81,218	Based on capital demand	-
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 173,857	Based on capital demand	1
Dongguan Walsin Wire & Cable Co., Ltd	Transactions between subsidiaries	Other receivables	RMB 55,292	Based on capital demand	-		
		Dongguan Walsin Wire & Cable Co., Ltd	Transactions between parent company and subsidiaries	Other receivables	US\$ 78,600	Based on capital demand	1
4	Walsin International Investments Limited	Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Other receivables	RMB 1,305,589	Based on capital demand	4
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,436,212	Based on capital demand	7
5	Yantai Walsin Stainless Steel Co., Ltd.	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.	Yantai Walsin Stainless 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

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
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	-
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	-		

(Concluded)

TABLE 11**WALSIN LIHWA CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	251,504,000	7.32
Winbond Electronics Corp.	222,000,000	6.46
Chin-Xin Investment Co., Ltd.	220,011,000	6.41
TECO Electric & Machinery Co., Ltd.	205,332,690	5.98

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 Company 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, 2021 and 2020, 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, 2021 and 2020, 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 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements as of and for the year ended December 31, 2021. 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, 2021:

Sales Revenue Recognition

In 2021, 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 21 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, 2021 and 2020 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\$5,587,877 thousand and NT\$4,238,472 thousand, which constituted 3.39% and 3.02% of the total assets as of December 31, 2021 and 2020, respectively; and the investment gains amounted to NT\$743,761 thousand and NT\$995,518 thousand for the years ended December 31, 2021 and 2020, 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the



adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,023,659	3	\$ 4,511,090	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	8,864	-	66,059	-
Contract assets - current (Notes 4 and 8)	151,065	-	12,937	-
Notes receivable from unrelated parties (Notes 4, 9 and 28)	36,993	-	27,277	-
Trade receivables from unrelated parties (Notes 4 and 9)	4,488,125	3	2,243,175	2
Trade receivables from related parties (Notes 4, 9 and 28)	630,518	-	342,552	-
Other receivables (Note 28)	985,084	1	271,722	-
Inventories (Notes 4 and 10)	15,567,272	10	8,502,797	6
Other current assets (Note 6)	2,051,688	1	2,443,728	2
Total current assets	28,943,268	18	18,421,337	13
NON-CURRENT ASSETS				
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)	16,139,524	10	6,783,229	5
Investments accounted for using equity method (Notes 4 and 12)	92,360,069	56	77,247,465	55
Property, plant and equipment (Notes 4 and 13)	17,411,273	10	17,493,296	12
Right-of-use assets (Notes 4 and 14)	81,050	-	80,629	-
Investment properties (Notes 4 and 15)	8,243,668	5	8,314,798	6
Deferred tax assets - non-current (Notes 4 and 23)	1,291,573	1	981,573	1
Refundable deposits	27,548	-	26,913	-
Long-term receivables from related parties (Note 28)	-	-	5,349,885	4
Other non-current assets	182,006	-	87,872	-
Total non-current assets	135,736,711	82	122,049,519	87
TOTAL	\$ 164,679,979	100	\$ 140,470,856	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 5,074,632	3	\$ 6,591,019	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	37,439	-	15,839	-
Derivative financial liabilities hedging - current (Notes 4 and 18)	-	-	165,774	-
Trade payables to unrelated parties	3,040,224	2	2,522,328	2
Current tax liabilities (Notes 4 and 23)	2,040,190	1	108,164	-
Other payables to unrelated parties	2,498,452	2	2,237,404	2
Other payables to related parties (Note 28)	178,362	-	5,772,308	4
Lease liabilities - current (Notes 4 and 14)	20,564	-	20,500	-
Current portion of long-term borrowings (Note 16)	10,500,000	7	6,000,000	4
Other current liabilities (Note 27)	372,874	-	759,039	-
Total current liabilities	23,762,737	15	24,192,375	17
NON-CURRENT LIABILITIES				
Bonds Payable (Note 17)	7,500,000	5	-	-
Long-term borrowings (Note 16)	24,640,014	15	31,140,014	22
Deferred tax liabilities - non-current (Notes 4 and 23)	2,151,564	1	131,132	-
Lease liabilities - non-current (Notes 4 and 14)	64,580	-	61,202	-
Net defined benefit liabilities (Notes 4 and 19)	451,697	-	290,237	1
Other non-current liabilities (Note 25)	225,863	-	187,661	-
Total non-current liabilities	35,033,718	21	31,810,246	23
Total liabilities	58,796,455	36	56,002,621	40
EQUITY (Note 20)				
Share capital	34,313,329	21	32,260,002	23
Capital surplus	18,440,875	11	15,690,406	11
Retained earnings				
Legal reserve	6,109,568	4	5,428,200	4
Special reserve	2,712,250	1	3,110,410	2
Unappropriated earnings	38,965,389	24	27,791,577	20
Total retained earnings	47,787,207	29	36,330,187	26
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(6,100,687)	(4)	(5,905,135)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	11,534,267	7	6,092,775	4
Other equity-others	(91,467)	-	-	-
Total other equity	5,342,113	3	187,640	-
Total equity	105,883,524	64	84,468,235	60
TOTAL	\$ 164,679,979	100	\$ 140,470,856	100

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 97,789,648	100	\$ 64,097,690	100
OPERATING COSTS (Note 10)	(84,881,753)	(87)	(59,641,481)	(93)
(UNREALIZED) REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(13,335)</u>	<u>-</u>	<u>1,357</u>	<u>-</u>
GROSS PROFIT	<u>12,894,560</u>	<u>13</u>	<u>4,457,566</u>	<u>7</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,258,609	1	745,090	1
General and administrative expenses	1,257,078	1	915,989	2
Research and development expenses	<u>180,944</u>	<u>-</u>	<u>115,346</u>	<u>-</u>
Total operating expenses	<u>2,696,631</u>	<u>2</u>	<u>1,776,425</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>10,197,929</u>	<u>11</u>	<u>2,681,141</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	225,171	-	151,325	-
Dividend income	560,552	1	110,905	-
Other income	447,284	-	70,318	-
Gain (loss) on disposal of property, plant and equipment	683	-	(5,483)	-
Foreign exchange (losses) gains, net	(311,352)	-	73,937	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	654,576	1	728,770	1
Impairment loss (Note 22)	(557,721)	(1)	-	-
Other expenses	(78,196)	-	(264,156)	-
Gain (loss) on disposal of investments (Note 22)	461,026	-	(365,451)	-
Interest expense	(425,367)	-	(452,964)	-
Share of profit of subsidiaries and associates under the equity method	<u>7,218,874</u>	<u>7</u>	<u>3,935,768</u>	<u>6</u>
Total non-operating income and expenses	<u>8,195,530</u>	<u>8</u>	<u>3,982,969</u>	<u>7</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	18,393,459	19	6,664,110	11
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 23)	<u>(3,750,830)</u>	<u>(4)</u>	<u>27,039</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>14,642,629</u>	<u>15</u>	<u>6,691,149</u>	<u>11</u>

(Continued)

WALSIN LIHWA CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	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 19)	(160,650)	-	43,670	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,611,742	2	1,258,198	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,892,990</u>	<u>3</u>	<u>2,479,966</u>	<u>4</u>
	<u>5,344,082</u>	<u>5</u>	<u>3,781,834</u>	<u>6</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(67,717)	-	(276,160)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	<u>(127,834)</u>	<u>-</u>	<u>(82,616)</u>	<u>-</u>
	<u>(195,551)</u>	<u>-</u>	<u>(358,776)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>5,148,531</u>	<u>5</u>	<u>3,423,058</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 19,791,160</u>	<u>20</u>	<u>\$ 10,114,207</u>	<u>16</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 4.27</u>		<u>\$ 2.04</u>	
Diluted	<u>\$ 4.26</u>		<u>\$ 2.04</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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	Other		
BALANCE AT JANUARY 1, 2020	\$ 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 20)										
Legal reserve	-	-	314,968	-	(314,968)	-	-	-	-	-
Special reserve	-	-	-	(932,728)	932,728	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(1,663,000)	-	-	-	-	(1,663,000)
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal	-	-	-	-	(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
Appropriation of 2020 earnings (Note 20)										
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(3,088,200)	-	-	-	-	(3,088,200)
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal	-	3,124	-	-	-	-	-	-	-	3,124
Change in capital surplus from investments in associates accounted for using the equity method	-	(26,782)	-	-	77,160	-	(77,160)	(91,467)	-	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(174,569)	(195,552)	5,518,652	-	-	5,148,531
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,468,060	(195,552)	5,518,652	-	-	19,791,160
Others	-	2,329	-	-	-	-	-	-	-	2,329
BALANCE AT DECEMBER 31, 2021	\$ 34,313,329	\$ 18,440,875	\$ 6,109,568	\$ 2,712,250	\$ 38,965,389	\$ (6,100,687)	\$ 11,534,267	\$ (91,467)	\$ -	\$ 105,883,524

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 18,393,459	\$ 6,664,110
Adjustments for:		
Depreciation expense	1,343,326	1,279,845
Amortization expense	445	222
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(654,576)	(728,770)
Interest expense	425,367	452,964
Interest income	(225,171)	(151,325)
Dividend income	(560,552)	(110,905)
Share of profit of subsidiaries and associates under the equity method	(7,218,874)	(3,935,768)
(Gain) loss on disposal of property, plant and equipment	(683)	5,483
(Gain) loss on disposal of investments	(461,026)	365,451
Impairment loss recognized on non-financial assets	557,721	-
Unrealized (realized) gain on the transaction with associates	13,335	(1,357)
Gain on lease modifications	-	(38)
Net loss on foreign currency exchange	1,784	130,929
Changes in operating assets and liabilities		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	297,214	(214,241)
(Increase) decrease in contract assets	(138,128)	318,258
(Increase) decrease in notes receivable	(9,716)	25,476
(Increase) decrease in trade receivables	(2,532,916)	19,466
(Increase) decrease in other receivables	(640,575)	20,229
(Increase) decrease in inventories	(7,064,475)	857,092
Decrease (increase) in other current assets	406,860	(1,982,992)
Increase in other financial assets	(14,820)	(86,833)
Increase in other operating assets	(64,888)	(85,778)
Increase in trade payables	517,896	22,352
Increase in other payables	525,554	7,471
Increase (decrease) in net defined benefit liabilities	810	(128,289)
(Decrease) increase in other current liabilities	(399,500)	628,583
Increase in other operating liabilities	<u>38,202</u>	<u>13,412</u>
Cash generated from operations	2,536,073	3,385,047
Interest received	235,112	151,360
Dividends received	1,358,109	1,023,577
Interest paid	(498,619)	(373,617)
Income tax paid	<u>(138,061)</u>	<u>(264,356)</u>
Net cash generated from operating activities	<u>3,492,614</u>	<u>3,922,011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

WALSIN LIHWA CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at fair value through other comprehensive income	(1,944,281)	(477,574)
Capital reduction and refund from financial assets at fair value through other comprehensive income	3,615	-
Purchase of financial assets at fair value through profit or loss	-	(5,353,790)
Proceeds from sale of financial assets at fair value through profit or loss	4,948,895	-
Acquisition of associates accounted for using the equity method	(6,760,343)	(7,181,164)
Repatriation through the liquidation and capital reduction of investee companies accounted for using the equity method	699,515	10,044,855
Payments for property, plant and equipment	(1,729,419)	(1,025,204)
Proceeds from disposal of property, plant and equipment	2,204	1,465
(Increase) decrease in refundable deposits	(635)	32,866
Decrease (increase) in other receivables	7,016,224	(5,573,463)
Payments for investment properties	(2,362)	-
Other investing activities	<u>(404,184)</u>	<u>(370,896)</u>
Net cash generated from (used in) investing activities	<u>1,829,229</u>	<u>(9,902,905)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,559,788)	(2,708,228)
Proceeds from bonds payable	7,500,000	-
Proceeds from long-term borrowings	4,000,000	20,640,014
Repayment of long-term borrowings	(6,000,000)	(6,500,000)
(Decrease) increase in other payables to related parties	(5,640,652)	962,923
Repayment of the principal portion of lease	(23,133)	(24,052)
Cash dividends paid	(3,088,030)	(1,662,891)
Payments for buy-back of ordinary shares	-	(1,500,108)
Other financing activities	<u>2,329</u>	<u>(28)</u>
Net cash (used in) generated from financing activities	<u>(4,809,274)</u>	<u>9,207,630</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	512,569	3,226,736
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,511,090</u>	<u>1,284,354</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,023,659</u>	<u>\$ 4,511,090</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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 depositary 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 22, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

<u>New IFRSs</u>	<u>Effective Date Announced by the IASB</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)



- Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) 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.

2) 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.

3) 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.

4) 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).

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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


Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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, 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, 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, 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, i.e., the Company'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 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) 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.
- 4) 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.

- 5) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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.



The fair value measurements, which are Companied 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 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 Company 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 with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis within useful lives. 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 are reported at cost less accumulated impairment loss.

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, investment properties, 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 27.

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 27.

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 others

a) Revenue from the reading 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.

b) 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 Company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligation.

When it is not able to reasonably measure the Company progress toward satisfaction of the performance obligation but expects to recover costs, the Company recognizes revenue only to the extent of costs incurred.

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, 2022, 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 development of the country and the economic implications of the COVID-19 when making its critical accounting estimates such as estimation of cash flow, growth rate, discount rate and profitability. 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

	December 31	
	2021	2020
Cash on hand	\$ 1,050	\$ 1,050
Checking accounts and cash in bank	<u>5,022,609</u>	<u>4,510,040</u>
	<u>\$ 5,023,659</u>	<u>\$ 4,511,090</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%):

	December 31	
	2021	2020
Bank balance	0.001%-0.11%	0.001%-0.30%

As of December 31, 2021 and 2020, certain time deposits were classified and pledged as follows:

	Purpose	December 31	
		2021	2020
Other current assets - other			
Refundable deposits	Negotiable certificate of deposits (not expired)	\$ -	\$ 2,300
	Repatriation of offshore fund and projects grants	<u>80,493</u>	<u>85,160</u>
		<u>80,493</u>	<u>87,460</u>
Non-current assets			
Other - pledged time deposits	To meet required security deposits	<u>600</u>	<u>600</u>
		<u>\$ 81,093</u>	<u>\$ 88,060</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ 873	\$ 66,059
Foreign exchange forward contracts	7,991	-
Hybrid financial assets		
Corporate bonds	<u>-</u>	<u>5,683,859</u>
Financial assets at FVTPL	<u>\$ 8,864</u>	<u>\$ 5,749,918</u>
Current	\$ 8,864	\$ 66,059
Non-current	<u>-</u>	<u>5,683,859</u>
	<u>\$ 8,864</u>	<u>\$ 5,749,918</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 15,839
Exchange rate swap contracts	<u>37,439</u>	<u>-</u>
Financial liabilities at FVTPL	<u>\$ 37,439</u>	<u>\$ 15,839</u>
Current	\$ 37,439	\$ 15,839
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 37,439</u>	<u>\$ 15,839</u>

As of December 31, 2021 and 2020, 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, 2021</u>							
Commodity futures							
	Buy	9,925	2021.09.01-2021.12.31	2022.01.19-2022.04.20	US\$ 94,424	US\$ 96,834	US\$ 2,410
	Sell	3,050	2021.12.10-2021.12.31	2022.01.19-2022.03.31	US\$ 29,229	US\$ 29,846	US\$ (617)
	Sell	2,238	2021.11.04-2021.12.31	2022.02.04-2022.03.31	US\$ 44,698	US\$ 46,459	US\$ (1,761)
<u>December 31, 2020</u>							
Commodity futures							
	Buy	10,250	2020.04.30-2020.12.31	2021.01.20-2021.10.20	US\$ 76,919	US\$ 79,276	US\$ 2,357
	Sell	882	2020.10.15-2020.12.17	2021.01.15-2021.03.17	US\$ 14,560	US\$ 14,597	US\$ (37)

As of December 31, 2021 and 2020, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell	EUR to USD	2022.01.08-2022.02.17	EUR18,000/USD20,326
	USD to NTD	2022.01.07-2022.02.10	USD100,000/NTD2,776,800
Buy	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.18	USD4,784/JPY547,970
<u>December 31, 2020</u>			
Sell	EUR to USD	2021.04.08	EUR8,180/USD10,065
	USD to NTD	2021.04.08	USD10,000/NTD280,870
Buy	USD to NTD	2021.01.05	USD60,000/NTD1,699,190
	USD to JPY	2021.01.28	USD5,343/JPY553,220

As of the December 31, 2021, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
	USD to NTD	2022.01.12	USD75,000/NTD2,097,188
	USD to NTD	2022.01.12	USD70,000/NTD1,957,375
	USD to NTD	2022.01.14	USD40,000/NTD1,109,600

For the years ended December 31, 2021 and 2020, 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. Due to the cash flow demand, the Company communicated with Golden Harbour International Pte. Ltd. on August 27, 2021 to exercise the early redemption to pay back the bonds. Refer to Note 12.

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:

	December 31	
	2021	2020
Contract assets		
Cable installation	\$ 151,065	\$ 12,937
Less: Allowance for impairment loss	_____ -	_____ -
Contract assets - current	<u>\$ 151,065</u>	<u>\$ 12,937</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

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable	\$ 36,024	\$ 26,292
<u>Notes receivable - non-operating</u>		
Notes receivable from related parties	_____ 969	_____ 985
	<u>\$ 36,993</u>	<u>\$ 27,277</u>

(Continued)



	December 31	
	2021	2020
<u>Trade receivables</u>		
Trade receivables	\$ 4,488,125	\$ 2,243,175
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	4,488,125	2,243,175
Trade receivables from related parties	<u>630,518</u>	<u>342,552</u>
	<u>\$ 5,118,643</u>	<u>\$ 2,585,727</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, 2021

	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%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 4,940,106	\$ 178,537	\$ -	\$ -	\$ -	\$ 5,118,643
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 4,940,106</u>	<u>\$ 178,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,118,643</u>

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%-2%	0%-50%	0%-100%	50%-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>

10. INVENTORIES

	<u>December 31</u>	
	2021	2020
Raw materials	\$ 2,852,040	\$ 1,808,818
Raw materials in transit	2,446,150	1,392,585
Supplies	1,161,688	1,082,773
Work-in-process	1,732,064	1,038,714
Finished goods and merchandise	7,145,905	2,862,295
Construction in progress	<u>229,425</u>	<u>317,612</u>
	<u>\$ 15,567,272</u>	<u>\$ 8,502,797</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was NT\$84,624,278 thousand and NT\$59,353,177 thousand, respectively.

The cost of goods sold for the years ended December 31, 2021 and 2020 included reversals of inventory write-downs of NT\$15,985 thousand and NT\$299,477 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 and 2020 resulted from the inventory closeout.

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 5,423,342	\$ 3,685,476
HannStar Board Corp.	2,894,429	2,763,734
Teco Electric & Machinery Co., Ltd.	7,293,386	26,378
Domestic unlisted ordinary shares	<u>528,367</u>	<u>307,641</u>
	<u>\$ 16,139,524</u>	<u>\$ 6,783,229</u>
Current	\$ -	\$ -
Non-current	<u>16,139,524</u>	<u>6,783,229</u>
	<u>\$ 16,139,524</u>	<u>\$ 6,783,229</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.

On December 31, 2021 and 2020, the unrealized valuation gains resulting from these investments in equity instruments were gains of NT\$2,611,742 thousand and NT\$1,258,198 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Company issued 205,333 thousand shares in exchange for 171,104 thousand 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 Company also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2021 and December 31, 2020, the Company held a total of 230,439 thousand and 954 thousand shares, respectively, of TECO Electric & Machinery Co., Ltd.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 54,273,810	\$ 45,661,308
Investments in associates	<u>38,086,259</u>	<u>31,586,157</u>
	<u>\$ 92,360,069</u>	<u>\$ 77,247,465</u>

a. Investments in subsidiaries

Name of Subsidiary	December 31			
	2021		2020	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies:				
Walsin Lihwa Holdings Ltd.	\$ 26,803,960	100.00	\$ 26,135,792	100.00
Concord Industries Ltd.	5,353,142	100.00	4,631,181	100.00
Walsin Precision Technology Sdn. Bhd.	447,963	100.00 (Note1)	-	-
Min Maw Precision Industry Corp.	365,703	100.00	334,644	100.00
Ace Result Limited	383,632	100.00	339,349	100.00
Walsin Info-Electric Inc.	335,371	99.51	340,934	99.51
Chin-Cherng Construction Co., Ltd.	6,348,728	99.22	6,452,096	99.22
P.T Walsin Lippo Industries	818,205	70.00	783,754	70.00
Joint Success Enterprises Ltd.	5,175,692	49.05	5,319,464	49.05
PT. Walsin Nickel Industrial Indonesia	2,381,125	50.00 (Note 2)	1,306,341	50.00 (Note 2)
New Hono Investment Pte. Ltd.	5,828,396	100.00 (Note 2)	-	-
Others	<u>31,893</u>		<u>17,753</u>	
	<u>\$ 54,273,810</u>		<u>\$ 45,661,308</u>	

Note 1: In order to adjust the investment structure of the Company, it was transferred from Concord Industries Ltd to Walsin Lihwa Co., Ltd.

Note 2: 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. On June 25, 2021, the board of directors of the Company resolved to acquire 100% of NHI’s shares and the Company acquired 100% of NHI’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Company directly and indirectly acquired 92% of WNII’s shares. The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Company's own foreign exchange. Therefore, the Company communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Company will pay the purchase of NHI's shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.

b. Investments in associates

Name of Associate	December 31		December 31	
	2021	Ownership Percentage	2020	Ownership Percentage
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 18,357,864	22.21	\$ 14,595,661	22.21
Walton Advanced Engineering, Inc.	2,322,664	21.01	2,601,028	21.65
Walsin Technology Corp.	8,166,415	18.30	7,068,731	18.30
<u>Associates that are not Individually material</u>				
Others	<u>9,239,316</u>		<u>7,320,737</u>	
	<u>\$ 38,086,259</u>		<u>\$ 31,586,157</u>	

Refer to Table 8 “Information on Investees” and Table 9 “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.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associate	December 31	
	2021	2020
Winbond Electronics Corp.	<u>\$ 30,050,846</u>	<u>\$ 25,675,797</u>
Walton Advanced Engineering, Inc.	<u>\$ 2,066,495</u>	<u>\$ 1,512,872</u>
Walsin Technology Corp.	<u>\$ 14,846,688</u>	<u>\$ 20,491,986</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, 2021

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 72,506,733	\$ 8,361,878	\$ 41,187,886
Non-current assets	80,233,551	13,155,507	52,910,618
Current liabilities	(28,644,931)	(5,019,961)	(21,557,433)
Non-current liabilities	<u>(34,061,841)</u>	<u>(5,259,172)</u>	<u>(19,062,857)</u>
Equity	90,033,512	11,238,252	53,478,214
Non-controlling interests	<u>(7,589,399)</u>	<u>(297,416)</u>	<u>(9,089,372)</u>
	<u>\$ 82,444,113</u>	<u>\$ 10,940,836</u>	<u>\$ 44,388,842</u>
Proportion of the Company's ownership	22.21%	21.01%	18.30%
Equity attributable to the Company	\$ 18,310,837	\$ 2,298,670	\$ 8,123,158
Other adjustments	<u>47,027</u>	<u>23,994</u>	<u>43,257</u>
Carrying amount	<u>\$ 18,357,864</u>	<u>\$ 2,322,664</u>	<u>\$ 8,166,415</u>
Operating revenue	<u>\$ 99,569,924</u>	<u>\$ 8,118,256</u>	<u>\$ 42,108,708</u>
Net profit for the year	\$ 15,000,122	\$ 118,732	\$ 8,961,076
Other comprehensive income (loss)	<u>4,186,931</u>	<u>(892,554)</u>	<u>1,157,156</u>
Total comprehensive income for the year	<u>\$ 19,187,053</u>	<u>\$ (773,822)</u>	<u>\$ 10,118,232</u>

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>
	<u>\$ 65,449,119</u>	<u>\$ 11,884,185</u>	<u>\$ 38,620,462</u>

(Continued)

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
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> (Concluded)

2) Associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Profit from continuing operations	\$ 185,157	\$ 70,065
Other comprehensive income	<u>1,794,745</u>	<u>1,779,371</u>
Total comprehensive income for the year	<u>\$ 1,979,902</u>	<u>\$ 1,849,436</u>

The Company's share of profit and other comprehensive income of associates for the years ended December 31, 2021 and 2020 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\$5,587,877 thousand and NT\$4,238,472 thousand as of December 31, 2021 and 2020, respectively; investment gain amounted to NT\$743,761 thousand and NT\$995,518 thousand for the years ended December 31, 2021 and 2020, respectively.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 3,483,995	\$ 6,898,636	\$ 20,102,064	\$ 4,018,641	\$ 1,283,927	\$ 35,787,263
Additions	78,421	54,540	163,434	290,573	1,136,216	1,723,184
Disposals	(1,164)	(25,232)	(90,497)	(62,645)	(60)	(179,598)
Reclassified	49,773	291,068	263,379	36,374	(640,594)	-
Balance at December 31, 2021	<u>\$ 3,611,025</u>	<u>\$ 7,219,012</u>	<u>\$ 20,438,380</u>	<u>\$ 4,282,943</u>	<u>\$ 1,779,489</u>	<u>\$ 37,330,849</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 8,067	\$ 4,146,696	\$ 11,464,404	\$ 2,674,800	\$ -	\$ 18,293,967
Disposals	-	(25,232)	(90,296)	(62,549)	-	(178,077)
Impairment losses recognized (reversed)	-	24,962	553,609	(20,850)	-	557,721
Depreciation expense	-	164,134	815,930	265,901	-	1,245,965
Reclassified	-	55,108	8,231	(63,339)	-	-
Balance at December 31, 2021	<u>\$ 8,067</u>	<u>\$ 4,365,668</u>	<u>\$ 12,751,878</u>	<u>\$ 2,793,963</u>	<u>\$ -</u>	<u>\$ 19,919,576</u>
Carrying amount at December 31, 2021	<u>\$ 3,602,958</u>	<u>\$ 2,853,344</u>	<u>\$ 7,686,502</u>	<u>\$ 1,488,980</u>	<u>\$ 1,779,489</u>	<u>\$ 17,411,273</u>
<u>Cost</u>						
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>
<u>Accumulated depreciation and impairment</u>						
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>

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, 2021 and 2020, the recorded total carrying value of such parcels of land amounted NT\$491,917 thousand.

After appropriate evaluation, the Company recognized an impairment loss on property, plant and equipment of NT\$557,721 thousand for the year ended December 31, 2021

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 49,464	\$ 56,108
Buildings	472	5,710
Transportation equipment	<u>31,114</u>	<u>18,811</u>
	<u>\$ 81,050</u>	<u>\$ 80,629</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 24,290</u>	<u>\$ 60,951</u>
Disposal	<u>\$ -</u>	<u>\$ (1,052)</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,644	\$ 7,916
Buildings	5,238	5,228
Transportation equipment	<u>11,987</u>	<u>10,212</u>
	<u>\$ 23,869</u>	<u>\$ 23,356</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 20,564</u>	<u>\$ 20,500</u>
Non-current	<u>\$ 64,580</u>	<u>\$ 61,202</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
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

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 16,203</u>	<u>\$ 11,370</u>
Expenses relating to low-value asset leases	<u>\$ 201</u>	<u>\$ 109</u>
Total cash outflow for leases	<u>\$ (39,537)</u>	<u>\$ (35,531)</u>

15. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Completed investment properties	<u>\$ 8,243,668</u>	<u>\$ 8,314,798</u>
		Completed Investment Properties
<u>Cost</u>		
Balance at January 1, 2021		\$ 9,975,140
Additions		<u>2,362</u>
Balance at December 31, 2021		<u>\$ 9,977,502</u>
Balance at January 1, 2020		\$ 9,975,140
Additions		<u>-</u>
Balance at December 31, 2020		<u>\$ 9,975,140</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1, 2021		\$ 1,660,342
Depreciation expense		<u>73,492</u>
Balance at December 31, 2021		<u>\$ 1,733,834</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>

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, 2021 and 2020, the fair values of completed investment properties were NT\$29,482,520 and NT\$29,252,925 thousand, respectively.

16. BORROWINGS

	December 31	
	2021	2020
Short-term borrowings	\$ 5,074,632	\$ 6,591,019
Current portion of long-term borrowings	\$ 10,500,000	\$ 6,000,000
Long-term borrowings	\$ 24,640,014	\$ 31,140,014

a. Short-term borrowings as of December 31, 2021 and 2020 were as follows:

	December 31			
	2021		2020	
	Interest Rate		Interest Rate	
	%	Amount	%	Amount
Materials procurement loans	0.64-0.70	\$ 2,111,447	0.70-0.90	\$ 5,091,019
Bank line of credit	0.69-0.91	<u>2,963,185</u>	0.65	<u>1,500,000</u>
		<u>\$ 5,074,632</u>		<u>\$ 6,591,019</u>

b. Long-term borrowings as of December 31, 2021 and 2020 were as follows:

	December 31		
	2021	2020	
	Significant Covenant	Amount	Amount
First Commercial Bank	Long-term credit loan; principal repayments at maturity, from December 28, 2018 to December 28, 2021	\$ -	\$ 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
Hua Nan Commercial Bank	Long-term credit loan; principal repayments at maturity, from December 28, 2018 to December 28, 2021	-	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
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
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

(Continued)

		December 31	
		2021	2020
	Significant Covenant	Amount	Amount
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; principal repayments at maturity, from January 14, 2020 to December 31, 2023	5,352,144	5,352,144
DBS Bank	Long-term credit loan; principal repayments at maturity, from March 30, 2020 to March 30, 2023	3,028,500	3,028,500
DBS Bank	Long-term credit loan; principal repayments at maturity, from March 31, 2020 to March 31, 2023	3,018,600	3,018,600
DBS Bank	Long-term credit loan; principal repayments at maturity, from April 15, 2020 to April 15, 2023	3,010,000	3,010,000
Standard Chartered Bank	Long-term credit loan; principal repayments at maturity, from September 27, 2020 to December 31, 2023.	2,093,000	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	3,000,000
The Export-Import Bank of the Republic of China	Long-term credit loan from December 04, 2020 to December 04, 2027; 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	1,137,770
Hua Nan Commercial Bank	Long-term credit loan; principal repayment at maturity, from March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months.	2,000,000	-
Taiwan Cooperative Bank	Long-term credit loan; principal repayment at maturity, from June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date.	<u>2,000,000</u>	<u>-</u>
		35,140,014	37,140,014
Less current portion of long-term borrowings		<u>(10,500,000)</u>	<u>(6,000,000)</u>
		<u>\$ 24,640,014</u>	<u>\$ 31,140,014</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.
- 2) The range of weighted average effective interest rates of the credit borrowings was 0.85%-1.20% and 0.10%-1.50% per annum as of December 31, 2021 and 2020, respectively.
- 3) As of December 31, 2021 and 2020, the Company's current portion of long-term borrowings was NT\$10,500,000 thousand and NT\$6,000,000 thousand, respectively, under the loan agreement. The Company's financial statements for the years ended December 31, 2021 and 2020 showed that the Company was in compliance with these ratio requirements.

17. BONDS PAYABLE

	<u>December 31</u>	
	2021	2020
The 1st unsecured bonds in 2021	\$ 7,500,000	\$ _____ -

On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual interest rate is 0.7%. From the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

18. FINANCIAL INSTRUMENTS FOR HEDGING

	<u>December 31</u>	
	2021	2020
<u>Financial liabilities for hedging - current</u>		
Fair value hedges - exchange rate swap contracts	\$ _____ -	\$ 165,774

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/NTD607,467
	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

(Continued)

Currencies	Contract Expiration Date	Contract Amount (In Thousands)
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

(Concluded)

	For the Year Ended December 31	
	2021	2020
Losses on the hedging instruments	\$ -	\$ (165,774)
Gains on the hedged items	\$ -	\$ (90,000)

19. 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, 2021 and 2020 was NT\$95,977 thousand and NT\$89,868 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:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,482,158	\$ 1,366,378
Fair value of plan assets	<u>(1,028,335)</u>	<u>(1,074,219)</u>
Net defined benefit liabilities	<u>\$ 453,823</u>	<u>\$ 292,159</u>

As of December 31, 2021 and 2020, net defined benefit liabilities of NT\$2,126 thousand and NT\$1,922 thousand, respectively, were recorded as “other payables - accrued expense.”

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 1,456,719</u>	<u>\$ (993,518)</u>	<u>\$ 463,201</u>
Service cost			
Current service cost	12,743	-	12,743
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>
Service cost			
Current service cost	10,917	-	10,917
Net interest expense (income)	<u>6,801</u>	<u>(5,366)</u>	<u>1,435</u>
Recognized in profit or loss	<u>17,718</u>	<u>(5,366)</u>	<u>12,352</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,584)	(13,584)
Actuarial (gain) loss			
Changes in demographic assumptions	38,641	-	38,641
Changes in financial assumptions	(15,729)	-	(15,729)
Experience adjustments	<u>151,322</u>	<u>-</u>	<u>151,322</u>
Recognized in other comprehensive income	<u>174,234</u>	<u>(13,584)</u>	<u>160,650</u>
Contributions from the employer	-	(11,138)	(11,138)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,482,158</u>	<u>\$ (1,028,335)</u>	<u>\$ 453,823</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 6,240	\$ 9,465
Selling and marketing expenses	945	1,286
General and administrative expenses	4,918	4,947
Research and development expenses	<u>249</u>	<u>479</u>
	<u>\$ 12,352</u>	<u>\$ 16,177</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate(s)	0.625%	0.50%
Expected rate(s) of salary increase	2.25%	2.25%

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

	December 31	
	2021	2020
Discount rate(s)		
0.5% increase	<u>\$ (61,945)</u>	<u>\$ (59,752)</u>
0.5% decrease	<u>\$ 66,092</u>	<u>\$ 63,935</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 63,726</u>	<u>\$ 61,541</u>
0.5% decrease	<u>\$ (60,375)</u>	<u>\$ (58,145)</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.

20. EQUITY

	December 31	
	2021	2020
Share capital		
Ordinary shares	\$ 34,313,329	\$ 32,260,002
Capital surplus	18,440,875	15,690,406
Retained earnings	47,787,207	36,330,187
Others	<u>5,342,113</u>	<u>187,640</u>
	<u>\$ 105,883,524</u>	<u>\$ 84,468,235</u>

a. Share capital

Ordinary shares

	December 31	
	2021	2020
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>3,431,333</u>	<u>3,226,000</u>
Amount of issued and fully paid shares	<u>\$ 34,313,329</u>	<u>\$ 32,260,002</u>

As of January 1, 2020, 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.

In August 2020 and November 2020, the Company reduced capital and cancelled 40,000 thousand and 60,000 thousand treasury shares, respectively. In January 2021, the Company issued 205,333 thousand shares of TECO Electric & Machinery Co., Ltd. Hence, as of December 31, 2021, the paid-in capital was NT\$34,313,329 thousand, divided into 3,431,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2021, 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

	December 31	
	2021	2020
Issuance of ordinary shares	\$ 12,639,452	\$ 9,867,654
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,124	-
Share of changes in capital surplus of associates	440,288	467,070
Treasury share transactions	2,254,074	2,254,074
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,029,706</u>	<u>1,027,377</u>
	<u>\$ 18,440,875</u>	<u>\$ 15,690,406</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

The shareholders of the Company held their regular meeting on July 15, 2021, and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance 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 to shareholders. Other than the aforementioned regulations, the Company shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then 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 to shareholders. the Company shall reserve no lesser than 40% of the balance amount as shareholders' 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 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 22 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2020 and 2019 was approved in the shareholders' meeting on July 15, 2021 and May 29, 2020, respectively. The appropriation and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 681,368	\$ 314,968	\$ -	\$ -
Special reserve	(398,160)	(932,728)	-	-
Cash dividends	<u>3,088,200</u>	<u>1,663,000</u>	0.90	0.50
	<u>\$ 3,371,408</u>	<u>\$ 1,045,240</u>		

The appropriations of earnings for 2021 had been proposed by the Company's board of director on February 22, 2022 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,454,522	\$ -
Cash dividends	<u>5,490,133</u>	1.6
	<u>\$ 6,944,655</u>	

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on May 13, 2022.

d. Special reserve

	December 31	
	2021	2020
Special reserve	<u>\$ 2,712,250</u>	<u>\$ 3,110,410</u>

Information regarding any changes to the above special reserve was as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,110,410	\$ 4,043,138
Appropriations	<u>(398,160)</u>	<u>(932,728)</u>
Balance at December 31	<u>\$ 2,712,250</u>	<u>\$ 3,110,410</u>

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	2021	2020
Balance at January 1	\$ (5,905,135)	\$ (5,546,359)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	<u>(195,552)</u>	<u>(358,776)</u>
Balance at December 31	<u>\$ (6,100,687)</u>	<u>\$ (5,905,135)</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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 6,092,775	\$ 2,435,949
Unrealized gain - equity instruments	2,611,742	1,258,198
Share from associates accounted for using the equity method	<u>2,829,750</u>	<u>2,398,628</u>
Balance at December 31	<u>\$ 11,534,267</u>	<u>\$ 6,092,775</u>

3) Other equity - others

	2021	2020
Balance at January 1	\$ -	\$ -
Other equity from associates accounted for using the equity method	<u>(91,467)</u>	<u>-</u>
Balance at December 31	<u>\$ (91,467)</u>	<u>\$ -</u>

f. Treasury shares

Treasury shares transactions for the year ended December 31, 2020 were summarized as follows:

Purpose of Buy-back	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
To restore credibility and preserve shareholders' rights	-	<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.

21. REVENUE

	<u>For the Year Ended December 31</u>	
	2021	2020
Sales revenue	\$ 94,405,651	\$ 63,215,460
Other revenue	<u>3,383,997</u>	<u>882,230</u>
	<u>\$ 97,789,648</u>	<u>\$ 64,097,690</u>

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expenses - Gain (Loss) on Disposal of Investments

	<u>For the Year Ended December 31</u>	
	2021	2020
Gain (loss) on disposal of investments - commodity futures	\$ 431,529	\$ (240,856)
Gain (loss) on disposal of investments - forward exchange contracts	16,695	(124,006)
Gain on disposal of investments - exchange rate swap contracts	14,301	2,349
Loss on disposal of investments - options	<u>(1,499)</u>	<u>(2,938)</u>
	<u>\$ 461,026</u>	<u>\$ (365,451)</u>

Non-operating Income and Expenses - Impairment Loss

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	<u>\$ (557,721)</u>	<u>\$ -</u>

Employee Benefits Expense, Depreciation and Amortization

	For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	<u>\$ 1,684,098</u>	<u>\$ 1,214,050</u>	<u>\$ -</u>	<u>\$ 2,898,148</u>
Post-employment benefits	<u>\$ 63,271</u>	<u>\$ 45,057</u>	<u>\$ -</u>	<u>\$ 108,328</u>
Other employee benefits	<u>\$ 150,075</u>	<u>\$ 79,641</u>	<u>\$ -</u>	<u>\$ 229,716</u>
Depreciation				
Property, plant and equipment	<u>\$ 1,105,101</u>	<u>\$ 140,864</u>	<u>\$ -</u>	<u>\$ 1,245,965</u>
Right-of-use assets	<u>4,124</u>	<u>19,745</u>	<u>-</u>	<u>23,869</u>
Investment properties	<u>71,966</u>	<u>1,526</u>	<u>-</u>	<u>73,492</u>
	<u>\$ 1,181,191</u>	<u>\$ 162,135</u>	<u>\$ -</u>	<u>\$ 1,343,326</u>
Amortization	<u>\$ -</u>	<u>\$ 445</u>	<u>\$ -</u>	<u>\$ 445</u>
	For the Year Ended December 31, 2020			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment 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	<u>\$ 1,038,978</u>	<u>\$ 114,954</u>	<u>\$ -</u>	<u>\$ 1,153,932</u>
Right-of-use assets	<u>3,218</u>	<u>20,138</u>	<u>-</u>	<u>23,356</u>
Investment properties	<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>

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net

profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees amounted to NT\$187,000 thousand and NT\$68,500 thousand, respectively, and the remuneration of directors and supervisors amounted to NT\$75,000 thousand and NT\$34,050 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 were approved by the Group's board of directors on February 22, 2022 and February 26, 2021, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual 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 financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the compensation of employees and the remuneration of directors and supervisors for 2020 and 2019 that were respectively resolved by the Company's board of directors on February 26, 2021 and February 27, 2020 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 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Income tax expense (benefit) are as following:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 1,958,584	\$ 28,523
Income tax on unappropriated earnings	83,446	48,843
Adjustments for prior year	(1,632)	-
Others	<u>-</u>	<u>16,217</u>
	<u>2,040,398</u>	<u>93,583</u>
Deferred tax		
In respect of the current year	1,715,707	(94,000)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>(5,275)</u>	<u>(26,622)</u>
	<u>1,710,432</u>	<u>(120,622)</u>
Income tax benefit recognized in profit or loss	<u>\$ 3,750,830</u>	<u>\$ (27,039)</u>

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 18,393,459</u>	<u>\$ 6,664,110</u>

Income tax expense calculated at the statutory rate	\$ 3,678,692	\$ 1,332,822
Equity in investees' net gain	495,820	(861,000)
		(Continued)
	For the Year Ended December 31	
	2021	2020
Tax-exempt dividend income	(112,110)	(22,000)
Loss on investments	(384,000)	(495,100)
Tax-exempt subsidize revenue	-	(3,880)
Others	(4,111)	(102)
Income tax on unappropriated earnings	83,446	48,843
Adjustments for prior years' tax	<u>(6,907)</u>	<u>(26,622)</u>
Income tax benefit recognized in profit or loss	<u>\$ 3,750,830</u>	<u>\$ (27,039)</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 Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 32,006</u>	<u>\$ 2,317</u>
Current tax liabilities		
Income tax payable	<u>\$ 2,040,190</u>	<u>\$ 108,164</u>

c. Deferred tax assets and liabilities

	December 31	
	2021	2020
<u>Deferred tax assets</u>		
Pension expense not currently deductible	\$ 32,000	\$ 32,000
Provision for permanent devaluation loss on long-term investments	547,000	547,000
Provision for devaluation loss on obsolete and slow-moving inventories	25,000	28,000
Provision for impairment loss on idle assets	10,000	17,000
Loss on liquidation of investments	384,000	-
Loss deduction	-	254,000
Others	<u>293,573</u>	<u>103,573</u>
	<u>\$ 1,291,573</u>	<u>\$ 981,573</u>

(Continued)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Deferred tax liabilities</u>		
Reserve for land value increment tax	\$ (131,132)	\$ (131,132)
Unrealized gain of investments	<u>(2,020,432)</u>	<u>-</u>
	<u>\$ (2,151,564)</u>	<u>\$ (131,132)</u>
		(Concluded)

d. The Company's income tax returns through 2018 had been assessed by tax authorities.

24. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>					
	<u>2021</u>		<u>2020</u>			
	<u>Amounts (Numerator)</u>		<u>Earnings Per Share (In Dollars)</u>	<u>Amounts (Numerator)</u>		<u>Earnings Per Share (In Dollars)</u>
	<u>After Income Tax</u>	<u>Shares (Denominator)</u>	<u>After Income Tax</u>	<u>After Income Tax</u>	<u>Shares (Denominator)</u>	<u>After Income Tax</u>
	<u>(Attributable to Owners of the Company)</u>	<u>(In Thousands)</u>	<u>(Attributable to Owners of the Company)</u>	<u>(Attributable to Owners of the Company)</u>	<u>(In Thousands)</u>	<u>(Attributable to Owners of the Company)</u>
Basic earnings per share						
Net income	\$ 14,642,629	3,428,520	\$ 4.27	\$ 6,691,149	3,276,128	\$ 2.04
Effect of dilutive potential ordinary shares	<u>-</u>	<u>7,632</u>		<u>-</u>	<u>4,100</u>	
Diluted earnings per share						
Net income plus dilutive effect	<u>\$ 14,642,629</u>	<u>3,436,152</u>	<u>\$ 4.26</u>	<u>\$ 6,691,149</u>	<u>3,280,228</u>	<u>\$ 2.04</u>

25. 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, 2021 and 2020, deposits received under operating leases amounted to NT\$167,217 thousand and NT\$170,228 thousand, respectively (recorded under other liabilities - non-current).

As of December 31, 2021, the Company's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

Years of 2022	\$ 645,634
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2023-2027 1,049,526

\$ 1,695,160

26. 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.

27. 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.

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs included bond duration, bond interest rates and credit rating.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				

	Level 1	Level 2	Level 3	Total
Derivatives not designated as hedging instruments	\$ 873	\$ 7,991	\$ -	\$ 8,864

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Securities listed in ROC	\$ 15,611,157	\$ -	\$ -	\$ 15,611,157
Unlisted securities	-	-	528,367	528,367
	<u>\$ 15,611,157</u>	<u>\$ -</u>	<u>\$ 528,367</u>	<u>\$ 16,139,524</u>

Financial liabilities at FVTPL

Derivatives not designated as hedging instruments	\$ -	\$ 37,439	\$ -	\$ 37,439
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(Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 66,059	\$ -	\$ -	\$ 66,059
Corporate bonds	-	-	5,683,859	5,683,859
	<u>\$ 66,059</u>	<u>\$ -</u>	<u>\$ 5,683,859</u>	<u>\$ 5,749,918</u>

Financial assets at FVTOCI

Investments in equity instruments				
Securities listed in ROC	\$ 6,475,588	\$ -	\$ -	\$ 6,475,588
Unlisted securities	-	-	307,641	307,641
	<u>\$ 6,475,588</u>	<u>\$ -</u>	<u>\$ 307,641</u>	<u>\$ 6,783,229</u>

Financial liabilities at FVTPL

Derivatives not designated as hedging instruments	\$ -	\$ 15,839	\$ -	\$ 15,839
Derivative financial liabilities for hedging	-	165,774	-	165,774
	<u>\$ -</u>	<u>\$ 181,613</u>	<u>\$ -</u>	<u>\$ 181,613</u>

- 2) There were no transfers between Levels 1 and 2 in 2021 and 2020.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 307,641
Additions	149,993
Capital reduction and refund	(3,615)
Recognized in other comprehensive income	<u>74,348</u>
Balance at December 31, 2021	<u>\$ 528,367</u>

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 318,073
Additions	29,250
Recognized in other comprehensive income	<u>(39,682)</u>
Balance at December 31, 2020	<u>\$ 307,641</u>

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

Financial Instruments	Valuation Techniques and Inputs
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 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. Net asset method. Fair values are determined based on the book value of companies. Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
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>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 5,023,659	\$ 4,511,090
Contract assets - current	151,065	12,937
Notes receivable and trade receivables (including related parties)	5,155,636	2,613,004
Other receivables	985,084	271,722
Long-term receivables (including related parties)	-	5,349,885
Refundable deposits	27,548	26,913
Financial assets at FVTPL (current and non-current)	8,864	5,749,918
Financial assets at FVTOCI (current and non-current)	16,139,524	6,783,229
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	37,439	15,839
Derivative financial liabilities for hedging (current and non-current)	-	165,774
Financial liabilities at amortized cost		
Short-term borrowings	5,074,632	6,591,019
Trade payables	3,040,224	2,522,328
Other payables	2,676,814	8,009,712
Bonds Payable	7,500,000	-
Long-term borrowings (including current portion)	35,140,014	37,140,014
Deposits received (accounted for as other non-current liabilities)	225,863	186,325

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:

	December 31	
	2021	2020
<u>Assets</u>		
U.S. dollar	\$ 6,038,747	\$ 2,098,969
Japanese yen	122,926	27,663
Euro	926,756	428,652
Singapore dollar	1,559	-
Hong Kong dollar	11,515	7,365
Australian dollar	31,714	12,493

(Continued)

	December 31	
	2021	2020
Renminbi	-	5
<u>Liabilities</u>		
U.S. dollar	2,567,987	11,564,577
Euro	830	159
Swiss Franc	513	549
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:

	December 31	
	2021	2020
<u>Assets</u>		
U.S. dollar	\$ 3,713,197	\$ 7,556,970
Euro	795,675	-
<u>Liabilities</u>		
U.S. dollar	7,888,800	284,800
Euro	563,760	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.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 7,048	\$ (24,264)

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:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	<u>\$ 7,500,000</u>	<u>\$ -</u>
Cash flow interest rate risk		
Financial liabilities	<u>\$ 40,214,646</u>	<u>\$ 43,731,033</u>

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, 2021 and 2020 would decrease by NT\$402,146 thousand and NT\$437,310 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, 2021

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 15,574,632	\$ 16,502,244	\$ 7,000,000	\$ 1,137,770	\$ 40,214,646
Lease liabilities	18,501	15,124	29,550	20,125	83,300
Non-interest bearing Fixed interest rate liabilities	5,812,052	29,024	101,825	-	5,942,901
	<u>-</u>	<u>-</u>	<u>7,500,000</u>	<u>-</u>	<u>7,500,000</u>
	<u>\$ 24,405,185</u>	<u>\$ 16,546,392</u>	<u>\$ 14,631,375</u>	<u>\$ 1,157,895</u>	<u>\$ 53,740,847</u>

December 31, 2020

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 12,591,019	\$ 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	-	4,228,002
Fixed interest rate liabilities	<u>5,768,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,768,000</u>
	<u>\$ 22,464,940</u>	<u>\$ 17,985,916</u>	<u>\$ 12,195,106</u>	<u>\$ 1,164,078</u>	<u>\$ 53,810,040</u>

b) The Company's derivative financial instruments with agreed settlement date were as follows:

December 31, 2021

	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	\$ 14,706	\$ (25,016)	\$ 11,183	\$ -	\$ 873
Foreign exchange forward contracts	7,814	177	-	-	7,991
Exchange rate swap contracts	<u>(37,439)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,439)</u>
	<u>\$ (14,919)</u>	<u>\$ (24,839)</u>	<u>\$ 11,183</u>	<u>\$ -</u>	<u>\$ (28,575)</u>

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>

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>2021</u>					
CTBC bank	\$ 150,495	\$ 5,786	US\$ 2,700	\$ -	-
<u>2020</u>					
CTBC bank	\$ 137,121	\$ 21,266	US\$ 2,700	\$ -	-

28. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
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
Yantai Walsin Stainless Steel Co., Ltd.	Subsidiary
PT. Walsin Nickel Industrial Indonesia	Subsidiary
Walsin Internation Investments Limited	Subsidiary
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Walsin Color Co., Ltd.	Associate
Winbond Electronics Corp.	Associate
Prosperity Dielectrics Co., Ltd.	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

	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 3,564,180	\$ 2,750,804
Other related parties	<u>1,743,620</u>	<u>903,376</u>
	<u>\$ 5,307,800</u>	<u>\$ 3,654,180</u>

c. Rental income

	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 2,840	\$ 240
Associates	34,798	33,658
Other related parties	<u>1,029</u>	<u>993</u>
	<u>\$ 38,667</u>	<u>\$ 34,891</u>

d. Purchases of goods

	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 5,478	\$ 8,938
Other related parties	<u>4,961</u>	<u>3,891</u>
	<u>\$ 10,439</u>	<u>\$ 12,829</u>

e. Administrative expenses

	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 390	\$ 390
Associates	14,889	12,955
Other related parties	<u>13,558</u>	<u>10,725</u>
	<u>\$ 28,837</u>	<u>\$ 24,070</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.

f. Dividend income

	For the Year Ended December 31	
	2021	2020
Other related parties		
HannStar Display Corp.	\$ 149,816	\$ -
HannStar Board Corp.	140,259	106,722
Others	<u>7,705</u>	<u>2,890</u>
	<u>\$ 297,780</u>	<u>\$ 109,612</u>

g. Notes receivable

	December 31	
	2021	2020
Associates		
Prosperity Dielectrics Co., Ltd.	\$ 129	\$ 129
Walsin Technology Corp.	<u>841</u>	<u>856</u>
	<u>\$ 970</u>	<u>\$ 985</u>

h. Trade receivables

	December 31	
	2021	2020
Subsidiaries		
Dongguan Walsin Wire & Cable Co., Ltd.	\$ 81,510	\$ 207,701
Changshu Walsin Specialty Steel Co., Ltd.	281,519	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	245,996	-
Others	4,264	95,797
Other related parties	<u>17,229</u>	<u>39,054</u>
	<u>\$ 630,518</u>	<u>\$ 342,552</u>

i. Trade payables

	December 31	
	2021	2020
Subsidiaries		
Yantai Walsin Stainless Steel Co., Ltd.	\$ 5,153	\$ -
Other related parties	<u>601</u>	<u>684</u>
	<u>\$ 5,754</u>	<u>\$ 684</u>

j. Other receivables (excluding financing provided)

	December 31	
	2021	2020
Subsidiaries	\$ 70,541	\$ -
Associates	19,279	9,945
Other related parties	<u>2,648</u>	<u>2,598</u>
	<u>\$ 92,468</u>	<u>\$ 12,543</u>

k. Other payables (included loans from related parties)

Related Party Category/Name	December 31	
	2021	2020
Walsin Lihwa Holdings Ltd.	\$ 44,538	\$ -
Walsin Lihwa International Investments Ltd.	-	5,698,656
Walsin Info-Electric Inc.	130,062	72,058
Subsidiaries	<u>1,406</u>	<u>1,594</u>
	<u>\$ 176,006</u>	<u>\$ 5,772,308</u>

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Interest expense</u>		
Subsidiaries	<u>\$ 11,910</u>	<u>\$ 22,415</u>

The Company obtained loans from related parties at rates comparable to market interest rates.

l. Disposals of property, plant and equipment (included investment properties)

Related Party Category/Name	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Walsin Info-Electric Inc.	\$ -	\$ 17	\$ -	\$ -
Prosperity Dielectrics Co., Ltd.	-	295	-	295
Shanghai Walsin Lihwa Power Wine & Cable Co., Ltd.	<u>-</u>	<u>91</u>	<u>-</u>	<u>91</u>
	<u>\$ -</u>	<u>\$ 403</u>	<u>\$ -</u>	<u>\$ 386</u>

m. Lease arrangements - Company is lessee

Line Item	Related Party Category/Name	December 31	
		2021	2020
Lease liabilities	Subsidiaries	\$ 416	\$ 5,361
		For the Year Ended December 31	
	Related Party Category/Name	2021	2020
<u>Interest expense</u>			
	Subsidiaries	\$ 59	\$ 152
<u>Lease expense</u>			
	Subsidiaries	\$ 450	\$ -

n. Guarantee deposits

Related Party Category/Name	December 31	
	2021	2020
Associates	\$ 7,453	\$ 7,225
Other related parties	282	282
	\$ 7,735	\$ 7,507

o. Loan to related parties

Related Party Category/Name	December 31		
	2021	2020	
PT. Walsin Nickel Industrial Indonesia	\$ -	\$ 5,349,885	
		For the Year Ended December 31	
	2021	2020	
<u>Interest revenue</u>			
	Subsidiaries	\$ 222,172	\$ 127,413

The interest rate of the Company's loan to the above-mentioned related parties is equivalent to the market interest rate.

p. Compensation of key management personnel

The remuneration of directors and key executives in 2021 and 2020 was as follows:

For the Year Ended December 31

	2021	2020
Short-term benefits	\$ 217,470	\$ 126,999
Post-employment benefits	<u>1,392</u>	<u>1,414</u>
	<u>\$ 218,862</u>	<u>\$ 128,413</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for construction contract and tariff guarantee for imported raw material:

	December 31	
	2021	2020
Refundable deposits (recorded under non-current assets)	<u>\$ 600</u>	<u>\$ 600</u>

30. 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, 2021 and 2020 were as follows:

- a. Outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2021 and 2020 were as follows (in thousands):

	December 31	
	2021	2020
New Taiwan dollar	NT\$ 47,575	NT\$ 82,347
U.S. dollar	US\$ 9,572	US\$ 17,455
Renminbi	RMB 13,134	RMB 13,134
Japanese yen	JPY 160,710	JPY 108,812
Euro	EUR 13,946	EUR 4,770

- b. Outstanding standby letters of credit not reflected in the accompanying financial statements were as follows (in thousands):

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$ 665,286</u>	<u>NT\$ 392,784</u>
U.S. dollar	<u>US\$ 30</u>	<u>US\$ 30</u>

- c. Based on the tariff and relevant regulations, the Company shall issue a letter of credit to import goods and to meet the needs of post-release duty payment. The guaranteed amount was as follows:

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$ 462,000</u>	<u>NT\$ 434,000</u>

- d. Non-cancelable raw material procurement contracts were as follows:

	December 31	
	2021	2020
U.S. dollar	<u>US\$ 42,595</u>	<u>US\$ 22,681</u>

- e. The Company entered into a contract for the construction of new plants on the Company's own land. The amount of the unrecognized commitments was as follows:

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$2,702,350</u>	<u>NT\$ -</u>

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, 2021

Unit: Foreign Currency/In Thousands of Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 218,163	27.6800	\$ 6,038,747
Japanese yen	511,128	0.2405	122,926
Euro	29,590	31.3200	926,756
Singapore dollars	76	20.4600	1,559
Hong Kong dollar	3,245	3.5490	11,515
Australian dollar	1,579	20.0800	31,714

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Investments accounted for using the equity method			
U.S. dollar	\$ 326,162	27.6800	\$ 9,028,163
Renminbi	8,674,482	4.3416	37,661,217
Indonesia rupiah	6,409,142	0.00198	12,690
Malaysian ringgt	70,490	6.3550	447,963
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	92,774	27.6800	2,567,987
Euro	26	31.3200	830
Swiss franc	17	30.1750	513
			(Concluded)


December 31, 2020

	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

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange loss were NT\$311,352 thousand and gain NT\$73,937 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 (Table 2)
 - 3) Marketable securities held (Table 3)
 - 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 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 instruments (Notes 7 and 18)
 - 10) Information on investees (Table 8)
- 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 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 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 10).

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, 2021
(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	\$ 17,824,000 (US\$ 640,000)	\$ 8,857,600 (US\$ 320,000)	\$ - US\$ -	3.50	Operating capital	\$ -	Operating capital and purchase equipment	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)

Notes:

- 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.
 - The limit on the amount of financing provided to a single enterprise was as follows:
PT. Walsin Nickel Industrial Indonesia = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
 - The limit on the amount of financing provided was as follows:
The limit on the amount of financing provided = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
- Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- The amounts were translated using the exchange rate as of December 31, 2021: US\$ to NT\$ = 1:27.68.

TABLE 2

WALSIN LIHWA CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 3)	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	c	\$ 12,196,998 (US\$ 440,643)	\$ 2,491,200 (US\$ 90,000)	\$ 2,491,200 (US\$ 90,000)	\$ 1,107,200 (US\$ 40,000)	\$ -	-	\$ 105,883,524	Yes	No	No

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 at 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into seven 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 financial statement (including the consolidated financial statement). 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 to an invested company 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:

$$\text{NT\$}105,883,524 \times 100\% = \text{NT\$}105,883,524.$$
 - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:
 PT. Walsin Nickel Industrial Indonesia: $\text{US\$}191,584 \times 250\% \times 92\% = \text{US\$}440,643.$
- The currency exchange rate as of December 31, 2021 was as follows: US\$ to NT\$ = 1:27.68.

TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	<u>Share</u>							
	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	\$ 5,423,342	9.90	\$ 5,423,342	
	HannStar Board Corp.	The chairman of the holding company and the chairman of the company are second-class relatives	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,894,429	12.06	2,894,429	
	Teco Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	230,438,730	7,293,386	10.77	7,293,386	
	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	276,509	9.39	276,509	
	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	149	6.67	149	
	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	60,283	2.97	60,283	
	WK Technology Fund	-	Financial assets at fair value through other comprehensive income - non-current	19,024	187	1.91	187	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	12,650	1.16	12,650	
	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	28,596	15.00	28,596	
Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	149,993	4.01	149,993		

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, 2021
(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 Concord Industries Limited	Investments accounted for using the equity method	Capital investment/capital reduction	Subsidiaries	285,903,187	\$ 4,631,181	47,000,000	\$ 1,156,955 (Note 1)	15,398,007	\$ 434,994	\$ 434,994	-	317,505,180	\$ 5,353,142
	Walsin Precision Technology Corp.	Investments accounted for using the equity method	Concord Industries Limited	Subsidiaries	-	-	32,178,385	447,963 (Note 2)	-	-	-	-	32,178,385	447,963
	New Hono Investment Pte. Ltd	Investments accounted for using the equity method	Capital investment	Subsidiaries	-	-	42,000,000	5,828,396 (Note 2)	-	-	-	-	42,000,000	5,828,396
	Teco Electric & Machinery Co., Ltd.	Financial assets at fair value through profit or loss	Capital investment	-	954,000	26,378	229,484,730	7,267,008 (Note 3)	-	-	-	-	230,438,730	7,293,386

Note 1: The amount included subscription for shares, investment income or loss and changes in other equity.

Note 2: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 3: The amount included the purchase amount, issuance of new shares in exchange for the shares of another company and adjustments through fair value.

TABLE 5**WALSIN LIHWA CORPORATION****ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Walsin Lihwa Corporation	Plant	2021/08/19-2021/12/23	\$521,333	Based on the terms in the contract	Chung-Lu Construction Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

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
 DECEMBER 31, 2021
 (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	% 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	\$ (2,273,189)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	\$ 81,510	2	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(668,583)	(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	245,996	5	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(1,743,620)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	17,229	-	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(595,996)	(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	281,518	5	

TABLE 7**WALSIN LIHWA CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 245,996	3.87	\$ -	-	\$ 99,789	\$ -
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 281,518	4.12	-	-	194,308	-

TABLE 8

WALSIN LIHWA CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE
 FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 14,495,777	\$ 14,760,298	473,730,393	100.00	\$ 26,803,960	\$ 1,081,312	\$ 1,081,391	
	Concord Industries Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	13,611,135	12,724,589	317,505,180	100.00	5,353,142	(162,677)	(58,882)	
	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	383,632	46,062	46,062	
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C.	Solar power systems management, design, and installation	180,368	180,368	29,995,859	100.00	365,703	31,059	31,059	
	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	19,203	10,366	10,366	
	Walsin Precision Technology Corp.	2115-1, Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	434,994	-	32,178,385	100.00	447,963	47,066	30,256	(Note)
	New Hono Investment Pte. Ltd	5001 Beach Road #07-37 Golden Mile Complex Singapore (199588)	Investments	5,003,810	-	42,000,000	100.00	5,828,396	953,732	849,748	
	Jin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction	611,688	611,688	577,583,403	99.22	6,348,728	(108,838)	(108,129)	
	Walsin Info-Electric Corp.	25F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	270,034	270,034	29,854,246	99.51	335,371	(4,767)	(4,744)	
	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	818,205	90,143	63,100	
	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	12,690	5,705	3,994	
	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	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	2,381,125	2,598,802	1,128,008	
	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	5,175,692	(237,201)	(115,394)	
	Chin-Xin Investment Co., Ltd.	26F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C.	Investments	2,237,969	2,237,969	179,468,270	37.00	8,011,194	528,594	195,580	
	Walsin Color Co., Ltd.	1F., No. 5, Ln. 199, Liaoning St. Zhongshan District, Taipei City 104105, Taiwan, R.O.C.	Management of investments and conglomerates	457,610	457,610	49,831,505	33.97	1,053,790	(17,475)	(5,936)	
	Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City 106,, R.O.C.	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	174,332	(16,822)	(4,486)	
	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	18,357,864	13,594,643	2,984,304	
	Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen District, Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.01	2,322,664	219,897	46,403	
Walsin Technology Corp.	24F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C.	Production and sale of ceramic capacitors	1,649,039	1,649,039	88,902,325	18.30	8,166,415	7,931,941	1,450,358		
Powertec Electrochemical Corp.'s	13 F, No. 337, Fuxing N. Rd., Songshan District, 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	-	-	-		

Note: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.

TABLE 9

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Walsin Lihwa Corporation

A. 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	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 553,600 (US\$ 20,000)	b	\$ 720,815 (US\$ 26,041) (Note 2)	\$ -	\$ -	\$ 720,815 (US\$ 26,041) (Note 2)	\$ 84,065	100.00	\$ 84,065	\$ 871,873	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	432,555 (US\$ 15,627)	b	413,982 (US\$ 14,956) (Note 3)	-	-	413,982 (US\$ 14,956) (Note 3)	124,098	95.71	118,774	1,153,271	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	4,929,254 (US\$ 178,080)	b	2,335,638 (US\$ 84,380) (Note 4)	-	-	2,335,638 (US\$ 84,380) (Note 4)	188,273	40.00	73,296	622,240	-
Walsin (China) Investment Co., Ltd.	Investments	2,175,648 (US\$ 78,600)	b	2,175,648 (US\$ 78,600) (Note 5)	-	-	2,175,648 (US\$ 78,600) (Note 5)	217,722	100.00	217,722	4,451,409	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,684,960 (US\$ 97,000)	b	2,684,960 (US\$ 97,000) (Note 6)	-	-	2,684,960 (US\$ 97,000) (Note 6)	39,607	100.00	39,607	700,497	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	470,560 (US\$ 17,000) (Note 7)	b	1,079,520 (US\$ 39,000) (Note 8)	-	-	1,079,520 (US\$ 39,000) (Note 8)	13,217	100.00	13,217	233,101	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	719,680 (US\$ 26,000)	b	719,680 (US\$ 26,000) (Note 9)	-	-	719,680 (US\$ 26,000) (Note 9)	7,337	100.00	7,337	1,651,531	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,356,320 (US\$ 49,000)	b	1,356,320 (US\$ 49,000) (Note 10)	-	-	1,356,320 (US\$ 49,000) (Note 10)	(1,462)	100.00	(1,462)	1,981,997	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,532,088 (US\$ 55,350)	b	834,552 (US\$ 30,150)	-	-	834,552 (US\$ 30,150)	(14,119)	100.00	(14,119)	(766,837)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	9,274,599 (US\$ 335,065) (Note 11)	b	3,679,419 (US\$ 132,927)	2,214,400 (US\$ 80,000)	-	5,893,819 (US\$ 212,927)	(260,618)	100.00	(260,618)	4,705,064	-

(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,206,848 (US\$ 43,600)	b	\$ 362,054 (US\$ 13,080)	\$ - -	\$ - -	\$ 362,054 (US\$ 13,080)	\$ 210,875	30.00	\$ 63,264	\$ 441,125	\$ 844,794 (US\$ 30,520)
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	27,680 (US\$ 1,000)	b	27,680 (US\$ 1,000)	- -	- -	27,680 (US\$ 1,000)	15,963	100.00	15,963	(414,815)	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,209,932 (RMB 1,200,000)	b	- (US\$ -)	- -	- -	- (US\$ -)	(1,132,244)	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	43,416 (RMB 10,000)	b	8,415 (US\$ 304)	- -	- -	8,415 (US\$ 304)	456	20.00	91	9,326	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	675,541 (RMB 155,597)	b	- RMB -	- -	- -	- RMB -	11,768	6.02	-	74,849	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,384,000 (US\$ 50,000)	b	1,378,464 (US\$ 49,800) (Note 15)	- -	- -	1,378,464 (US\$ 49,800) (Note 15)	(234,792)	99.60	(233,859)	9,607,206	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,342 (RMB 1,000)	b	- RMB -	- -	- -	- RMB -	(6,073)	99.60	(6,049)	(5,206)	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	6,512 (RMB 1,500)	b	- RMB -	- -	- -	- RMB -	8,676	99.60	8,643	-	-

B. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Investment in Mainland China as of December 31, 2021 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on Investment (NT\$ in Thousands)
\$ 17,817,284 (US\$ 643,688)	\$ 17,646,969 (US\$ 637,535)	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\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global 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\$20,000 thousand 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 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. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and renminbi.
17. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68, RMB to NT\$ = 1:4.34161. The average exchange rates of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.976, RMB to NT\$ = 1:4.33908.
18. Amount was recognized based on audited financial statements.
19. Upper limit on investment:

WLC was approved as the operation headquarters 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)

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	\$ (2,773,189)	(2)	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	\$ 81,510	2	\$ -
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(668,583)	(1)	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	245,996	5	(4,734)
Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(595,996)	(1)	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	281,518	5	(11,732)
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	(18,689)	-	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	4,515	-	-
Yantai Walsin Stainless Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(7,723)	-	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 10**WALSIN LIHWA CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	251,504,000	7.32
Winbond Electronics Corp.	222,000,000	6.46
Chin-Xin Investment Co., Ltd.	220,011,000	6.41
Teco Electric & Machinery Co., Ltd.	205,332,690	5.98

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	2020	2021	Difference	
				Amount	%
Current Assets		56,176,808	69,320,640	13,143,832	23.40
Property, Plant and Equipment		34,294,221	41,474,488	7,180,267	20.94
Intangible Assets		175,000	173,430	(1,570)	(0.90)
Other Assets		60,917,977	72,066,340	11,148,363	18.30
Total Assets		151,564,006	183,034,898	31,470,892	20.76
Current Liabilities		31,458,157	38,852,513	7,394,356	23.51
Non-current Liabilities		32,825,019	36,236,117	3,411,098	10.39
Total Liabilities		64,283,176	75,088,630	10,805,454	16.81
Capital Stock		32,260,002	34,313,329	2,053,327	6.36
Capital Surplus		15,690,406	18,440,875	2,750,469	17.53
Retained Earnings		36,330,187	47,787,207	11,457,020	31.54

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. Compared to 2020, current assets show an increase in 2021 due to the increase of accounts receivable and inventories in 2021.
- B. Compared to 2020, property, plant ,and equipment show an increase in 2021 because WLC built new factories and purchased machine equipment in 2021.
- C. Compared to 2020, other assets show an increase in 2021 due to the acquierments of corporate bonds, shares of Teco Electric & Machinery Co., Ltd. and the increase of the recognition amounts of investments accounted for using the equity method in 2021.
- D. Compared to 2020, current liabilities show an increase in 2021 due to the increase of the long-term borrowings due within one year in 2020.
- E. Compared to 2020, retained earnings show an increase in 2021 due to the increase of the net profit for the year ended December 31, 2021.

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	2020	2021	Difference	
				Amount	%
Operating Revenue		112,546,603	156,664,766	44,118,163	39.20
Operating Costs		100,078,265	136,855,301	36,777,036	36.75
Gross Profit		12,468,338	19,809,465	7,341,127	58.88
Operating Expense		5,083,276	6,463,913	1,380,637	27.16
Profit from Operations		7,385,062	13,345,552	5,960,490	80.71
Non-operating Revenue and Expense		1,865,603	5,776,946	3,911,343	209.66
Profit before Taxes		9,250,665	19,122,498	9,871,833	106.71
Tax Expense		2,244,864	3,865,184	1,620,320	72.18
Net Income		7,005,801	15,257,314	8,251,513	117.78

- I. The variance analysis in last two years:(Variable proportion over 20%)
- In 2021, operating costs increased by 441 billion. Although the stainless steel and wire and cable business was faced with sharp fluctuations in the supply and demand of raw materials in the market, the sales figures of each business unit increased due to the effective control of the procurement of material sources, timely adjustment of production capacity and accurate delivery in response to customers' needs. In 2021, the nickel ferrous factory and power plant also achieved full production and full sales, resulting in a substantial increase in the company's operating income by 39% over the previous year.
 - In 2021, gross profit increased by 73 billion. In response to the increase in sales volume, the stainless steel and wire and cable business units effectively improved the capacity utilization rate and controlled the cost. Gross profit was better than the previous year.
 - In 2021, operating expenses increased. In addition to the corresponding increase in operating income, also includes the substantial increase in transportation costs due to the epidemic.
 - In 2021, the increase in non-operating income and expense was mainly due to the increase in equity method income.
- II. The reason for the changes in business content changes: None.
- III. The expected sales volume in the next year and its main reason:
- Expected sales volume in the next year:
2021(Unit : ton)
- | | |
|---------------------|---------|
| Bare copper wire | 236,015 |
| Power line | 52,453 |
| Strand | 85,072 |
| Stainless steel | 483,996 |
| Hot rods | 350,000 |
| Seamless steel pipe | 18,000 |
| Nickel Pig Iron | 40,000 |
- 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

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
11,944,408	1,316,155	(985,974)	(2,279,516)	392,508	10,387,581	
<p>Analysis of change in cash flow in the current year:</p> <p>1.The inflows of net cash generated by operating activities were due to the profit of the year.</p> <p>2.The outflows of net cash used in investing activities were due to the purchase of property, plant, and equipment.</p> <p>3.The outflows of net cash generated by financing activities were due to the acquisition of equity in subsidiaries.</p> <p>4.The outflows of net cash in the year was NT\$ 1,556,827 thousand and the ending balance of cash was NT\$ 10,387,581 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
10,387,581	17,844,066	(15,156,809)	(4,985,059)	0	8,089,778	
<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 cost of No. 1 Building of Lot AB and Phase III under Nanjing Construction Co., Ltd.</p> <p>3.The outflows of net cash used in financing activities due to repayment of borrowings and payment of dividends.</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	2021	2022	2022
HR Coil Project of Yantai Plant	Working Capital	October 2023	8,288	53	594	1,525	4,476	1,640
Cold Finished Bar Project of Yantai Plant	Working Capital	December 2023	3,156	-	-	83	2,792	281
The establishment of nickel pig iron plant	Working Capital	December 2021	9,667	-	6,851	2,576	240	-
The establishment of high-efficiency factories	Working Capital	August 2023	5,407	-	27	484	2,638	2,258

(2) Estimated Benefits:

1. The establishment of steel rolling and cold finished factories of Yantai Plant will help expand economies of scale and improve product quality to meet the needs 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 2021, the gains for affiliated enterprises recognized by equity method was NT\$4.808 billion, as a result of the overall booming market conditions in the semiconductor industry and the improvement in the profitability of affiliated enterprises recognized under the equity method compared to 2020.

(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 2021 was approximately NT\$326 million, accounting for merely 0.21% of the Company's net operating revenues; therefore, the change in interest rates does not yet have a significant impact on the profit or loss of the Company and its subsidiaries.	The Company will plan and execute plans for funding sources and costs based on business development and needs.
Exchange Rate Change	Foreign exchange loss for 2021 were approximately NT\$46 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 goal of Smart Manufacturing, 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.

Global pandemic prevention has made remote work the "new normal", thus providing a new channel for hacker attacks. In order to prevent theft and destruction of sensitive data of the Company, which may affect its industrial productivity and damage corporate image, Walsin has strengthened its identity authentication mechanism for remote work and enhanced the protection of external services in response to this new type of risk.

(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	2021	2020
Current ratio	Current assets / Current liabilities	$\geq 100\%$	178.42%	178.57%
Debt ratio	Net liabilities (Total liabilities - Cash and cash equivalents) / Tangible assets	$\leq 120\%$	60.03%	60.09%
Interest coverage ratio	(Net income before income tax, depreciation, amortization and interest expense) / Current interest expense	$\geq 150\%$	5,352.60%	2,265.19%
Tangible net value	Shareholders' equity - Intangible assets	$\geq \text{NT\$}55 \text{ billion}$	NT\$107.8 billion	NT\$87.1 billion

(2) Performance indicators: Return on shareholder's equity and income before accrued interest, tax, depreciation and amortization

Ratio	Formula	2021	2020
Return on Shareholder's Equity	Net Income after tax / Average of total shareholders' equity	15.63%	8.44%
Earnings Before Interest, Taxes, Depreciation and Amortization	Income/loss before tax + depreciation + amortization + interest expenses	NT\$22,371 million	NT\$12,232 million

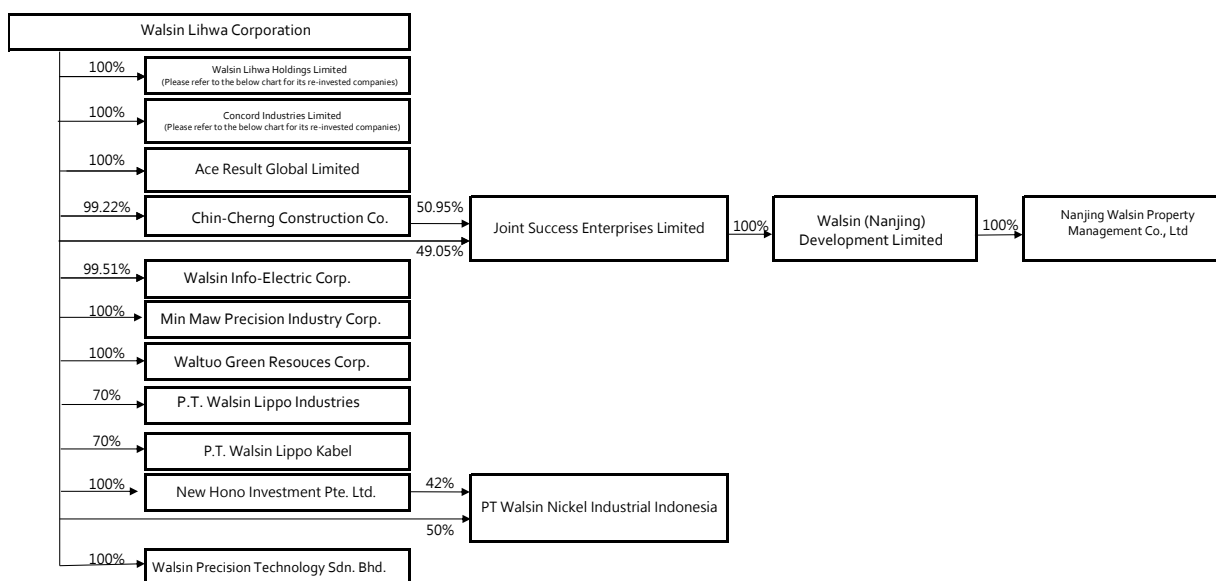
7. Other Major Issues: None

VIII Special Disclosures

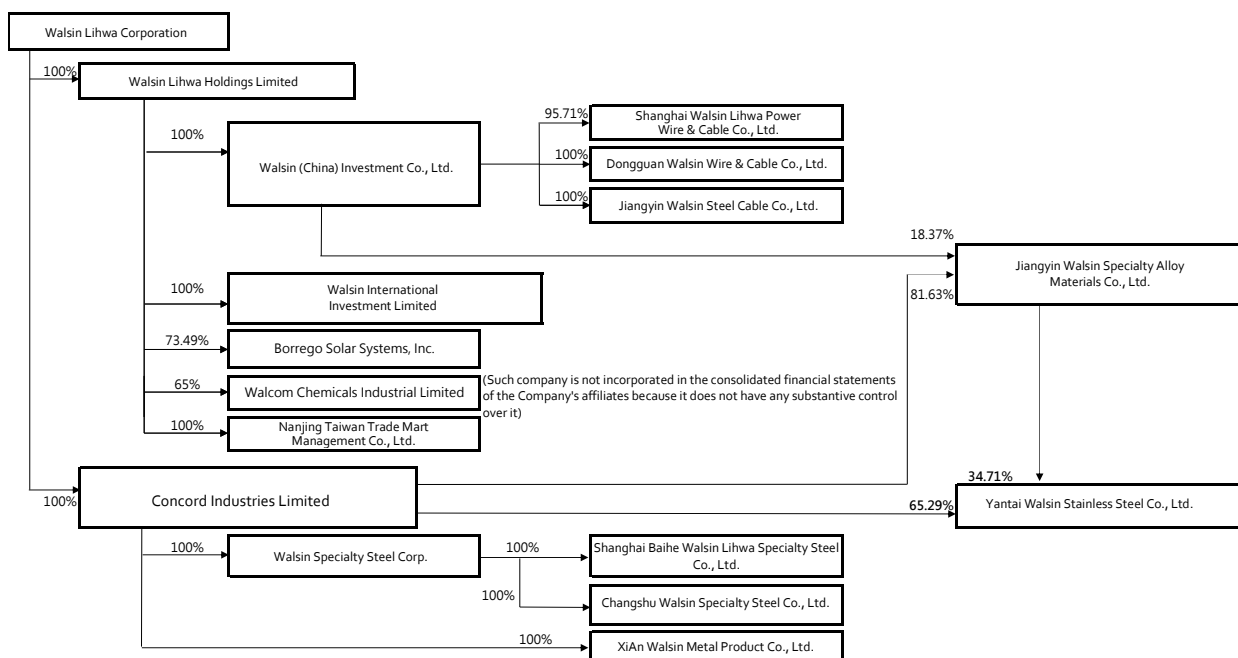
1. Summary of Affiliates Companies

(1) Affiliates

1. Affiliated Organization Chart of Walsin Lihwa Corporation (as of 2021/12/31)



2. Affiliated Organization Chart of Walsin Lihwa Holdings Limited and Concord Industries Limited (as of 2021/12/31)



(2) Background Information of the Affiliated Companies

Unit: 1,000 NTD/USD/RMB/HKD

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 473,730	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	Room 1102, Level 11, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	HKD 4,653,371	Investments.
Borrego Solar Systems, Inc.	2002/03/01	6210 Lake Shore Drive San Diego, CA 92119, USA	USD 16,651	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 317,505	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. ETZD Yantai City, Shantung Province,	USD 335,065	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 in the import and export of steel

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
				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.
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 44,739	Investment holding.
Chin-Cherng Construction Co.	1973/06/28	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	NTD 5,820,994	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 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.	1980/10/17	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD 299,958	Solar power.
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	Power cables.
PT Walsin Nickel Industrial Indonesia	2019/12/19	Gedung IMIP, Jalan Batu Mulia 8, RT. 007 RW. 007, Meruya Utara Kembangan, Kota Adm. Jakarta Barat DKI Jakarta 11620, Indonesia	USD 100,000	Non-ferrous base metal (nickel pig iron) manufacturing and power plant.
New Hono Investment Pte. Ltd.	2019/12/03	5001 Beach Road #07-37 Golden Mile Complex Singapore (199588)	USD 42,000	Investment holding.

(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 2021.12.31)

No. of Share: Share/1000 USD/ 1000RMB

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, Sophi Pan	473,730,393	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	4,653,371,702	100.00%
	President	Tzu-Yi Chiao	0	0.00%
Borrego Solar Systems, Inc.	Director	Representative of Walsin Lihwa Holdings Limited: Yu-Lon Chiao, Justin Wong, Sophi Pan	1,460,458	73.49%
	Director	Aaron Stephen Hall	154,774	7.79%
	Director	Michael Adam Hall	92,587	4.66%
	CEO	Michael Adam Hall	92,587	4.66%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
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	317,505,180	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	Hornng-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	Witty Liao	USD 0	0.00%
	General manager	Pei-Yuan Sun	USD 0	0.00%
	Director	Representative of Walsin Specialty Steel Corp: Witty Liao, Pei-Yuan Sun, 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	Witty Liao	USD 0	0.00%
	General manager	Nora Lin	USD 0	0.00%
	Director	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.: Witty Liao, Nora Lin	USD 116,313	34.71%
	Director	Representative of Concord Industries Limited: Allen Yang	USD 218,752	65.29%
	Supervisor	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.: Richard Wu	USD 116,313	34.71%
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Chairman	Kevin Niu	USD 0	0.00%
	General manager	Chao-Yang Cheng	USD 0	0.00%
	Director	Representatives of Concord Industries Limited/ Walsin (China) Investment Co., Ltd.: Kevin Niu, Allen Yang, Nora Lin	USD 49,000	100.00%
	Supervisor	Representative of Concord Industries Limited/ Walsin (China) Investment Co., Ltd.: 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	Representatives of Walsin Lihwa Corporation: 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	439,894	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	577,583,403	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%

Entity	Title	Name of the Representation	Shareholding(contribution)	
			Shares	Holding
Walsin (Nanjing) Construction Limited	Chairman	Jian-Hua Cao	USD 0	0.00%
	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 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	29,995,859	100.00%
	Supervisor	Representative of Walsin Lihwa Corporation: Richard Wu	29,995,859	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	30.00%
	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%
New Hono Investment Pte. Ltd.	Director	Representatives of Walsin Lihwa Corporation: Josh Chia, Richard Wu, Oh Wei Kiat	42,000,000	100.00%
PT Walsin Nickel Industrial Indonesia	President Commissioner	Representative of Walsin Lihwa Corporation: Sherry Ho	500,000	50.00%

Special Disclosures

Entity	Title	Name of the Representation	Shareholding(Contribution)	
			Shares	Holding
	Commissioner	Representative of Perlux Investment Pte. Ltd.: Hsiung-Feng Mei	80,000	8.00%
	President Director	Representative of Walsin Lihwa Corporation: Josh Chia	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.: Hueiping Lo	420,000	42.00%
	Director	Representative of Walsin Lihwa Corporation: C.C. Chen, 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	34,313,329	164,679,979	58,796,455	105,883,524	97,789,648	10,197,929	14,642,629	4.27	
Walsin Lihwa Holdings Limited (Note 1)	13,112,846	35,179,575	7,145,587	28,033,988	41,140,523	1,173,695	1,081,312	N/A	
The Subsidiaries of Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	2,175,648	20,115,791	15,664,381	4,451,410	33,762	(51,028)	217,722	N/A
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	432,555	2,024,662	819,700	1,204,962	4,044,166	148,774	124,098	N/A
	Dongguan Walsin Wire & Cable Co., Ltd.	719,680	4,718,913	3,067,382	1,651,531	18,631,372	(78,550)	7,337	N/A
	Jiangyin Walsin Steel Cable Co., Limited	553,600	2,610,749	1,738,876	871,873	2,118,547	39,134	84,065	N/A
	Walsin International Investments Limited	16,514,817	18,322,449	15,934	18,306,515	0	(21,296)	222,439	N/A
	Borrego Solar Systems, Inc.	460,900	8,293,882	3,847,131	4,446,751	16,291,761	1,140,978	875,401	440.50
	Nanjing Taiwan Trade Mart Management Co., Ltd.	27,680	65,163	479,982	(414,819)	248,391	(4,257)	15,963	N/A
Walcom Chemicals Industrial Limited	1,775	1	68,701	(68,700)	0	(24)	(24)	N/A	
Concord Industries Limited (Note 2)	8,788,538	15,447,136	9,729,583	5,717,553	11,723,148	(86,478)	(162,677)	N/A	
The Subsidiaries of Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	1,356,320	3,666,507	1,684,510	1,981,997	1,764,899	11,568	(1,462)	N/A
	Walsin Specialty Steel Corp	2,806,752	1,016,827	586	1,016,241	0	(52)	51,770	N/A
	Changshu Walsin Specialty Steel Co., Ltd.	2,684,960	3,389,899	2,689,397	700,502	2,602,281	12,505	39,607	N/A
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	470,560	236,705	3,604	233,101	191	1,510	13,217	N/A
	Yantai Walsin Stainless Steel Co., Ltd.	9,274,599	9,454,273	4,749,209	4,705,064	9,456,352	(175,820)	(260,618)	N/A
	XiAn Walsin Metal Product Co., Ltd.	1,532,088	169	767,006	(766,837)	0	(3,632)	(14,119)	N/A
Chin-Cherng Construction Co. (Note 3)	5,820,994	19,348,311	7,872,440	11,475,871	988,639	(293,470)	(108,838)	(0.19)	
The Subsidiaries of Chin-Cherng Construction Co.	Joint Success Enterprises Limited	2,035,034	10,454,015	102,840	10,351,175	0	(1,241)	(237,201)	N/A
	Walsin (Nanjing) Development Limited	1,384,000	18,243,306	8,597,768	9,645,538	870,450	(287,451)	(234,792)	N/A
	Nanjing Walsin Property Management Co., Ltd.	4,342	37,763	42,991	(5,228)	95,061	(11,698)	(6,073)	N/A
	Walsin Nanjing Culture and Arts Co., Ltd.	0	0	0	0	325	(1,245)	8,676	N/A
Walsin Info-Electric Corp.	300,000	339,437	2,414	337,023	0	(8,207)	(4,767)	(0.16)	
Min Maw Precision Industry Corp.	299,959	823,004	457,301	365,703	65,380	40,335	31,059	1.04	
Waltuo Green Resources Corp.	10,000	22,238	3,034	19,204	19,401	12,714	10,366	10.37	
P.T. Walsin Lippo Industries	415,200	1,388,560	219,697	1,168,863	837,933	114,419	90,143	6,009.53	
Walsin Precision Technology Sdn. Bhd.	234,450	609,841	161,878	447,963	674,098	50,424	47,066	N/A	
Ace Result Global Limited	1,238,403	383,633	0	383,633	0	(52)	46,062	N/A	
P.T. Walsin Lippo Kabel	41,520	18,156	27	18,129	0	(1,013)	5,705	3.80	
New Hono Investment Pte. Ltd.	1,162,560	2,227,440	(277)	2,227,717	0	(57)	953,732	22.71	
PT Walsin Nickel Industrial Indonesia	2,768,000	14,285,952	8,982,907	5,303,045	7,251,575	2,655,930	2,598,802	2,598.80	

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 assets, liabilities and net income of Chin-Cherng Construction Co. include the subsidiaries'.

Note 4: Earnings (loss) per share is calculated by dividing the net income attributable to the parent company by the weighted-average number of shares outstanding for the year.

Note 5: The currency exchange rate was as follows:

2021/12/31 US\$/NT\$=1: 27.680 (exchange rate for profit/loss entries: US\$/NT\$=1: 27.976)

2021/12/31 RMB/NT\$=1: 4.34161 (exchange rate for profit/loss entries: RMB/NT\$=1: 4.33908)

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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