

## 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 14<sup>th</sup> board meeting of the 19<sup>th</sup> 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 <sup>st</sup> 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.**