

Walsin Lihwa Corporation

Meeting Minutes of the 2021 Annual General Shareholders' Meeting

Time: 9:00 AM on July 15, 2021 (Thursday)

Place: 1st Floor-The Ballroom, No.15, Ln. 168, Xingshan Rd., Neihu Dist., Taipei City.

In Attendance: The shareholders and those acting as proxy represented 2,895,456,541 shares in total (including the 1,049,388,078 shares represented by shareholders attending through electronic means), which constituted 84.38% of the 3,431,331,948 total issued and outstanding shares (exclusive of those 1,000 shares with no voting right pursuant to Article 179 of the Company Act).

Directors in Attendance: Chiao ,Yu-Lon; Chiao, Patricia; Hsia, Andrew; and Ma, Wei-Shin

Independent Directors in Attendance: Hsueh, Ming-ling; Du, King-Ling ;
Chen, Shiang-Chung; Hu, Fu-Hsiung

Also in Attendance: Attorney Lin, Cheng-Hsien at Lu-Yu Attorneys-at-Law;
Certified Public Accountant Lai, Kuan-Chung, at Deloitte & Touche.

Chairperson: Chiao, Yu-Lon

Secretary: Li, Ying-Yao

1. Calling the meeting to order:

The total issued and outstanding shares of the Company are 3,431,331,948 (exclusive of those 1,000 shares with no voting right pursuant to Article 179 of the Company Act). The number of shares represented by the present shareholders by 9:00 am was 2,895,379,837 (including 898,812,229 shares represented by shareholders present in person, 947,179,530 shares represented by shareholders acting by proxy, and 1,049,388,078 shares represented by shareholders attending via electronic means), which constituted a quorum. Pursuant to relevant laws, the Chairman called the meeting to order.

2. Chairman's Address: (omitted)

3. Matters to Be Reported:

I. General Manager's Report

Please review and approve the Company's 2020 business report and final account report, please see the appendix.

II. Audit Committee's Review Report

(1) For the Audit Committee's examination of the Company's 2020 final account report (please see the appendix for more details).

(2) For the communications between the Audit Committee and the Chief Audit Executive please see p.33 – 34 of the Appendix to the Handbook.

III. The Distribution Report of Compensation of the Employees and Directors for 2020.

Please refer to the Appendix to the Handbook for the status of the distribution of compensation to employees and directors for 2020.

IV. Other Matters to Be Reported

(1) Report on the Company's investments in mainland China as of March 31, 2021. Please see p.36 – 39 of the Appendix to the Handbook for details.

(2) Report on the amendments to the Company's Board of Directors Meeting Regulations:

The Company's Board of Directors Meeting Regulations have been amended by a resolution adopted in the board of directors meetings dated August 4, 2020 and April 9, 2021. Please see p.40 – 46 of the Appendix to the Handbook for the full content of the amended version.

(3) Report on the amendments to the Company's regulations regarding corporate governance:

The Company's Ethical Conduct Guidelines for Directors of the Board and Managerial Officers and the Ethical Conduct Guidelines for Employees have been amended by a resolution adopted in the board of directors meeting dated August 4, 2020. In addition, Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct have also been amended by a resolution adopted in the board of directors meeting dated April 9, 2021. Please see p.47 – 75 of the Appendix to the Handbook for the full content of the amended version of the above internal regulations.

(4) Report on the status of repurchase of the Company's shares:

On August 4, 2020, the Board of Directors resolved to implement the Company's twenty-fifth plan to repurchase its stock of 60 million shares in the centralized exchange market from August 5, 2020 to October 4, 2020, in order to enhance the rights and interests of its shareholders. All of such shares had been repurchased by September 22, 2020 at an average price of NT\$16.37 per share and had been cancelled in full.

Please see p.76 of the Appendix to the Handbook for the execution by the Company of the repurchase of its shares.

(5) Report on the shareholdings of directors in the Company as follows:

a) According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholding of the all of the Company's directors shall be 3% of its issued and outstanding shares; provided, however, this does not apply to the supervisors of the Company because the Company has an Audit Committee.

The Company has 4 independent directors. The shareholding ratio of all of the directors (excluding the independent directors) is reduced to 80% of the above minimum shareholding ratio.

b) For the shareholdings of individuals and total directors recorded in the shareholder register prior to the book closure date for the 2021 Annual Shareholders' Meeting, please see p.77 of the Appendix to the Handbook.

c) The shareholdings of all of the Company's directors have all met the requirement for the statutory shareholding ratio.

- (6) Report on the status of shareholders' proposals for the 2021 Annual Shareholders' Meeting:
During the period from March 12, 2021 to March, 22, 2021, none of the shareholders submitted any written proposal to the Company during the period of nomination according to Article 172-1 of Company Act.

(Please visit the Market Observation Post System and select the electronic books of the Appendix to the Handbook; website: <http://mops.twse.com.tw>)

4. Matters to Be Ratified and Discussed:

Proposal 1

Proposed by the Board of Directors

Subject: Ratification of the Company's 2020 business report and financial statements.

Explanations:

1. Please see the Appendix to the Handbook below for the business report and the financial statements.
2. The financial statements have been approved at the Company's 6th board meeting of the 19th term, as well as audited and certified by the CPA. Such statements, along with the business report, were submitted to the Audit Committee for audit and have been audited thereby.

Resolution: After all votes in attendance were cast (including votes cast via electronic means), there were 2,551,256,037 shares represented by shareholders voting in favor of the proposal, 1,085,598 shares represented by shareholders voting against the proposal, and 323,980,347 shares represented by shareholders abstaining from voting; 88.59% of the total shares represented by the shareholders in attendance were in favor and this proposal was passed without modification.

Proposal 2

Proposed by the Board of Directors

Subject: Ratification of the Company's 2020 Earnings Distribution Proposal.

Explanations:

1. Please see below for the 2020 Earnings Distribution Proposal.
2. This proposal was approved at the Company's 6th board meeting of the 19th term and submitted to the Audit Committee for audit, and has been audited thereby.
3. Upon the approval of the Annual Shareholders' Meeting, it is proposed that the Chairman be authorized to otherwise determine the distribution record date and distribution date. In the event that the Company buys back shares, thereby affecting the number of outstanding shares and then causing the proposed profit distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend date.
4. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the remaining cash will be credited to Other Revenue by the Company.

Resolution: After all votes in attendance were cast (including votes cast via electronic means), there were 2,550,533,785 shares represented by shareholders voting in favor of the proposal, 4,304,900 shares represented by shareholders voting against the proposal, and 321,483,297 shares represented by shareholders abstaining from voting; 88.57% of the total shares represented by the shareholders in attendance were in favor and this proposal was passed without modification.

Walsin Lihwa Corporation

Earnings Distribution Proposal for 2020

Unit: NTD

Summary	Amount
Beginning of Period Retained Earnings	20,977,900,512
Add: Reversal of Special Reserve Appropriated by Law	398,158,756
Add: Retained Earnings Adjusted Due to Adoption of Equity Method in Investments	97,145,189
Add: Remeasurements of Defined Benefit Plans Recognized in Retained Earnings	27,862,875
Less: Cumulative Gains or Losses Directly Transferred to Retained Earnings by Disposal of Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income	(2,481,120)
Adjusted Retained Earnings	21,498,586,212
Add: Net Income	6,691,148,548
Minus: Legal Reserve	(681,367,549)
Distributable Earnings	27,508,367,211
Distribution	
Cash Dividend to Shareholders (NT\$0.9 per Share)	(3,088,199,653)
End of Period Retained Earnings	24,420,167,558

Note 1: The Company's issued and outstanding common stock totaled 3,431,332,948 shares as of February 26, 2021.

Note 2: According to the rules specified in the letter from the Ministry of Finance dated August 5, 1999 (Ref. No.: Tai-Cai-Shui-881933217), the year of this distribution of earnings is 2020.

Responsible Person: Chiao, Yu-Lon (Seal)

Manager: Fred Pan (Seal)

Accounting Chief: Wu, Chin-Sheng (Seal)

Proposal 3

Proposed by the Board of Directors

Subject: Review and approval of the amendments to the Articles of Incorporation of the Company.

Explanations:

1. As required by the Company's business needs, Article 2 of the Articles of Incorporation of the Company has been hereby amended to add a new business item "CC01020 Electric Wires and Cables Manufacturing."
2. According to Article 162 of the Company Act, the provision of Article 6 of the Company's Article of Incorporation relating to the procedures for issuance of share certificates has been amended.
3. In order to clearly define the establishment and organization of the Board of Directors and all functional committees of the Company, and the scope of the appointment of managerial officers, it is proposed to amend part of the provisions of Articles 14 and 22 of Chapter 4 of the Company's Articles of Incorporation, and to add Articles 14-1, 14-2 and 14-3 thereof.
4. In accordance with Article 237 of the Company Act and the letter issued by the Ministry of Economic Affairs dated January 9, 2020 (Ref. No.: Jin-Shang-Zi-10802432410), it is proposed to amend Article 28 of the Company's Articles of Incorporation regarding the basis for setting aside the legal reserve.
5. In order to ensure the stability of the Company's financial structure and the principle of equity for the Company's dividend policy, Paragraph 1 of Article 28-1 of the Company's Articles of Incorporation regarding the dividend payout basis has been amended in accordance with the letter issued by the Financial Supervisory Commission dated March 31, 2021 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1090150022). Paragraph 2 thereof has also been added to provide for the distribution of undistributed earnings or reserves from prior periods and the retention of all or a portion of non-distributed earnings in the event of any non-recurring, material income.
6. For the Comparison Table of the Amended Articles of the Articles of Incorporation, please see the Appendix to the Handbook below.

Supplementary Note: In line with the Measures for Postponement of Shareholders' Meetings of Public Companies Due to the COVID-19 Pandemic announced by the Financial Supervisory Commission on May 20, 2021, public companies shall cease to hold shareholders' meetings from May 24, 2021 to June 30, 2021. Thus, the 2021 Annual General Shareholders' Meeting of the Company was originally scheduled for May 28, 2021 but was postponed to July 15, 2021 by resolution of the Board of Directors. The date of amendment to the Company's Articles of Incorporation shall be the date on which the general shareholders' meeting is actually held; therefore, the relevant provision of Article 31 of the Company's Articles of Incorporation has been revised to "the fiftieth amendment was made on July 15, 2021."

Resolution: After all votes in attendance were cast (including votes cast via electronic means), there were 2,548,773,685 shares represented by shareholders voting in favor of the proposal, 136,328 shares represented by shareholders voting against the proposal, and 327,411,969 shares represented by shareholders abstaining from voting; 88.51% of the total shares represented by the shareholders in attendance were in favor and this proposal was passed without modification.

Proposal 4**Proposed by the Board of Directors**

Subject: Review and approval of the amendments to the Rules and Procedures of Shareholders' Meetings of the Company.

Explanations:

1. It is conducted in accordance with Paragraph 5, Article 172 of the Company Act and the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings amended by the Taiwan Stock Exchange Corporation on January 28, 2021.
2. In order to add the reasons for convening shareholders' meetings and adjust the announcement method of the main content in line with the provisions, and to enhance the corporate governance and protect the shareholders' rights and interests, it is proposed that certain provisions of Articles 2, 9 and 14 of the Rules and Procedures of Shareholders' Meetings be amended.
3. Please see the Appendix to the Handbook below for the Comparison Table of Amended Articles of the Rules and Procedures of Shareholders' Meetings of the Company.

Resolution: After all votes in attendance were cast (including votes cast via electronic means), there were 2,548,804,835 shares represented by shareholders voting in favor of the proposal, 124,843 shares represented by shareholders voting against the proposal, and 327,392,304 shares represented by shareholders abstaining from voting; 88.51% of the total shares represented by the shareholders in attendance were in favor and this proposal was passed without modification.

Proposal 5

Proposed by the Board of Directors

Subject: Release of the directors of the Company from non-compete restrictions set forth in Article 209 of the Company Act.

Explanations:

1. It is conducted in accordance with Paragraph 1, Article 209 of the Company Act, which provides that “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders meeting the essential contents of such an act and secure its approval.”
2. For the Company's directors who newly serve as directors in companies operating the same/similar businesses as/to the Company, as well as the business items added by such companies which are the same/similar as/to those of the Company, please see p.87 of the Appendix to the Handbook.
3. It is proposed that the shareholders' meeting approve the release of the each such directors from non-compete restrictions on engaging in any business within the Company's business scope under Paragraph 1, Article 209 of the Company Act, as well as approve the abstention from exercise of the disgorgement rights against the directors mentioned above as of the date of serving as directors of other companies engaging in competing business.

Resolution:

- 5-1 Regarding the proposal to release Chairman Yu-Lon Chiao from non-compete restrictions, after all votes in attendance have been casted (including votes by shareholders attending via electronic means and excluding 47,161,773 shares which may create a conflict of interests), there were 2,501,451,696 shares represented by shareholders voting in favor of the proposal, 285,424 shares represented by shareholders voting against the proposal, and 327,423,089 shares represented by shareholders abstaining from voting; 88.31% of the total shares represented by the shareholders in attendance were in favor and this proposal was passed without modification.
- 5-2 Regarding the proposal to release Director Wei-Shin Ma from non-compete restrictions, there were 2,548,610,638 shares represented by shareholders voting in favor of the proposal, 341,303 shares represented by shareholders voting against the proposal, and 327,370,041 shares represented by shareholders abstaining from voting; 88.50% of the total shares represented by the shareholders in attendance were in favor and this proposal was passed without modification

5. Ad-Hoc Motions: None

6. Adjournment: The Chairman announced that the meeting was adjourned at 9:33 am on July 15th, 2021.

(The video recording of this annual general shareholders' meeting shall prevail in the event of any discrepancy between these meeting minutes and the video recording in any detail.)

Walsin Lihwa Corporation

2020 Business Report

1. Preamble

In 2020, our operating income increased by NT\$3.3 billion, mainly due to the profit from the delivery of Phase III of Jingyuan from the Real Estate Business Unit, while the profit from the Manufacturing Business Unit remained flat. The Company's annual profit reached NT\$6.7 billion, with earnings per share of NT\$2.04.

In 2021, the continued impact of the COVID-19 pandemic has brought the international economy and trade into a new normal. The Company continues to promote the restructuring of corporate processes, the automation of technology applications, the vertical integration of upstream and downstream supply chains, the enhancement of core competencies, and the creation of a culture of excellence to gradually itself into a manufacturing service provider.

2. Explanation for Financial Result

Unit: NT\$ million

	2020	2019	Amount of Increase (Decrease)
Operating Revenue	112,547	134,804	(22,257)
Gross Profit	12,468	9,391	3,077
Operating Expenses	5,083	5,331	(248)
Income from Operations	7,385	4,059	3,326
Non-Operating Income and Expenses	1,866	681	1,185
Profit Before Tax	9,251	4,740	4,511
Net Income After Taxes	6,691	3,150	3,541

(1) Operating Revenue

The Company's revenue decreased by NT\$22.2 billion in 2020, mainly due to the sale of shareholding in Nanjing Walsin Metal Co. Ltd. and the impact of the pandemic on sales by the Manufacturing Business Unit, resulting in a decrease of NT\$28.1 billion in revenue, while the Real Estate Business Unit recognized revenue from Phase III of Jingyuan, resulting in an increase of NT\$5 billion in revenue.

(2) Gross Profit

In 2020, the gross profit increased by NT\$3.2 billion year-on-year, mainly because the Real Estate Business Unit has recognized sales profits from Phase III of Jingyuan, while the gross profit from the Manufacturing Business Unit remained flat year-on-year.

(3) Operating Expenses

The decrease in operating expenses of NT\$200 million in 2020 was due to the decrease in expenses corresponding to that in revenue as mentioned above.

(4) Non-Operating Income and Expenses

The increase in non-operating income and expenses in 2020 was mainly due to the increase in income from adopting the equity method.

3. Operating Overview and Prospects of the Business Units

(1) Wire and Cable

The domestic and overseas sales of copper products are growing steadily.

We are expanding our market presence of our Wire & Cable products through capital expenditures and promoting sales of renewable energy (such as solar energy and wind power) and port machines, in order to grasp the business opportunities to build plants and expand into renewable energy markets in Taiwan.

(2) Stainless Steel

Facing the challenges of brought about by changes in the value chains of the stainless steel industry, we are trying to maintain the profitability of our products by increasing the proportion of high-value products through sorting raw materials, reducing costs, and developing new steel grades.

(3) Resources

In order to ensure the stability of upstream raw materials supply, the Company has invested in the construction of a nickel pig iron plant and a supporting power plant in Indonesia in early 2020. It is estimated to produce 3,000 tonnes of nickel per month and is expected to launch mass production in the second half of 2021.

(4) Real Estate

Phase III of Jingyuan Lot D of Walsin Centro located in Nanjing has been sold and delivered.

The Walsin shopping mall had reported flat business results for the year 2020. Office Building No. 1, which is annexed to the mall, is expected to be constructed by mid-2022, and the Company is implementing active leasing and sales plans for the office building.

Responsible person: Chiao, Yu-Lon (Seal)

Manager: Fred Pan (Seal)

Chief Accountant: Wu, Chin-Sheng (Seal)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

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

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

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

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

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

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

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

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

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

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

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

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

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WALSIN LIHWA CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,511,090	3	\$ 1,284,354	1
Financial assets at fair value through profit or loss - current	66,059	-	52,589	-
Contract assets - current	12,937	-	331,195	-
Notes receivable from unrelated parties	27,277	-	52,753	-
Trade receivables from unrelated parties	2,243,175	2	1,590,771	2
Trade receivables from related parties	342,552	-	1,014,422	1
Other receivables	271,722	-	2,555,588	2
Inventories	8,502,797	6	9,359,888	8
Other current assets	<u>2,443,728</u>	<u>2</u>	<u>373,906</u>	<u>-</u>
Total current assets	<u>18,421,337</u>	<u>13</u>	<u>16,615,466</u>	<u>14</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	5,683,859	4	-	-
Financial assets at fair value through other comprehensive income - non-current	6,783,229	5	5,047,457	4
Investments accounted for using equity method	77,247,465	55	71,708,531	59
Property, plant and equipment	17,493,296	12	17,621,858	15
Right-of-use assets	80,629	-	44,086	-
Investment properties	8,314,798	6	8,417,355	7
Deferred tax assets - non-current	981,573	1	863,000	1
Refundable deposits	26,913	-	59,779	-
Long-term receivables	5,349,885	4	-	-
Other non-current assets	<u>87,872</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total non-current assets	<u>122,049,519</u>	<u>87</u>	<u>103,762,067</u>	<u>86</u>
TOTAL	<u>\$ 140,470,856</u>	<u>100</u>	<u>\$ 120,377,533</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 6,591,019	5	\$ 9,350,000	8
Financial liabilities at fair value through profit or loss - current	15,839	-	-	-
Derivative financial liabilities hedging - current	165,774	-	55,402	-
Trade payables to unrelated parties	2,522,328	2	2,499,976	2
Current tax liabilities	108,164	-	278,669	-
Other payables to unrelated parties	2,237,404	2	2,056,203	2
Other payables to related parties	5,772,308	4	4,809,068	4
Lease liabilities - current	20,500	-	19,218	-
Current portion of long-term borrowings	6,000,000	4	6,500,000	5
Other current liabilities	<u>759,039</u>	<u>-</u>	<u>131,813</u>	<u>-</u>
Total current liabilities	<u>24,192,375</u>	<u>17</u>	<u>25,700,349</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	31,140,014	22	16,500,000	14
Deferred tax liabilities - non-current	131,132	-	131,132	-
Lease liabilities - non-current	61,202	-	25,265	-
Net defined benefit liabilities	290,237	1	462,196	1
Other non-current liabilities	<u>187,661</u>	<u>-</u>	<u>174,250</u>	<u>-</u>
Total non-current liabilities	<u>31,810,246</u>	<u>23</u>	<u>17,292,843</u>	<u>15</u>
Total liabilities	<u>56,002,621</u>	<u>40</u>	<u>42,993,192</u>	<u>36</u>
EQUITY				
Share capital	<u>32,260,002</u>	<u>23</u>	<u>33,260,002</u>	<u>28</u>
Capital surplus	<u>15,690,406</u>	<u>11</u>	<u>16,055,238</u>	<u>13</u>
Retained earnings				
Legal reserve	5,428,200	4	5,113,232	4
Special reserve	3,110,410	2	4,043,138	4
Unappropriated earnings	<u>27,791,577</u>	<u>20</u>	<u>22,023,141</u>	<u>18</u>
Total retained earnings	<u>36,330,187</u>	<u>26</u>	<u>31,179,511</u>	<u>26</u>
Other equity				
Exchange differences on translating foreign operations	(5,905,135)	(4)	(5,546,359)	(5)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>6,092,775</u>	<u>4</u>	<u>2,435,949</u>	<u>2</u>
Total other equity	<u>187,640</u>	<u>-</u>	<u>(3,110,410)</u>	<u>(3)</u>
Total equity	<u>84,468,235</u>	<u>60</u>	<u>77,384,341</u>	<u>64</u>
TOTAL	<u>\$ 140,470,856</u>	<u>100</u>	<u>\$ 120,377,533</u>	<u>100</u>

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

WALSIN LIHWA CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 64,097,690	100	\$ 71,596,648	100
OPERATING COSTS	(59,641,481)	(93)	(67,448,244)	(94)
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>1,357</u>	-	<u>7,447</u>	-
GROSS PROFIT	<u>4,457,566</u>	<u>7</u>	<u>4,155,851</u>	<u>6</u>
OPERATING EXPENSES				
Selling and marketing expenses	745,090	1	764,642	1
General and administrative expenses	915,989	2	804,823	1
Research and development expenses	<u>115,346</u>	-	<u>141,208</u>	-
Total operating expenses	<u>1,776,425</u>	<u>3</u>	<u>1,710,673</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>2,681,141</u>	<u>4</u>	<u>2,445,178</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	151,325	-	14,756	-
Dividend income	110,905	-	136,125	-
Other income	70,318	-	42,830	-
Gain on disposal of property, plant and equipment	(5,483)	-	902	-
Gain on disposal of investment properties	-	-	246,877	1
Foreign exchange gain, net	73,937	-	61,396	-
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss	728,770	1	(85,444)	-
Impairment loss	-	-	(1,678,822)	(2)
Other expenses	(264,156)	-	(60,700)	-
Loss on disposal of investments	(365,451)	-	(1,289,999)	(2)
Interest expense	(452,964)	-	(535,938)	(1)
Share of profit of subsidiaries and associates under equity method	<u>3,935,768</u>	<u>6</u>	<u>3,792,534</u>	<u>5</u>
Total non-operating income and expenses	<u>3,982,969</u>	<u>7</u>	<u>644,517</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	6,664,110	11	3,089,695	5
INCOME TAX BENEFIT	<u>27,039</u>	-	<u>59,984</u>	-
NET PROFIT FOR THE YEAR	<u>6,691,149</u>	<u>11</u>	<u>3,149,679</u>	<u>5</u>

(Continued)

WALSIN LIHWA CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	43,670	-	(22,786)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,258,198	2	1,572,352	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,479,966</u>	<u>4</u>	<u>1,361,083</u>	<u>2</u>
	<u>3,781,834</u>	<u>6</u>	<u>2,910,649</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences translating the financial statements of foreign operations	(276,160)	(1)	(1,748,719)	(3)
Gain on cash flow hedges	-	-	1,151	-
Share of other comprehensive loss of associates accounted for using the equity method	<u>(82,616)</u>	<u>-</u>	<u>(230,099)</u>	<u>-</u>
	<u>(358,776)</u>	<u>(1)</u>	<u>(1,977,667)</u>	<u>(3)</u>
Other comprehensive income for the year, net of income tax	<u>3,423,058</u>	<u>5</u>	<u>932,982</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,114,207</u>	<u>16</u>	<u>\$ 4,082,661</u>	<u>6</u>
EARNINGS PER SHARE				
Basic	<u>\$ 2.04</u>		<u>\$ 0.95</u>	
Diluted	<u>\$ 2.04</u>		<u>\$ 0.95</u>	

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

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WALSIN LIHWA CORPORATION

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

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity	Cash Flow Hedges	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2019	\$ 33,260,002	\$ 15,966,420	\$ 3,937,554	\$ 2,712,250	\$ 25,494,923	\$ (3,567,540)	\$ (474,446)	\$ (1,151)	\$ -	\$ 77,328,012
Appropriation of 2018 earnings										
Legal reserve	-	-	1,175,678	-	(1,175,678)	-	-	-	-	-
Special reserve	-	-	-	1,330,888	(1,330,888)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,991,200)	-	-	-	-	(3,991,200)
Excess of the consideration received over the carrying amount of the subsidiaries' disposed of net assets	-	(615)	-	-	(123,950)	-	-	-	-	(124,565)
Change in capital surplus and retained earnings from investments in accounted for using the equity method	-	89,443	-	-	55,134	-	(55,134)	-	-	89,443
Net profit for the year ended December 31, 2019	-	-	-	-	3,149,679	-	-	-	-	3,149,679
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(54,879)	(1,978,819)	2,965,529	1,151	-	932,982
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,094,800	(1,978,819)	2,965,529	1,151	-	4,082,661
Others	-	(10)	-	-	-	-	-	-	-	(10)
BALANCE AT DECEMBER 31, 2019	33,260,002	16,055,238	5,113,232	4,043,138	22,023,141	(5,546,359)	2,435,949	-	-	77,384,341
Appropriation of 2019 earnings										
Legal reserve	-	-	314,968	-	(314,968)	-	-	-	-	-
Special reserve	-	-	-	(932,728)	932,728	-	-	-	-	-
Cash dividends	-	-	-	-	(1,663,000)	-	-	-	-	(1,663,000)
Excess of the consideration received over the carrying amount of the subsidiaries' disposed of net assets	-	-	-	-	(2,481)	-	-	-	-	(2,481)
Change in capital surplus from investments in associates accounted for using the equity method	-	135,304	-	-	97,145	-	(97,145)	-	-	135,304
Net profit for the year ended December 31, 2020	-	-	-	-	6,691,149	-	-	-	-	6,691,149
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	27,863	(358,776)	3,753,971	-	-	3,423,058
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,719,012	(358,776)	3,753,971	-	-	10,114,207
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,500,108)	(1,500,108)
Cancelation of treasury shares	(1,000,000)	(500,108)	-	-	-	-	-	-	1,500,108	-
Others	-	(28)	-	-	-	-	-	-	-	(28)
BALANCE AT DECEMBER 31, 2020	<u>\$ 32,260,002</u>	<u>\$ 15,690,406</u>	<u>\$ 5,428,200</u>	<u>\$ 3,110,410</u>	<u>\$ 27,791,577</u>	<u>\$ (5,905,135)</u>	<u>\$ 6,092,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,468,235</u>

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

WALSIN LIHWA CORPORATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,664,110	\$ 3,089,695
Adjustments for:		
Depreciation expenses	1,279,845	1,205,774
Amortization expenses	222	-
Expected credit loss reversed on trade receivables	-	(900)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(728,770)	85,444
Interest expense	452,964	535,938
Interest income	(151,325)	(14,756)
Dividend income	(110,905)	(136,125)
Share of profit gain of subsidiaries and associates under equity method	(3,935,768)	(3,792,534)
Loss (gain) on disposal of property, plant and equipment	5,483	(902)
Gain on disposal of investment properties	-	(246,877)
Loss on disposal of investments	365,451	1,289,999
Impairment loss recognized on non-financial assets	-	1,678,822
Realized gain on the transaction with associates	(1,357)	(7,447)
Gain on lease modifications	(38)	-
Net loss on foreign currency exchange	130,929	52,238
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	(214,241)	(1,077,055)
Decrease (increase) in contract assets	318,258	(286,857)
Decrease in notes receivable	25,476	31,695
Decrease in trade receivables	19,466	453,555
Decrease (increase) in other receivables	20,229	(20,589)
Decrease in inventories	857,092	1,925,349
(Increase) decrease in other current assets	(1,982,992)	361,958
Increase in other financial assets	(86,833)	-
Increase in other operating assets	(85,778)	-
Decrease (increase) in trade payables	22,352	(1,345,812)
Increase(decrease) in other payables	7,471	(287,145)
Decrease in net defined benefit liabilities	(128,289)	(144,668)
Increase(decrease) in other current liabilities	628,583	(28,502)
Increase(decrease) in other operating liabilities	<u>13,412</u>	<u>(26,524)</u>
Cash generated from operations	3,385,047	3,293,774
Interest paid	(373,617)	(542,489)
Interest received	151,360	14,799
Dividends received	1,023,577	2,701,498
Income tax paid	<u>(264,356)</u>	<u>(608,646)</u>
Net cash generated from operating activities	<u>3,922,011</u>	<u>4,858,936</u>

(Continued)

WALSIN LIHWA CORPORATION

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(477,574)	(169,868)
Purchase of financial assets at fair value through profit or loss	(5,353,790)	-
Proceeds from sale of derivative financial assets for hedging	-	1,151
Acquisition of associates accounted for using the equity method	(7,181,164)	(835,688)
Repatriation through the liquidation and capital reduction of investee companies accounted for using the equity method	10,044,855	-
Payments for of property, plant and equipment	(1,025,204)	(2,397,498)
Proceeds from disposal of property, plant and equipment	1,465	1,588
Decrease (increase) in refundable deposits	32,866	(1,487)
Increase in other receivables	(5,573,463)	-
Purchase of investment properties	-	(1,211)
Proceeds from the disposal of investment properties	-	250,420
Other investing activities	<u>(370,896)</u>	<u>(424,258)</u>
Net cash used in investing activities	<u>(9,902,905)</u>	<u>(3,576,851)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(2,708,228)	1,254,304
Proceeds from long-term borrowings	20,640,014	10,500,000
Decrease in long-term borrowings	(6,500,000)	(11,500,000)
Increase in other payables to related parties	962,923	2,807,134
Repayment of the principal portion of lease	(24,052)	(18,097)
Cash dividends paid	(1,662,891)	(3,991,018)
Payments for buy-back of ordinary shares	(1,500,108)	-
Other financing activities	<u>(28)</u>	<u>(10)</u>
Net cash generated (used in) from financing activities	<u>9,207,630</u>	<u>(947,687)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,226,736	334,398
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,284,354</u>	<u>949,956</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,511,090</u>	<u>\$ 1,284,354</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Sales Revenue Recognition

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

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

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

Other Matter

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

Notice to Readers

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

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

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Sales Revenue Recognition

In 2020, the main products of the Company's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Company prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 20 to the financial statements for related accounting policies and disclosure of information relating to revenue recognition.

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

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

Other Matter

The financial statements of certain equity-method investees included in the financial statements as of and for the years ended December 31, 2020 and 2019 were audited by other auditors. Our opinion, insofar as it relates to such investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT\$4,238,472 thousand and NT\$3,574,547 thousand, which constituted 3.02% and 2.97% of the total assets as of December 31, 2020 and 2019, respectively, and the investment gains amounted to NT\$995,518 thousand and NT\$56,873 thousand for the years ended December 31, 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

Notice to Readers

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

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

Audit Report from the Audit Committee

The Board of Directors has prepared and submitted the Company's 2020 business report, financial statements (including consolidated financial statements) and the profit distribution proposal, among which the financial statements (including consolidated financial statements) had been audited by Wen-Ya Hsu and Kuan-Chung Lai, CPAs of Deloitte & Touche, who also provided an auditor's report. The above business report, financial statements (including consolidated financial statements) and the profit distribution proposal have been verified by the Audit Committee to be without any discrepancies. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve the same.

Walsin Lihwa Corporation

The convener of the Audit Committee: Hsueh, Ming-Ling

February 26, 2021

Walsin Lihwa Corporation

Comparison Table of Amended Articles of Articles of Incorporation

Amended Articles	Current Articles	Description
<p>Article 2</p> <p>The following is the business scope of the Company:</p> <ol style="list-style-type: none"> 1. H701010: Housing and Building Development and Rental 2. E601010: Electric Appliance Construction 3. <u>CC01020: Electric Wires and Cables Manufacturing</u> 4. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval. 	<p>Article 2</p> <p>The following is the business scope of the Company:</p> <ol style="list-style-type: none"> 1. E601010: Electric Appliance Construction 2. CC01020: Electric Wires and Cables Manufacturing 3. ZZ99999: All business items that are not prohibited or restricted by law, except those that are subject to special approval. 	<p>To meet the Company's business needs, Subparagraph 3 "CC01020: Electric Wire and Cables Manufacturing" has been added to the Articles of Incorporation.</p>
<p>Article 6</p> <p>The stock certificates of the Company shall be in registered form, and before they are issued, shall be <u>numbered serially</u>, be affixed with the signature or personal seals of the <u>Directors representing the Company</u>, and be authenticated <u>by the bank eligible for such authentication</u> pursuant to law.</p> <p>The Company may be exempted from printing share certificates if such shares have been registered with a centralized securities depository enterprise.</p>	<p>Article 6</p> <p>The stock certificates of the Company shall be in registered form, and before they are issued, shall be affixed with the signature or personal seals of no fewer than three Directors of the Company, coded in serial numbers, and be authenticated pursuant to law.</p> <p>The Company may be exempted from printing share certificates if such shares have been registered with a centralized securities depository enterprise.</p>	<p>The Company has amended the wording as appropriate in accordance with Article 162 of the Company Act.</p>
<p>Chapter IV Directors, <u>Board of Directors</u> and managers</p>	<p>Chapter IV Directors, <u>audit committee</u> and managers</p>	<p>Since this chapter covers each functional committee, the Audit Committee does not need to be listed separately, and the wording has been revised as appropriate.</p>
<p>Article 14</p> <p>The Company shall have 9 to 11 directors including, at least, 3 independent directors. The Board of Director is authorized to determine the number of directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act; the shareholder may elect the directors</p>	<p>Article 14</p> <p>The Company shall have 9 to 11 directors including, at least, 3 independent directors. The Board of Director is authorized to determine the number of directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act; the shareholder may elect the directors</p>	<p>This Article provides for the composition of the Board of Directors, and the provisions relating to the establishment of each functional committee under the Board of Directors in Paragraph 5 hereof have been moved to Article 14-1 and below for more clarity.</p>

Amended Articles	Current Articles	Description
<p>among the list of candidates. The nomination of directors and related announcement or other relevant matters shall comply with the relevant laws and regulations of Company Act, Securities and Exchange Act, and etc. The election of directors shall be subject to the Rules for Election of Directors of the Company. Unless otherwise provided with by any other law or regulation, the independent and non-independent directors shall be elected at the same time but on separate ballots. The total registered shares owned by the directors of a Company shall not be less than the percentage of total issued shares specified in the regulations provided by the competent authorities.</p>	<p>among the list of candidates. The nomination of directors and related announcement or other relevant matters shall comply with the relevant laws and regulations of Company Act, Securities and Exchange Act, and etc. The election of directors shall be subject to the Rules for Election of Directors of the Company. Unless otherwise provided with by any other law or regulation, the independent and non-independent directors shall be elected at the same time but on separate ballots. The total registered shares owned by the directors of a Company shall not be less than the percentage of total issued shares specified in the regulations provided by the competent authorities. In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an audit committee in replacement of the supervisors, which shall consist of all independent directors. The audit committee or the members of the audit committee shall be responsible for the responsibilities of supervisors specified under the Company Act, the Security and Exchange Act and other relevant regulations. The duties, rules of meeting, and other matters shall be in accordance with the relevant rules of the competent securities authority.</p>	
<p><u>Article 14-1</u> <u>The Company's Audit Committee is composed of all of its Independent Directors in accordance with Article 14-4 of the Securities and Exchange Act. The performance of duties and functions of the Audit Committee and its members and relevant matters shall be handled in accordance with</u></p>	<p>Article 14-4 <u>This Article has been newly added.</u></p>	<p>To specify that the Company establishes the Audit Committee pursuant to law and its legal basis.</p>

Amended Articles	Current Articles	Description
<u>the relevant provisions of the Securities and Exchange Act.</u>		
<u>Article 14-2</u> <u>The Company shall have a Compensation Committee in accordance with Article 14-6 of the Securities and Exchange Act, the charter of which shall be formulated by the Board of Directors in accordance with the relevant laws and regulations.</u>	Article 14-2 <u>This Article has been newly added.</u>	To specify that the Company establishes the Compensation Committee pursuant to law and its legal basis.
<u>Article 14-3</u> <u>The Company may establish other functional committees under the Board of Directors. The number of members, as well as their terms of office and functions and duties, of such functional committees shall be set forth in the charters thereof and shall be implemented by resolution of the Board of Directors.</u>	Article 14-3 <u>This Article has been newly added.</u>	To specify that the Company may establish other functional committees under the Board of Directors.
Article 22 The Company may establish managers by adopting the resolution of the Board of Directors meeting. The hiring, dismissal and remuneration of the above personnel shall be determined in accordance with Article 29 of the Company Act.	Article 22 <u>The Company may establish committees, CEO, President, Vice President, or other managers for the needs of operation or management of the Company by adopting the resolution of the Board of Directors meeting. The Company may designate 1 or more persons acting as the aforementioned managers for each function. The hiring, dismissal and remuneration of the above personnel shall be determined by resolution of a majority in a meeting attended by a majority of the directors. The titles and duties of the above personnel are authorized to be determined by the Board of Directors or by the Chairperson of the directors upon the authorization of the Board.</u>	The establishment of each functional committee has been specified in Article 14-1 to Article 14-3 hereof, and thus the relevant language has been deleted. In addition, the language regarding the appointment, dismissal and compensation of the officers has been amended as appropriate.
Article 28 In case of any earnings on the final account, after the Company has offset its accumulated losses from previous years and paid all tax due,	Article 28 In case of any earnings on the final account, after the Company has offset its accumulated losses from previous years and paid all tax due,	In accordance with Article 237 of the Company Act and the letter issued by the Ministry of Economic Affairs dated January 9,

Amended Articles	Current Articles	Description
<p>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. <u>The setting aside of the above legal reserve 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".</u></p>	<p>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.</p>	<p>2020 (Ref. No.: Jin-Shang-Zi-10802432410), the provision relating to the setting aside of the legal reserved has been amended.</p>
<p>Article 28-1 The share dividend policy of the Company should be stable for the purpose of sustainable operation and development. <u>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.</u> Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.</p>	<p>Article 28-1 <u>The Company has diverse product lines which are at different stages of product life cycle. In order to facilitate the Company's sustainable operation and development,</u> the share dividend policy of the Company should be stable <u>with reference to factors like the Company's future development, the industrial environment, capital needs, financial structure, and earnings.</u> The Company shall allot as shareholder dividends no lesser than 40% of the balance of its after-tax net income after offsetting its accumulated loss for the current year and deducting the legal reserve and the special reserved set aside pursuant to law. Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.</p>	<p>In order to ensure the stability of the Company's financial structure and the principle of equity for the Company's dividend policy, Paragraph 1 hereof regarding the dividend payout basis has been amended in accordance with the letter issued by the Financial Supervisory Commission dated March 31, 2021 (Ref. No. Jin-Guan-Zheng-Fa-Zi-1090150022). Paragraph 2 hereof has also been added to provide for the distribution of undistributed earnings or reserves from prior periods and the retention of all or a portion of non-distributed earnings in the event of any non-recurring, material income.</p>

Amended Articles	Current Articles	Description
<p><u>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.</u></p>		
<p>Article 31 These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967; the forty-fourth amendment was made on June 12, 2012; the forty-fifth amendments were made on May 27, 2015 (Except for the amendment to Article 14 comes into effect from 2017; the rest parts of the Articles were in operation after shareholders meeting resolution is made); the forty-sixth amendment were made on May 25 2016; except for the amendment to Article 14 which shall take into effect in 2017, the rest parts of the Articles shall take into effect upon resolution of the shareholders meeting; the forty-seventh amendment were made on May 26, 2017; the forty-eighth amendment were made on May 25, 2018; the forty-ninth amendment were made on May 29, 2020; <u>the fiftieth amendment was made on July 15, 2021.</u> The same procedure shall apply to any future amendment.</p>	<p>Article 31 These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967; the forty-fourth amendment was made on June 12, 2012; the forty-fifth amendments were made on May 27, 2015 (Except for the amendment to Article 14 comes into effect from 2017; the rest parts of the Articles were in operation after shareholders meeting resolution is made); the forty-sixth amendment were made on May 25 2016; except for the amendment to Article 14 which shall take into effect in 2017, the rest parts of the Articles shall take into effect upon resolution of the shareholders meeting; the forty-seventh amendment were made on May 26, 2017; the forty-eighth amendment were made on May 25, 2018; the forty-ninth amendment were made on May 29, 2020. The same procedure shall apply to any future amendment.</p>	<p>The date of this amendment has been added.</p>

Walsin Lihwa Corporation

Comparison Table of Amended Articles of Rules and Procedures of Shareholders' Meetings

Amended Article	Current Articles	Description
<p>Article 2 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors. <u>Any matter prescribed by Paragraph 5 of Article 172 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be set out, and its essential content shall be explained, in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents <u>specified in Paragraph 5 of Article 172 of the Company Act</u> may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</p> <p>Where the notice of reasons for convening the shareholders' meeting has specified any entire re-election of directors and the date of their assumption of office, after such completion of such re-election in such shareholders' meeting, the date of their assumption of office shall not be changed by an extraordinary motion or otherwise in the same meeting.</p>	<p>Article 2 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors. <u>Election or discharge of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or spin-off of the Company, or any matter prescribed by each subparagraph of Paragraph 1 of Article 185 of the Company Act</u> shall be set out, and its essential content shall be explained, in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents <u>of the foregoing</u> may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</p> <p>Where the notice of reasons for convening the shareholders' meeting has specified any entire re-election of directors and the date of their assumption of office, after such completion of such re-election in such shareholders' meeting, the date of their assumption of office shall not be changed by an extraordinary motion or otherwise in the same meeting.</p>	<p>The reasons for convening shareholders' meetings have been amended in accordance with Paragraph 5 of Article 172 of the Company Act, other provisions of law prohibiting other matters from being proposed in the form of ad hoc motion have been added, and the method of announcement has been revised in accordance with the above provisions.</p>

Amended Article	Current Articles	Description
<p>A shareholder holding 1 percent or more of the total <u>number of the</u> issued and outstanding shares may submit to the Company a written proposal for discussion for a regular shareholders meeting. Such proposal, receipt and review shall be handled pursuant to the Company Act and the relevant applicable laws and regulations. The Company shall inform and make a proposal to shareholders for the result of aforesaid issues by the date of convening and to list such proposal on the shareholders meeting notice. The reasons for unlisted proposals should be explained in the general shareholder meeting. The shareholder who proposes such proposal shall attend the general shareholders meeting in person or to appoint an agent to attend it, and join the discussion.</p> <p>The convention of the regular shareholders meeting shall be notified to each shareholder 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting. For the shareholders holding less than 1000 shares, the Company may publicly announce the convention of the regular shareholders meeting by uploading the information to the Market Observation Post System (MOPS) 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting.</p> <p>The reasons for convening the meeting shall be specified in the notice or announcement. Upon the consent of a receiving party, such information may be given in digital form.</p>	<p>A shareholder holding 1 percent or more of the total issued and outstanding shares may submit to the Company a written proposal for discussion for a regular shareholders meeting. Such proposal, receipt and review shall be handled pursuant to the Company Act and the relevant applicable laws and regulations. The Company shall inform and make a proposal to shareholders for the result of aforesaid issues by the date of convening and to list such proposal on the shareholders meeting notice. The reasons for unlisted proposals should be explained in the general shareholder meeting. The shareholder who proposes such proposal shall attend the general shareholders meeting in person or to appoint an agent to attend it, and join the discussion.</p> <p>The convention of the regular shareholders meeting shall be notified to each shareholder 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting. For the shareholders holding less than 1000 shares, the Company may publicly announce the convention of the regular shareholders meeting by uploading the information to the Market Observation Post System (MOPS) 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting.</p> <p>The reasons for convening the meeting shall be specified in the notice or announcement. Upon the consent of a receiving party, such information may be given in digital form.</p>	<p>Certain wording has been revised for clarity.</p>

Amended Article	Current Articles	Description
<p>The production and announcement of the agenda handbook of the Company’s shareholders meeting shall be in compliance with the Regulations Governing Content and Compliance Requirement for Shareholders’ Meeting Agenda Handbooks of Public Companies.</p>	<p>The production and announcement of the agenda handbook of the Company’s shareholders meeting shall be in compliance with the Regulations Governing Content and Compliance Requirement for Shareholders’ Meeting Agenda Handbooks of Public Companies.</p>	
<p>Article 9 Attendance at shareholders’ meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time and, at the same time, <u>announce relevant information such as the number of non-voting shares and the number of shares whose holder are present.</u> However, when the attending shareholders do not represent a majority of the total number of issued and outstanding shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued and outstanding shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of</p>	<p>Article 9 Attendance at shareholders’ meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued and outstanding shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued and outstanding shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of</p>	<p>To enhance corporate governance and protect the rights and interests of shareholders.</p>

Amended Article	Current Articles	Description
<p>issued and outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued and outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>issued and outstanding shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued and outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p>Article 14</p> <p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, <u>as well as the names of those not elected as directors and the numbers of votes they receive.</u></p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>Article 14</p> <p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>	<p>To enhance corporate governance and protect the rights and interests of shareholders.</p>

Walsin Lihwa Corporation

Explanations of involvement of directors or their related persons in the field of the Company's business

(1) Chairman: Mr. Yu-Lon Chiao

Names of Other Companies Where He Serves	Title	Business Items Identical or Similar to the Company's
Borrego Solar Systems, Inc.	Director	Construction and development of solar power generation system

(2) Director: Ms. Wei-Shin Ma

Names of Other Companies Where She Serves	Title	Business Items Identical or Similar to the Company's
White Stone Management Consultancy	Chairman	Commercial and real estate
Golden Apple Investment Co., Ltd.	Chairman	Commercial and real estate H701010 Residence and Buildings Lease Construction and Development