

Walsin Lihwa Corporation

2021 Annual Shareholders' Meeting Handbook

Date: Friday, May 28, 2021

Time: 9:00 am

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

Walsin Lihwa Corporation

2021 Annual Shareholders' Meeting Handbook

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Walsin Lihwa Corporation
Meeting Procedure and Agenda of the
2021 Annual Shareholders' Meeting

Time: 9:00 am, Friday, May 28, 2021

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

1. The Meeting Called to Order
2. Chairman's Address
3. Matters to Be Reported:
 - (1) General Manager's Report (The 2020 Business Report and Final Account Report)
 - (2) Audit Committee's Review Report
 - (3) The Distribution Report of Compensation of the Employees and Directors for the Year 2020
 - (4) Other items to be reported
4. Matters to Be Ratified and Discussed:
 - (1) Ratification of the 2020 Business Report and Final Account Statements.
 - (2) Ratification of the 2020 Earnings Distribution Proposal.
 - (3) Discussion of the amendments to the Articles of Incorporation of the Company.
 - (4) Discussion of the amendments to the Rules and Procedures of Shareholders' Meetings of the Company.
 - (5) Discussion of the proposal for the release of Directors' Non-Competition Obligations.
5. Ad-Hoc Motions
6. Adjournment

Matters to Be Reported

I. General Manager's Report

Please review and approve the Company's 2020 business report and final account report. For details, please see p.10 – 23 of the Appendix to the Handbook.

II. Audit Committee's Review Report

- (1) For the Audit Committee's examination of the Company's 2020 final account report, please see p.32 of the Appendix to the Handbook for detail.
- (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 p.35 of 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 a board of directors meeting 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 a 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 a 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.
- (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.

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 p.10 – 23 of the Appendix to the Handbook 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, and audited as well as certified by the CPA. They were submitted along with the business report to the Audit Committee for audit, which then has audited the same.

Resolution:

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 2020, which has audited the same.
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:

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 are 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 have 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. In summary, the Comparison Table of the Amended Articles of the Articles of Incorporation is set out on p.78 – 82 of the Appendix to the Handbook.

Resolution:

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 cooperation with the provisions, for the purpose of enhancing the corporate governance and protecting 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 refer to p.83 – 86 of the Appendix to the Handbook for the Comparison Table of Amended Articles of the Rules and Procedures of Shareholders' Meetings of the Company.

Resolution:

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:

Ad-Hoc Motions

Adjournment

Appendix

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			Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Cash Flow Hedges		
BALANCE AT JANUARY 1, 2019	\$ 33,260,002	\$ 15,966,420	\$ 3,937,554	\$ 2,712,250	\$ 25,494,923	\$ (3,567,540)	\$ (474,446)	\$ (1,151)	\$ -	\$ 77,328,012	
Appropriation of 2018 earnings											
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)	
Cancellation 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	13,412	(26,524)
Cash generated from operations	3,385,047	3,293,774
Interest paid	(373,617)	(542,489)
Interest received	151,360	14,799
Dividends received	1,023,577	2,701,498
Income tax paid	(264,356)	(608,646)
Net cash generated from operating activities	<u>3,922,011</u>	<u>4,858,936</u>

(Continued)

WALSIN LIHWA CORPORATION

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

	2020	2019
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

Communications between the Audit Committee and the Chief Audit Executive in 2020

Date	Key Points of Communications	Directors' Advice	Follow-Ups and Results
January 8, 2020, Audit Committee	The Chief Audit Executive reported to independent directors on the status of communications between independent directors and the Chief Audit Executive in 2019.	Nil.	The statuses of communications between independent directors and the Chief Audit Executive in 2019 were disclosed on the Company's website.
February 17, 2020, Audit Committee	<ol style="list-style-type: none"> 1. Report on audit implementation in the 4th quarter of 2019. 2. Risks management policy and procedure reviews on a regular basis. 	<ol style="list-style-type: none"> 1. Compliance in each department should be factored in the performance assessment of relevant department heads, with relevant disciplinary actions being taken accordingly in case of any repeated and/or severe violations. 2. Ethical business management practices should be communicated to our suppliers on a regular basis to establish a job rotation mechanism. 3. Risks management should be incorporated into audit planning, with the annual audit report being submitted to the Audit Committee and the board of directors. 	<ol style="list-style-type: none"> 1. Any violation found by internal auditors should be factored in the performance assessment of the individual department heads, with necessary disciplinary actions being taken accordingly. 2. The Business Integrity Center should draft an annual plan to continue promoting business integrity to our suppliers and the avoidance of conflicts of interest associated with sensitive positions. 3. Risk assessment results have been incorporated into the annual audit plan and will be reported to the board of directors.
February 27, 2020, Audit Committee	Change of the Chief Audit Executive.	Nil.	The proposal to change the Chief Audit Executive has been passed by the Audit Committee and submitted to the board of directors for approval.

Date	Key Points of Communications	Directors' Advice	Follow-Ups and Results
April 30, 2020, Audit Committee	Report on audit implementation in the 1 st quarter of 2020.	Nil.	Report on audit implementation in the 1st quarter of 2020 has been passed by the Audit Committee and reported to the board of directors.
July 27, 2020 Audit, Committee	Report on audit implementation in the 2 nd quarter of 2020.	<ol style="list-style-type: none"> 1. Compliance with the standard operating procedures should be strictly demanded. 2. Work safety management operations should be reinforced and implemented throughout plant sites. 	<ol style="list-style-type: none"> 1. Effective inspection and removal of potential safety hazards on a regular basis and regular follow-ups for improvement. 2. Drafting specific rules for disciplinary actions to clarify the management responsibilities. 3. Establishment of the consciousness of work safety disciplines among all employees.
October 27, 2020, Audit Committee	<ol style="list-style-type: none"> 1. Report on audit implementation in the 3rd quarter of 2020. 2. Discussion of 2021 annual audit plan. 3. Revision of Guidelines for Suggestions and Complaints by Stakeholders. 	<ol style="list-style-type: none"> 1. Nil. 2. Nil. 3. Nil. 	<ol style="list-style-type: none"> 1. Report on audit implementation in the 3rd quarter of 2020 has been passed by the Audit Committee and reported to the board of directors. 2. 2021 annual audit plan has been passed by the Audit Committee and submitted to the board of directors for discussion. 3. Guidelines for Suggestions and Complaints by Stakeholders have been passed by the Audit Committee and submitted to the board of directors for discussion.

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

The distribution report of compensation of the employees and directors for 2020 is as follows:

1. This is conducted in compliance with Article 235-1 of the Company Act and the letter from MOEA dated June 11, 2015 (Ref. No.: Jin-Shang-Zi-10402413890) and the letter from MOEA dated October 15, 2015 (Ref. No.: Jin-Shang-Zi-10402427800).
2. According to Article 25-1 of the Articles of Incorporation of the Company, if it has any profit after the closing of its annual book, the Company shall distribute no less than one percent as employee compensation and no more than one percent as director compensation.
3. For 2020, the audited profit of the Company was NT\$6,766,660,000 (i.e., the gross profit before tax and excluding employees and directors compensation).
4. The Company intends to distribute NT\$68,500,000 of employees compensation and NT\$34,050,000 of directors compensation in cash for 2020.
5. The above employees and directors compensation has been adopted by a majority vote at the board of directors' meeting dated February 26, 2021 (i.e., the 6th meeting of the Board of Directors of the 19th term) attended by more than two-third of the directors. The Company has distributed the above compensation accordingly.

Walsin Lihwa Corporation

Investments in Mainland China

As of March 31, 2021

Company Name	Investment Amount (in USD)	Shareholding Ratio	Major Products Produced/Sold
Jiangying Walsin Steel Cable Co., Ltd. (Note 1)	26.04 million	100%	Steel cables
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. (Note 2)	14.956 million	95.71%	Power wires and cables
Hangzhou Walsin Power Cable & Wire Co, Ltd. (Note 3)	80.56 million	38.93%	Power wires and cables
Walsin (China) Investment Co., Ltd. (Note 4)	78.6 million	100%	Investment
Changshu Walsin Specialty Steel Co., Ltd.	97 million	100%	Specialty steel tubes
Shanghai BaiheWalsin Lihwa Specialty Steel Products Co. Ltd (Note 5)	17 million	100%	Stainless steel materials
Dongguan Walsin Wire & Cable Ltd. (Note 6)	26 million	100%	Bare copper cables and wires
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (Note 7)	49 million	100%	Cold rolled stainless steel, flat rolled products, nickel alloys, galvanized alloys and steel strand wires
Xi'an Walsin Metal Product Co. Ltd. (Note 8)	31.895 million	100%	Research and development, production and sales of medium-thickness specialty steel plates
Yantai Walsin Stainless Steel Co., Ltd. (Note 9)	305.065 million	100%	Research and development, production, sales, wholesales related to various steels of new-type alloy materials, carbon steel, alloy steel and steel products; Recycling of waste and old substances and whole sale of related products
Changzhou China Steel Precision Materials Co., Ltd.	13.08 million	30%	Products related to Ti, nickel alloys, specialty alloy mould steel, colored alloy forged materials
Nanjing Taiwan Trade Mart Management Co., Ltd.	1 million	100%	Business, asset management and consultation of various kinds of advertising.

Company Name	Investment Amount (in USD)	Shareholding Ratio	Major Products Produced/Sold
Shanxi Tianhong Silicon Industrial Corp. (Note 10)	RMB 228 million	19%	Polysilicon
Jiangsu Taiwan Trade Mart Development Co., Ltd.	RMB 2 million	20%	Development, operating and management of Nanjing Taiwan Trade Mart projects
Shaanxi Electronic Information Group Co., Ltd. (Note 10)	RMB 19 million	6.02%	Communications electronic equipment and electronic component materials
Walsin (Nanjing) Construction Limited	50 million	99.60%	Construction, rental and sale of buildings and industrial factories, etc.
Nanjing Walsin Property Management Co., Ltd. (Note 10)	RMB 1 million	99.60%	Property Management, Consulting for Property Management and rental of house, etc.
Walsin Nanjing Culture and Arts Co., Ltd. (Note 10)	RMB 1.5 million	99.60%	Organization of cultural and artistic exchange activities, performances, cultural and artistic brokerage agent

Note 1: Including the USD15 million re-investment (including the USD10.5 million equity converted from debt) from the increased share capital of Walsin (China) Investment Co., Ltd. (hereinafter referred to as "Walsin CIC"). During 2019, by way of the investment structure, the Company acquired through Walsin CIC an additional 25% shareholding in Jiangying Walsin Steel Cable Co., Ltd. (hereinafter referred to as "Jiangying Walsin") from the original Chinese shareholder Fasten Group Co., Ltd. in a share transfer. After the transfer, the Company indirectly holds 100% of the shareholding in Jiangying Walsin; for this transfer transaction, Investment Commission, Ministry of Economic Affairs (hereinafter referred to as "MOEAIC") approved (for reference) an investment amount of RMB73,750,000 (equivalent to USD11,041,080), with the cumulative approved (for reference) amount being USD 26,041,080. In addition, the increase in the investment amount in mainland China due to this share transfer was partially offset by the amount of RMB53,290,669 (equivalent to USD 7,978,123) arising from the disposal of the shares in Hangzhou Walsin Power Cable & Wire Co, Ltd. (hereinafter referred to as "Hangzhou Walsin") (please refer to Note 3), which was retained in Walsin CIC; therefore, the actual increase in the amount of investment in mainland China for the Company was RMB20,459,331 (equivalent to USD3,062,957).

Note 2: Including the USD14.95 million re-investment (including the USD7.6 million equity converted from debt) from the increased share capital of Walsin CIC.

Note 3: Including the USD13.3 million re-investment (including the USD10.5 million equity converted from debt) from the increased share capital of Walsin CIC. The original investment amount in Hangzhou Walsin by the Company was USD41.21 million (shareholding ratio: 89.78%) through Walsin CIC. In mid-2015, the Company sold 44.89% of the shares of Hangzhou Walsin through Walsin CIC in the amount of RMB95.36 million (approximately

USD15.57 million). At the end of 2015, the Company re-invested USD4.8 million in Hangzhou Walsin through Walsin CIC with the income received from the previous sale. In mid-2016, the Company invested USD53 million in Hangzhou Walsin through a BVI holding company, ACE RESULT GLOBAL LIMITED (“ACEL”), and later on sold 9.707% shares of Hangzhou Walsin through ACEL in the amount of RMB61.44 million (approximately USD9.28 million). At the end of 2016, the Company re-invested USD 6.4 million in Hangzhou Walsin through ACEL, with the income received from the 2016 sale. After the aforementioned various transactions, the Company's indirect shareholding ratio is 38.933%, and the actual investment amount went down to USD80.56 million. However, since the income received from the sales was not remitted to Taiwan, the investment in China has not been deducted. The investment amount approved for Hangzhou Walsin and registered with the MOEAIC as a result remains USD94.21 million as of the date hereof. In mid-2017, the Company increased its equity interest in Nanjing Walsin by 1.25% (such company has been disposed of during 2019 and such disposal has been reported to the MOEAIC) through Walsin CIC, which originally disposed Hangzhou Walsin's equity stake of USD1,851,268. After this transaction, the Company's record of investment amount of Hangzhou Walsin in the MOEAIC was reduced to USD92.36 million. In 2019, the Company acquired through Walsin CIC an additional 25% shareholding in Jiangying Walsin by using the gain on the disposal of its shares in Hangzhou Walsin equal to USD7,978,123 (please refer to Note 1 for detail). After this transaction, the actual amount of the investment made by the Company in Hangzhou Walsin approved for reference and recorded by the MOEAIC was reduced to USD84,380,000 (which is equivalent to transferring the cumulative investment amount in China for Hangzhou Walsin to Jiangying Walsin).

Note 4: Including the increased share capital of USD28.6 million arising from debt-to-equity conversions.

Note 5: Including the USD4.8 million re-investment from the increased share capital of Walsin CIC. In 2017, Shanghai Baihe Walsin Lihua Special Steel Products Co., Ltd. (hereinafter abbreviated as “Shanghai Baihe”) made a capital reduction to make up for the loss of USD22 million. After the capital reduction, the registered capital of the company was reduced to USD17 million. However, the amount of capital reduction had not been remitted back to Taiwan, so it failed to offset the amount of investment in the mainland China, and the amount of investment for Shanghai Baihe investment recorded in the MOEAIC still maintained USD 39 million.

Note 6: Including the USD 26 million re-investment from the increased share capital of Walsin CIC.

Note 7: Including the USD 4.5 million re-investment from the increased share capital of Walsin CIC.

Note 8: The merger of Xi'an Walsin Precious Metal Product CO., LTD. (hereinafter referred to as "Xi'an Walsin (Metal)") and Xi'an Lv Jing Technology Co., Ltd. and Xi'an Walsin Electronics Co., Ltd. has been filed for the corporate change in mainland China on November 18, 2019 and has been approved by the MOEAIC for record on March 20, 2020, and the cancellation of investment plan relating to Xi'an Lv Jing Technology Co., Ltd. and Xi'an Walsin Electronics Co., Ltd. was approved by the MOEAIC. After the merger was filed with the MOEAIC for record, the amount of investments made by the Company indirectly in Xi'an Walsin (Metal) is USD 31,895,467.

Note 9: The Company holds a 100% shareholding in Yantai Walsin Stainless Steel Co., Ltd. (hereinafter referred to as "Yantai Walsin") through its subsidiary incorporated in the BVI, CONCORD INDUSTRIES LTD. (hereinafter referred to as "CONCORD"), and its wholly-owned Jiangyin Walsin Specialty Alloy Materials Co., Ltd. (hereinafter referred to as "Jiangyin Alloy"); as of the date of the 2020 Annual Shareholders' Meeting, the accumulated paid-in capital was USD255,065,300. The formation of the Company's share capital is described as follows:

1. Of Yantai Walsin's original share capital, RMB 578,796,300 was originated from the re-investment made by the original entity invested in by the Company in China and was no need approved by the MOEAIC. After the merger of Yantai Walsin between Yantai Dazhong Resources Recycling Co., Ltd. (the investment amount approved (or approved for record) by the MOEAIC was USD30 million and the paid-in capital was equivalent to RMB192,932,100) and Yantai Huanghai Iron and Steel Co., Ltd. ("YHISC") (the Company acquired 25% of the shareholding in YHISC (the paid-in capital was RMB 205,890,000), the investment amount approved (or approved for record) by the MOEAIC was USD 183,101.90 + USD 2,743,536.58 = USD 2,926,638.48; the remaining 75% of the shareholding was the re-investment made by the entity invested in by the Company in China and was rejected by the MOEAIC. After the merger, CONCORD acquired Yantai Walsin's paid-in capital of RMB977,618,400 (equivalent to USD155,065,300), which accounted for 25% of the shares in Yantai Walsin, and the investment amount approved (or approved for record) by the MOEAIC was USD32,926,638.48. In addition, CONCORD increased the capital of Yantai Walsin by USD 100 million from 2019 to 2020. Therefore, the paid-in capital of Yantai Walsin was USD 255,065,300 as of the date of the Annual Shareholders' Meeting in 2020, with CONCORD and Jiangyin Alloy holding 54.4% and 45.6% of the shares in Yantai Walsin respectively. Moreover, the accumulated investment amount approved (or approved for record) by the MOEAIC was USD132,926,638.48 (USD100 million + USD32,926,638.48).
2. The capital injection by the Company into Yantai Walsin in the amount of USD80,000,000 through Concord was approved by the MOEAIC on December 30, 2019. As of the end of March 2021, the capital injection of USD50 million had been fully funded (of which USD40 million has been approved for record by the MOEAIC). Thus, the paid-in capital of Yantai Walsin had increased to USD305,065,300; based on the actual amount of capital contributed by shareholders as of the end of March, 2021, CONCORD and Jiangyin Alloy held 61.9% and 38.1% of the shares in Yantai Walsin respectively.

Note 10: These entities are the investments made by the Company's existing investment entity in China, and thus such investments are not required to be approved by the MOEAIC.

Walsin Lihwa Corporation

Board of Directors Meeting Regulations

Article 1 Foundation

The Board of Directors Meeting Regulations (the Regulations) are adopted pursuant to paragraph 8, Article 26-3 of the Securities and Exchange Act and the Regulations Governing Board of Directors Meetings.

Article 2 Scope

Unless relevant laws and regulations provide otherwise, agenda, procedures, minutes, announcements, and other relevant matters of the Company's board of directors meetings (board meetings) shall be conducted in accordance with the Regulations.

Article 3 Convention and notification

Board meetings shall be convened at least once quarterly.

Directors of the board shall be notified in writing of the subject matters, time, and place of any board meeting seven days in advance, based on the date when such notification is sent, but a meeting may be called on short notice in case of emergency.

Board meeting notices may be delivered via post, fax, or email.

The aforementioned board meeting notices can be delivered via email with the agreement by counterparts.

All matters set out in the subparagraphs of Article 7 shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

Article 4 Meeting place and time

A board of directors meeting shall be held at the location and during the business hours of the Company, or at a place and time convenient to directors and suitable for holding such a meeting.

Article 5 Meeting notification and materials

The board of directors shall assign a secretary for board meeting planning and administration, and shall appoint the President Office as the agenda working group. The agenda working group shall prepare agenda items for board of directors meetings and provide sufficient pre-meeting materials, to be sent together with the notice of the meeting. A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 6 Agenda A

Agenda items for regular board of directors meetings shall include at least the following:

1. Reports:

- a) Minutes of the last meeting and actions arising as well as follow-ups with any resolution that has yet to be completely executed

- b) Important financial and business matters
 - c) Internal audit activities
 - d) Other important matters
2. Discussions:
- a) Items discussed and continued from the last meeting
 - b) Items for discussion at this meeting
3. Extraordinary motions

Article 7 Agenda B

The Company shall submit the following items for discussion by the board of directors:

1. Shareholders' meeting convention and execution of shareholders' meeting resolutions
2. Any review of the articles of incorporation, important rules and regulations, and important contracts
3. Business plan decisions
4. Any budget settlement and business plan review
5. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
6. Adoption or amendment of an internal control system pursuant to Article 14-1, and an assessment of the effectiveness of the internal control system
7. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others
8. The offering, issuance, or private placement of any equity-type securities
9. Performance evaluation and remuneration standards of managerial officers and associated persons
10. The appointment or discharge of a financial, accounting, or internal audit officer
11. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
12. Any acquisition and disposal of valuable property that is subject to approval by the board of the company
13. Decisions on branch, representative office, business premises, and plant establishment and dissolution as well as other changes
14. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority

The term "related party" in subparagraph 11 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. If the Company has set other limits that do not exceed the foregoing donation amount, such limits should be followed.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy.

Article 8 Agenda C

The remuneration committee charter, and any amendment thereto, shall be adopted by resolution of the board of directors

The remuneration committee members shall be appointed by resolution of the board of directors.

The remuneration committee shall provide recommendation on the remuneration for directors of the board and managerial officers for deliberation and resolution by the board of directors.

If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, it shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall specifically explain whether the remuneration passed by it exceeds in any way the recommendation of the remuneration committee.

If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported in accordance with Article 19-2.

Article 9 Authorization

When the board of directors delegates any party to exercise the power on its behalf, the levels of such delegation and matters delegated therein shall be definite and specific.

Article 10 Attendance book and proxy arrangement

When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference. All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the Company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

A proxy as provided in the preceding two paragraphs may accept a proxy from one person only.

Article 11 Chairperson and delegation

Meetings of the board of directors shall be called and chaired by the chairperson of the board. However, the first meeting of each newly elected board of directors shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to do so.

In the board of directors meeting convened by a majority of the directors on their own in accordance with Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of the Company Act, the directors shall elect from among themselves a chairman.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, delegation of the chairperson as provided in paragraph 3 of Article 208 of the Company Act shall apply mutatis mutandis.

Article 12 Reference materials and nonvoting participants

When holding a meeting of the board of directors, the Company may, as necessary for the agenda items of the meeting, notify non-director officers from relevant departments or subsidiaries to attend the meeting as nonvoting participants. When necessary, the Company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 13 Meeting convention

When the time of a meeting has arrived and one-half all board directors are not present, the meeting chairperson may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairperson shall re-call the meeting following Article 3-2 of the Regulations.

The term "all board directors" shall be calculated as the number of incumbent directors.

Article 14 Agenda discussion

A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chairperson may not declare the meeting closed without the approval of a majority of directors present at the meeting. During a meeting, the chairperson may, at his or her discretion, set time for intermission or negotiation.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, upon motion by the directors sitting at the meeting the chairperson shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.

Article 15 Control and moderation by the chairperson

The chairperson at a board meeting may personally answer the questions raised by attending directors or designate relevant executives to answer such questions, or designate nonvoting professionals at the meeting to provide relevant information as necessary.

The chairperson may stop repeated statements on any same proposal or irrelevant statements when such statements hinder meeting proceeding.

Article 16 Voting A

When the chairperson at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board of directors meeting, if the chairperson puts the matter before all directors present at the meeting and none voices objection, the matter is deemed approved. If there is an amendment to or substitute for this proposed resolution, the chairperson shall decide the sequence of voting for the proposed resolution and the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed.

If objection is voiced after solicitation by the chairperson, the resolution shall be voted.

The method of voting shall be one of the following as determined by the chairperson, but the chairperson shall solicit the opinions of a majority to determine the method when objection is voiced by any attending director.

1. By showing of hands
2. By voicing votes
3. By casting ballots
4. By other methods selected by the board of directors of the Company

The term “all board directors” as referred to in Article 12 does not include any non-voting director as prescribed in paragraph 1 of Article 17.

Article 17 Voting B, vote monitoring and ballot counting

Except as otherwise stated in the Securities and Exchange Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors. The resolution shall be reported and recorded at the meeting.

If and when necessary, the chairperson may appoint several persons for vote monitoring and ballot counting. Such persons shall be appointed from among the board of directors and shall help ensure the integrity of voting and ballot counting. Ballots shall be deemed void under any of the following conditions:

1. Ballots not prepared by the Company
2. Ballots not placed in the ballot box
3. Blank ballots not completed by the voter
4. Ballots with other written characters, letters, and/or symbols in addition to the area(s) required to be filled
5. Ballots that are illegible, altered, and/or written over

Article 18 Recusal of directors due to conflicts of interest

If an interested party relationship exists between any director, or a juristic person the director represents, and any agenda item, the director shall disclose the important aspects of the interested party relationship at the respective meeting, shall not participate in discussion of or voting on that agenda item, shall recuse himself or herself from the discussion or the voting on the item, and shall not exercise voting rights as proxy for any other director if such relationship is likely to prejudice the interests of the Company.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

With respect to a resolution at a board of directors meeting, paragraph 2 of Article 180 of the Company Act, as applied mutatis mutandis under paragraph 3 of Article 206 of that Act, shall apply in cases where a board director is prohibited by the preceding paragraph from exercising voting rights.

Article 19 Meeting minutes and signature

Minutes shall be prepared of the discussions at board of directors meetings; the meeting minutes shall record the following in detail:

1. Session (or year), time, and place of meeting
2. Name of the meeting chairperson
3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent
4. Names and titles of those attending the meeting as nonvoting participants
5. Name of minutes taker
6. Matters reported
7. Agenda items: the resolution method and result of each proposal, and the summary of comments as well as any objections or reservations made by directors, experts, or any others; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing
8. Extraordinary motions: the name of the persons proposing the extraordinary motions, the resolution method and result of each motion, and the summary of comments as well as any objections or reservations made by directors, experts, or any others; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing

9. Other matters required to be recorded: Objections or reservations expressed by independent directors on the items in Article 7 and the circumstances and cause for the difference if the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee

Any resolution passed at a meeting of the board of directors that securities authorities require publication shall be published on the websites designated by such authorities within two days of the meeting.

The attendance book shall be part of the minutes for each board of directors meeting and shall be well preserved throughout the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chairperson and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting and well preserved as important company records throughout the existence of the Company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

Article 20 Board meeting proceeding recording

The Company shall take audio or video record of tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years in electronic form.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded and the aforementioned five-year rule shall not be applicable.

Where a board of directors meeting is held via tele- or video conferencing, the documentation of the meeting shall be considered part of the meeting minutes and be well preserved throughout the existence of the Company.

Article 21 (Deleted)

Article 22 Supplement

The adoption of the Regulations and any amendment to the Regulations shall be approved by the board of directors of the Company and reported to the Company's shareholders' meeting.

The Regulations came into force on January 1, 2007. The first, second, third, fourth, fifth, sixth, seventh and eighth amendments were respectively made on March 25, 2008; March 23, 2012; March 21, 2013; August 13, 2014; August 4, 2017; February 27, 2020; August 4, 2020; and April 9, 2021, becoming effective with approval by shareholders' meetings.

Walsin Lihwa Corporation

Ethical Conduct Guidelines for Directors of the Board and Managerial Officers

Article 1 Purpose of and basis for adoption

The Guidelines are adopted to encourage the directors of the board and managerial officers of Walsin Lihwa (hereafter referred to as the Company) to act in line with ethical standards to help strengthen corporate governance.

Article 2 Scope of application

The Guidelines apply to the entire board of directors and managerial officers of the Company

Article 3 Prevention of conflicts of interest

The directors of the board and managerial officers of the Company shall faithfully perform their duties and shall put the overall interest of the Company before theirs in case of any conflict of interest between the Company and themselves. They shall not take advantage of their positions in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.

When loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involve any affiliated business to which the directors and/or managerial officers belong, they shall voluntarily explain to the Audit Committee or internal auditor whether there is any potential conflict between them and the Company.

Article 4 Minimizing incentives to pursue personal gain

When the Company has an opportunity for profit, it is the responsibility of its directors of the board and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

The Company shall prevent its directors of the board and managerial officers from engaging in any of the following activities:

1. Obtaining personal gain by using company property or information or taking advantage of their positions
2. Competing with the Company

Article 5 Confidentiality

The directors of the board and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and customers.

Article 6 Fair trade

The directors of the board and managerial officers of the Company shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7 Safeguarding and proper use of company assets

The directors of the board and managerial officers of the Company have the responsibility to safeguard company assets and to ensure the assets can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

Article 8 Legal compliance

The directors of the board and managerial officers of the Company shall comply with the Securities and Exchange Act and other applicable laws, regulations, and company bylaws related to insider trading prevention.

Article 9 Proactive reporting on illegal or unethical activities

Upon suspicion or discovery of any violation of laws, regulations, or this Ethical Conduct Guidelines, the directors of the board, managerial officers, or employees of the Company shall voluntarily report it to the Audit Committee or the internal auditor and shall also provide concrete evidence for the Company to appropriately follow up with investigation. Such reports can be provided anonymously and the Company shall keep any case reported confidential and do its best to ensure the safety of informants and protect them from reprisals.

Article 10 Disciplinary measures and remedies

The Audit Committee shall ask the directors of the board or managerial officers who violate the Guidelines to explain, and take appropriate actions. Such violation and shall immediately disclosed on the Market Observation Post System (MOPS) the date of the violation, reasons for the violation, the provisions of the Guideline violated, and the disciplinary actions taken.

The directors of the board or managerial officers who violate the Guidelines but find the Audit Committee's resolution concerning their violation unacceptable may further file complaints with the Audit Committee to seek remedies.

Article 11 Procedures for exemption

Exemption from compliance with the Guidelines must require a resolution of the board of directors, and the information on the date of the board of directors' resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be immediately disclosed on the MOPS.

Article 12 Method of disclosure

The Company shall disclose this Ethical Conduct Guidelines it has adopted and any amendment to the Guidelines on its official website, in its annual reports and prospectuses, and on the MOPS.

Article 13 Enforcement

The enactment of and amendment to the Guidelines shall be approved by the board of directors and submitted to the shareholders' meeting.

The Guidelines became effective on October 29, 2016 and were amended respectively on April 1, 2015. January 19, 2018, and August 4, 2020. The three amendments became effective after approval by the board of directors.

Walsin Lihwa Corporation

Ethical Conduct Guidelines for Employees

Article 1 Purpose of and basis for adoption

The Guidelines are adopted to encourage Walsin Lihwa (hereafter referred to as the Company) to act in line with ethical standards to help strengthen corporate governance.

Article 2 Scope of application

The Guidelines apply to all employees of the Company.

Article 3 Prevention of conflicts of interest

Employees of the Company shall faithfully perform their duties and shall put the overall interest of the Company before theirs in case of any conflict of interest between the Company and themselves. They shall not take advantage of their positions in the Company to obtain improper benefits for either themselves, their spouse, or relatives within the second degree of kinship; or, engage in any activity that may result in damage to the Company's interest or reputation.

When loaning of funds, making of guarantees, and major asset transactions or the purchase (or sale) of goods involve any business run by either the Company's employees themselves, their spouse, or relatives within the second degree of kinship or involve any business either the Company's employees themselves, their spouse, or relatives within the second degree of kinship work for, they shall voluntarily explain to their direct superiors and internal audit units whether there is any potential conflict between them and the Company.

Article 4 Minimizing incentives to pursue personal gain

When the Company has an opportunity for profit, it is the responsibility of its employees to maximize the reasonable and proper benefits that can be obtained by the Company.

The Company shall prevent its employees from engaging in any of the following activities:

1. Obtaining personal gain by using company property or information or taking advantage of their positions
2. Competing with the Company.

Article 5 Confidentiality

The Company's employees shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or its suppliers and customers. Former employees of the Company shall also be bound by the obligation.

Article 6 Fair trade

The Company's employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7 Safeguarding and proper use of company assets

The Company's employees have the responsibility to safeguard company assets and to ensure the assets can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

Article 8 Legal compliance

The Company's employees shall comply with all applicable laws, regulations, company bylaws, and relevant regulations in the Securities and Exchange Act regarding insider trading prevention.

Article 9 Prohibition of gratuity, bribery, or improper benefits

When performing their duties, the Company's employees shall comply with the Company's Procedures for Ethical Management and Guidelines for Conduct, and shall not request, promise, provide, or accept any gratuity, entertainment, rebate, bribe, or any other improper benefit in whatever form or name for themselves, the Company, or any third party.

Article 10 Prohibition of disseminating information detrimental to the Company

The Company's employees shall not in any way disseminate to the media and public any information detrimental to the Company and its employees.

Article 11 Equal employment and nondiscrimination

The Company shall respect social pluralism to provide equal employment and career development opportunities without discrimination of ages, genders, political party affiliations, positions, nationalities, races, religions, and sexual orientations.

Article 12 Workplace health and safety

The Company's employees shall together maintain workplace health and safety, and there shall be no sexual harassment or any other violent behavior or menace.

Article 13 Obligation for correct production and safekeeping of documents

The Company's employees shall ensure the correct production, completeness, and safekeeping of various forms of documents. Any document missing, damage, content omission, or fabrication found shall be reported to relevant department heads to investigate possible causes.

Article 14 Respect for others' intellectual property rights

When performing their duties, the Company's employees shall respect and lawfully use others' intellectual property rights.

Article 15 Proactive reporting on illegal or unethical activities

Upon suspicion or discovery of any violation of laws, regulations, or the Ethical Conduct Guidelines, the Company's employees shall voluntarily report it to their direct superiors and internal audit units and shall also provide sufficient concrete evidence for the Company to appropriately follow up with investigation. The Company shall keep any case reported confidential and do its best to ensure the safety of informants and protect them from reprisals.

Article 16 Disciplinary measures and remedies

The Company's employees who violate the Ethical Conduct Guidelines shall be subject to disciplinary measures proportional to the degrees of violation in accordance with relevant regulations. The same shall also apply to violators' department heads who are aware of any violation but fail to rectify it or handle it according to relevant regulations of the Company. The employees in non-management positions subject to disciplinary measures for violating the Guidelines may file complaints with the Reward and Punishment Committee.

Article 17 Method of disclosure

The Company shall disclose the Ethical Conduct Guidelines it has adopted and any amendment to the Guidelines on its official website, in its annual reports and prospectuses, and on the MOPS.

Article 18 Enforcement

The Guidelines became effective after approval by the board of directors on February 17, 2015 and submission to supervisors of the board and the shareholders' meeting. Any amendment to the Guidelines shall also be approved by the board of directors and submitted to supervisors of the board and the shareholders' meeting.

The Guidelines were first amended on January 19, 2018 and amended again on August 4, 2020. The amendments became effective after approval by the board of directors.

Walsin Lihwa Corporation

Corporate Governance Best Practice Principles

Chapter 1 General Principles

Article 1 The Corporate Governance Best Practice Principles of Walsin Lihwa (hereafter referred to as “the Company”) developed pursuant to the Corporate Governance Best Practice Principles for Taiwan Stock Exchange Corporation (hereafter referred to as “TWSE”) and Taipei Exchange (hereafter referred to as “TPEX”) Listed Companies is intended to assist the Company in establishing a sound corporate governance system to have its effective corporate governance framework implemented.

Article 2 The Company's corporate governance system is established in compliance with relevant laws and regulations as well as the following principles:

1. Protect the rights and interests of shareholders.
2. Strengthen the powers of the board of directors and each functional committee.
3. Respect the rights and interests of stakeholders.
4. Enhance information transparency.

Article 3 The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement its internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

The Company shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The Audit Committee shall also attend to and supervise these matters. The Company is advised to establish channels and mechanisms of communication between its Audit Committee and the chief internal auditor. The Audit Committee shall periodically hold discussions with internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up to have improvements implemented and a report submitted to the board of directors and the shareholders' meeting.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

The appointment and dismissal, evaluation and review and compensation of the Company's internal auditor shall be submitted by the chief auditor to the chairman of the board for approval.

Article 3-1 In accordance with the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers (hereafter referred to as “Directions”), the Company should have an adequate number of

corporate governance personnel with appropriate qualifications according to the size , business conditions and management needs of the Company, and appoint a chief corporate governance officer as the highest-ranking officer in charge of the Company's corporate-governance-related matters according to the requirements of the competent authority, TWSE and TPEX. The qualification, appointment and dismissal and requirement of continuing education hours for/of the corporate governance officer shall be in compliance with these Directions.

The corporate governance affairs mentioned in the preceding paragraph shall include at least the following items:

1. Handling matters relating to board meetings and shareholders' meetings according to laws.
2. Preparing minutes of board meetings and shareholders' meetings.
3. Assisting in the onboarding and continuing education of directors.
4. Furnishing information required for business execution by directors of the board.
5. Assisting directors with legal compliance.
6. Other matters set out in the Articles of Incorporation of the Company or contracts.

Chapter 2 Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 4 The Company's corporate governance system shall protect shareholders' rights and interests and treat all shareholders equitably.

The corporate governance system established by the Company shall be able to ensure shareholders' rights of being fully informed of, participating in, and making decisions over important matters of the Company.

Article 5 The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations, provide comprehensive rules for such meetings, and faithfully implement resolutions adopted by shareholders' meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders' meetings of the Company shall comply with relevant laws and regulations as well as the Articles of Incorporation of the Company.

Article 6 The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings and formulate the principles and procedures for shareholder nominations of directors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting called by the board of directors, it is advisable that the chairman of the board chair the meeting, a majority of the directors (including at least one independent director) and the convener of the Audit Committee attend in person, and at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders' meeting minutes.

Article 7 The Company shall encourage its shareholders to actively participate in corporate governance and ensure shareholders' meetings can proceed on a legal, effective and secure basis. The Company shall also seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, to upload notices, agendas and supplementary information of shareholders' meetings in both Chinese and English concurrently to enhance shareholders' attendance rates at shareholders' meetings and ensure their exercise of rights at such meetings in accordance with laws.

Shareholders may select either electronic voting or voting in person at a shareholders' meeting held by the Company to avoid raising extraordinary motions and amendments to original proposals.

The Company is advised to arrange for its shareholders to vote on each separate proposal in the shareholders' meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System (MOPS)

Article 8 The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders' meeting minutes the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors.

The shareholders' meeting minutes shall be properly and perpetually kept by the Company during its legal existence and should be sufficiently disclosed on the Company's website.

Article 9 The chairman of the shareholders' meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders' meetings established by the Company. The chairman shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairman declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders' meetings, it is advisable for the members of the board of directors other than the chairman of the shareholders' meeting to promptly assist the attending shareholders at the shareholders' meeting in electing a new chairman of the shareholders' meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10 The Company shall place high importance on the shareholder right to know and shall faithfully comply with applicable regulations regarding information disclosure to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting Company insiders from trading securities using information not disclosed to the market.

The provision in the foregoing paragraph is advisable to include the stock trading control measures for the Company's insiders as of the date of having access to the Company's financial reports or related business performance.

Article 11 The shareholders shall be entitled to profit distributions by the Company. To ensure the investment interests of shareholders, the shareholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the Audit Committee, and may decide profit distributions and deficit off-setting plans by resolution. To proceed with the above examination, the shareholders' meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records, assets, particulars and specific transaction documents and records of the Company.

The board of directors, Audit Committee, and managers of the Company shall fully cooperate in the examination conducted by the inspector in the aforesaid two paragraphs without any circumvention, obstruction or rejection.

Article 12 In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders' meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the Company's financial structure thereafter.

The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Article 13 To protect the interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board of directors meeting in violation of applicable laws, regulations, or the Company's Articles of Incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's Articles of Incorporation by any directors or managers in performing their duties.

It is advisable that the Company appropriately handles the matters referred to in the preceding two paragraphs and keeps relevant written records for future reference incorporate the procedures in its internal control system for management purposes.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13-1 The board of directors of the Company is responsible for establishing a mechanism for interaction with the shareholders to enhance mutual understanding of the development of company's objectives.

Article 13-2 In addition to communicating with the shareholders through the shareholders' meetings and encouraging the shareholders to participate in such meetings, the board of directors of the Company together with the managers and the independent directors shall engage with the shareholders in an efficient manner to ascertain the shareholders' views and concerns, and expound the Company policies explicitly, in order to gain the shareholders' support.

Section 3 Corporate Governance Relationships between the Company and Its Affiliated Enterprises

Article 14 The Company shall clearly identify the objectives and the division of authority and responsibility between itself and its affiliated enterprises, i.e., the subsidiaries over which the Company has actual control or the subsidiaries in which the Company directly and indirectly holds more than fifty-percent of the voting shares, with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15 Any manager of the Company concurrently assuming any other position shall comply with applicable laws and regulations.

A director who engages in any transaction for himself or herself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders' meeting and obtain its consent.

Article 16 The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers and implement the necessary control mechanisms to reduce credit risk.

Article 17 When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the Company and its related parties and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18 A corporate shareholder having controlling power over the Company shall comply with the following provisions:

1. The corporate shareholder shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or not profitable.
2. The corporate shareholder's representative shall follow the rules implemented by the Company with respect to the exercise of rights and participation of resolution, so that at a shareholders' meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director.
3. The corporate shareholder shall comply with relevant laws, regulations and the Articles of Incorporation of the Company in nominating directors and shall not act beyond the authority granted by the shareholders' meeting or board meeting.

4. The corporate shareholder shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. The corporate shareholder shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19 The Company shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The Company shall periodically disclose important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who own 5 percent or more of the outstanding shares of the Company or the shareholding stake thereof is on the top 10 list, but the Company may set up a lower shareholding threshold according to the actual shareholding stake that may control the Company.

Chapter 3 Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20 The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the Company and the shareholders. The Company's various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its Articles of Incorporation, and the resolutions of its shareholders' meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not fewer than five, in consideration of the Company's business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company managers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing and technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.

2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership.
8. Ability to make policy decisions.

Article 21 The Company establishes a fair, just, and open procedure for the election of directors, encourages shareholder participation, and adopts the cumulative voting mechanism to fully reflect shareholders' views, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

When the number of directors falls below five due to the discharge of a director for any reason, the Company shall hold a by-election for director at the following shareholders' meeting. When the number of directors falls short by one-third of the total number prescribed by the Articles of Incorporation, the Company shall convene a special shareholders' meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22 In accordance with the laws and regulations stipulated by the competent authority, the Company shall specify in its Articles of Incorporation that it adopts the candidate nomination system for elections of directors, carefully reviews the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and acts in accordance with Article 192-1 of the Company Act.

Article 23 Clear distinctions shall be drawn between the responsibilities and duties of the chairman of the board of the Company and those of its general manager.

It is inappropriate for the chairman to concurrently act as the general manager or any officer with equivalent duties.

The Company shall clearly define the responsibilities and duties of its functional committees.

Section 2 Independent Director System

Article 24 The Company shall, in accordance with its Articles of Incorporation, appoint at least three independent directors comprising at least one-fifth of the total directors. Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be complied with when an independent director concurrently assumes other positions. Independent directors shall also maintain independence within the scope of their directorial duties and may not have any direct or indirect interest in the Company.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or manager as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of the TWSE/TPEX listed company, any foundation to which the TWSE/TPEX listed company's cumulative direct or indirect contribution of funds exceeds fifty percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the TWSE or TPEX Securities Market.

Article 25 The Company shall submit the matters that should be submitted to the board of directors to the board of directors for approval by resolution as provided in the Securities and Exchange Act, the Articles of Incorporation and Article 35 hereof. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting.

Article 26 The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or other board members shall not obstruct, reject or circumvent the performance of duties by the independent directors.

The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company and shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

Section 3 Functional Committees

Article 27 For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the Company's scale, type of operations, and number of its board members, may set up functional committees for auditing, nomination, compensation and remuneration, strategic growth or any other functions, set up sustainable development, corporate social responsibility, business integrity or other committees on the basis of corporate social responsibility and sustainable operation, and expressly provide for the committee mentioned above in the Articles of Incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the Company for exercise of power by the committee.

Article 28 The Company's Audit Committee shall be composed of the entire number of independent directors and shall not be fewer than three persons, one of whom shall be the convener, and at least one of them shall have accounting or financial expertise.

The exercise of power by the Audit Committee and its independent directors as well as related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 28-1 The Company has its Compensation Committee. It is advisable that the majority of its members be independent directors. The professional qualifications for its members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Article 28-2 The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the Company's internal control system for management purposes.

Article 29 To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Company. Regarding any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions by establishing channels and mechanisms of communication between the Audit Committee, and the attesting CPA while incorporating procedures for that purpose into the Company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and no less frequently than once annually. If the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 30 It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the board of directors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, the board of directors or the management is involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.

The Audit Committee or an independent director of the Audit Committee may retain the service of legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the Company.

Section 4 Rules for the Proceedings and Decision-Making Procedures of Board Meetings

Article 31 The board of directors of the Company shall meet at least once every quarter or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The Company shall have its rules of procedure for board of directors meetings (hereafter referred to as "the Company's Rules of Procedure for Board of Directors Meetings"), which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32 Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the Company's Rules of Procedure for Board of Directors Meetings.

Article 33 When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of the company shall attend the board meeting in person and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the Audit Committee but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professionals may be invited to sit in at the meetings to assist the directors in understanding the conditions of the Company for adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34 Staff personnel of the Company attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairman and secretary of the meeting and sent to each director within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record in audio or video format the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the Company's Articles of Incorporation, or resolutions adopted in the shareholders' meeting, and thus causes an injury to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35 The Company shall submit the following matters to its board of directors for discussion:

1. Convention of shareholders' meetings and implementation of meeting resolutions
2. Review and approval of the Articles of Incorporation, important by-laws and rules as well as important contracts
3. Business plan determination
4. Closing report and business report compilation and review

5. Annual financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
6. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and evaluation of effectiveness of an internal control system.
7. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
8. The offering, issuance, or private placement of any equity-type securities.
9. The appointment, dismissal, performance assessment and the standard of remuneration of the managers.
10. The appointment or dismissal of a financial, accounting, or internal audit officer.
11. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition. The preceding donation to a related party or a major donation to a non-related party shall be made pursuant to Article 7 of the Company's Rules of Procedure for Board of Directors Meetings.
12. Any acquisition and disposal of any important asset that shall require approval by the board of directors
13. Any decision on the establishment and closure of any branch company, representative office, business premises, and branch plant or other relevant changes
14. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, Articles of Incorporation or bylaw to be approved by resolution at a shareholders' meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or the Company's Articles of Incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 36 The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors

Article 37 Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders' meetings or in the Company's Articles of Incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

The Company, with its rules and procedures for board of directors performance assessments, not only should conduct annually scheduled performance assessments of the board of directors and individual directors through self-assessment or peer-to-peer assessments, but also may engage outside professional institutions, or in any other appropriate manner. The performance assessment of the board of directors (functional committees) should include the following aspects, and that appropriate assessment indicators should be developed in consideration of the Company's needs:

1. Its participation in the Company's operations.
2. Improvement in the quality of its decision-making.
3. Its composition and structure.
4. The election of the directors and their continuing professional education.
5. Internal control.

The performance assessments of board members (self-assessments or peer-to-peer assessments) should include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Their grasp of the Company's goals and missions.
2. Their recognition of directors' duties.
3. Their degree of participation in the Company's operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal control.

The performance assessments conducted by the Company of a functional committee may include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. Its participation in the Company's operations.
2. Its recognition of its duties as the functional committee.
3. Improvement in the quality of its decision-making.
4. Its composition and election of members.
5. Internal control.

The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation, nomination and renewal of term of office of each director.

Article 37-1 It is advisable for the Company to establish a succession plan for the management. The development and implementation of such a plan shall be periodically evaluated by the board of directors to ensure its sustainable operation.

Article 37-2 The Board of Directors is advisable to evaluate and monitor the Company's business direction and performance regarding intellectual property in the following aspects to ensure that the Company establishes its intellectual property management system based on the management cycle of "planning, execution, inspection and action":

1. Formulation of intellectual property management policies, objectives and systems related to operating strategies.
2. Establishment, implementation and maintenance of a management system for the acquisition, protection, maintenance and use of its intellectual property according to its scale and type.

3. Determination and provision of resources sufficient to effectively implement and maintain an intellectual property management system.
4. Identification of internal and external risks or opportunities related to intellectual property management and implementation of response measures.

The Company will plan and implement mechanisms for continuous improvement to ensure the operation and effectiveness of the intellectual property system are in line with the Company's expectations.

Article 38 If a resolution of the board of directors violates law, regulations or the Company's Articles of Incorporation, at the request of shareholders holding shares continuously for a year or an independent director to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering any likelihood that the Company might suffer material injury, members of the board of directors shall proceed in accordance with what is prescribed in the foregoing paragraph and immediately report to an independent director member of the Audit Committee

Article 39 The Company, in accordance with its Article of Incorporation, is required to apply for liability insurance for its board of directors with respect to liabilities resulting from exercising their duties during their terms of occupancy to reduce and diversify the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director.

The Company is required to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has applied for or renewed for its board of directors, at the next board meeting.

Article 40 Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, or law offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Chapter 4 Respecting Stakeholders' Rights

Article 41 The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, respect and safeguard their legal rights and interests, and designate a stakeholders section on its website.

When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.

Article 42 The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When any of their legal rights or interest is harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 43 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management or directors to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.

Article 44 In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the Company's social responsibility.

Chapter 5 Improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 45 Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.

The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and to publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.

The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the Company's information, and establish a spokesperson system to ensure the proper and timely disclosure of information about the policies that might affect the decisions of shareholders and stakeholders.

Article 46 To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently. The Company shall appoint one or more who shall represent the Company when the spokesperson cannot perform his/her duties in making statements independently, provided that the order of authority of such acting spokespersons is established to avoid any confusion.

To implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The Company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 47 To keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the Company's finances, operations, and corporate governance. It is also advisable for the Company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and timely updated.

Article 48 The Company shall hold any institutional investor briefing in compliance with the regulations of the TWSE and shall keep an audio or video record of the briefing. The financial and business information disclosed at the briefing shall be announced on the

Market Observation Post System (MOPS) and provided for inquiry through the Company's website or through other channels in accordance with the TWSE rules.

Section 2 Disclosure of Information on Corporate Governance

Article 49 The Company shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE rules:

1. Corporate governance framework and rules.
2. Ownership structure and the rights and interests of shareholders, (including specific and explicit dividend policy).
3. Structure, professionalism and independence of the board of directors.
4. Responsibility of the board of directors and managers.
5. Composition, duties and independence of the Audit Committee.
6. Composition, duties and operation of the Compensation Committee and other functional committees.
7. The compensation paid to the directors, general manager and vice general manager in the last two fiscal years, the analysis of the percentage of total compensation to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operation performance and future risk. Under special individual circumstances, compensation of individual directors shall be disclosed.
8. The progress of training of directors.
9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.
10. Details of the events subject to information disclosure required by laws and regulations.
11. The enforcement of corporate governance, differences between the corporate governance principles implemented by the Company and these principles, and the reason for the differences.
12. Other information regarding corporate governance.

The Company is advised, according to the actual performance of its corporate governance system, to disclose the plans and measures to improve its corporate governance.

Chapter 6 Supplementary Provisions

Article 50 The Company shall at all time monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms to enhance corporate governance effectiveness.

Article 51 The enactment of, and amendment to, the Principles shall be approved by the board of directors and reported to the shareholders' meeting of the Company.

Article 52 Enacted on August 1, 2014, these Principles were amended on January 19, 2018 for the first time, on April 9, 2019 for the second time, on April 10, 2020 for the third time, and on April 9, 2021 for the fourth time, and became effective after approval by the board of directors.

Walsin Lihwa Corporation

Procedures for Ethical Management and Guidelines for Conduct

Article 1 Walsin Lihwa (hereafter referred to as the Company) engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency and, in order to fully implement its policy of ethical management and actively prevent unethical conducts, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter referred to as Procedures and Guidelines) are adopted pursuant to the Company's Ethical Corporate Management Best Practice Principles and the applicable laws and regulations of the places where the Company as well as its affiliated enterprises and organizations operate to provide all personnel of the Company with clear directions for the performance of their duties.

Article 2 The term "personnel of the Company" in the Procedures and Guidelines refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Company as well as its affiliated enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 3 "Unethical conducts" in the Procedures and Guidelines mean that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conducts under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 The term "benefits" in the Procedures and Guidelines means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 The Company's designated Business Integrity Promotion Group as the solely / concurrently responsible unit (hereinafter referred to as responsible unit) under the board of directors with sufficient resources and competent personnel oversees the amendment, implementation, interpretation, and advisory services with respect to the Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall oversee the following matters and submit regular (at least annual) reports to the board of directors:

1. Assisting in incorporating ethics and moral values into this Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Periodically analyzing and assessing the risk of unethical conduct within the scope of business, and adopting programs to prevent unethical conduct accordingly and setting out in each program the standard operating procedures and conduct guidelines.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business

activities within the business scope which are possibly at a higher risk for unethical conducts.

4. Promoting and coordinating awareness and educational activities with respect to the Company's ethics policy.
5. Developing a whistleblowing system and ensuring its effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Producing and properly maintaining documented information about the Company's ethical business policy and the compliance representation thereof, as well as the implementation and execution of the Company's commitments.

Article 6 Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the Company's Ethical Corporate Management Best Practice Principles as well as the Procedures and Guidelines:

1. The conduct undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. Attendance to or invitation of others to ordinary social activities held in line with accepted social custom for commercial purposes or relationship development.
3. Attendance to or invitation of customers to specific commercial events or factory visits because of business needs when how related expenses should be paid, the number of participants, classes of accommodation, and duration of such events or visits have been specified in advance.
4. Attendance to folk festivals that are open to and invite the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property, or other benefits with a market value of NT\$3,000 or less offered to or accepted from a person, with the total market value of what is offered to or comes from the same counterparty or the same source within a single fiscal year limited to NT\$12,000.
7. Property with a market value of NT\$6,000 or less received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative, with the total market value of what comes from the same counterparty or the same source within a single fiscal year limited to NT\$12,000. Unless the Company's relevant regulations and rules stipulate otherwise or competent superiors approve otherwise.
8. Other conducts that comply with the rules of the Company.

Article 7 Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

A relationship of interest between the party providing or offering the benefit and the official duties of this Company's personnel, as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the President of the Company.

Article 8 The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provide or promise any facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 Political contributions by the Company shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit. Any political contributions to a related party shall not be made unless submitted to and approved by the board of directors; in the case of any political contributions to a non-related party, and when the accumulated value of such contributions to a same recipient in a same fiscal year is expected to amount to NT\$3 million, such contributions shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution complies with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.

3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. When making political contributions, the Company shall refrain from engaging in business dealings with, applying for permits to, or carrying out other matters involving its interests with, relevant governmental bodies.

Article 10 Charitable donations or sponsorships by this Company shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. Any charitable donations to a related party shall not be made unless submitted to and approved by the board of directors; in the case of any charitable donations to a non-related party, when the accumulated value of donations or sponsorships to a same recipient in a same fiscal year is expected to amount to NT\$10 million, such donations or sponsorships shall be provided only after being reported to and approved by the board of directors:

1. It shall be ascertained that the donation or sponsorship complies with the laws and regulations of the country where the Company is doing business.
2. A written record of the decision-making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The reward that may be obtained as a result of the Company's sponsorship shall be clear and reasonable and shall not be any party with whom the Company have business dealings or any person who has an interest in the Company's personnel.
5. After giving a charitable donation or sponsorship, the Company should confirm that the money flow thereof is consistent with the purpose of the donation.

Article 11 When any director, officer or other stakeholder of the Company attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The Company's directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 The Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 13 The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14 The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to help personnel of the Company ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall immediately recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15 All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act and may not take advantage of undisclosed information of which they have learned to engage in insider trading. They are also prohibited from divulging undisclosed information to any other party in order to prevent any other party from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16 The Company shall require its directors and senior management to issue a statement that they follow the integrity business policy, and shall require its employees to follow the same in their terms of employment.

The Company is advised to disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17 Before developing a commercial relationship with another party, such as an agent, supplier, customer, or any other counterparty in commercial dealings, this Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether the enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conducts such as bribery or illegal political contributions.

Article 18 Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about this Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19 All personnel of this Company shall avoid business transactions with an agent, supplier, customer, or any other counterparty that is involved in unethical conducts. When the counterparty or partner in cooperation is found to have engaged in unethical conducts, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction to effectively implement the Company's ethical management policy.

Article 20 Before entering into a contract with another party, this Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim compensation for the damage from the other party.
2. Where a party is discovered to be engaged in unethical conducts in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 The Company encourages internal and external personnel to report unethical acts or misconduct, and shall reward them according to the severity of the circumstances they report; any internal personnel who make false reports or malicious allegations shall be subject to disciplinary actions, and those under serious circumstances shall be dismissed.

The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and I.D. number (an anonymous compliant may be made), and an address, telephone number and e-mail address where the whistleblower can be reached.
2. The name of the party informed against or other information sufficient to distinguish the party's features.
3. Specific facts available for investigation.

Company personnel handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

The responsible unit of the Company shall handle the complaints in compliance with the following procedures:

1. It shall report to the Auditing Office if the rank and file are involved and reporting to the Audit Committee if any director or senior executive is involved.
2. The responsible unit of this Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts in accordance with relevant regulations and rules of the Company and, where necessary, with the assistance of the legal compliance or other related departments.
3. If a person being informed against is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, this Company shall immediately require the violator to cease the conduct and shall

make an appropriate disposition. When necessary, the Company will report the same to the competent authorities, transfer the same to the judicial authorities for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, this Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 Should any personnel of the Company discover that another party has engaged in unethical conducts towards this Company, and such unethical conducts involve alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities. If any public service agency or public servant is involved, this Company shall additionally notify the governmental anti-corruption agency.

Article 23 The responsible unit of the Company shall organize at least one awareness session each year and arrange for the chairperson, president, or senior management to communicate the importance of ethics to the Company's directors, employees, and mandataries.

This Company shall link ethical management to its employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company violates ethical conducts, the Company shall punish the violator in accordance with applicable laws and regulations or the personnel policy and procedures of the Company. The punishment includes but is not limited to dismissing the violator from his or her position or terminating his or her employment, as well as disclosing on the Company's intranet the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be reported at the shareholders' meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Enacted on January 14, 2015, these Procedures and Guidelines were first amended on January 19, 2018, secondly amended on April 10, 2020 and thirdly amended on April 9, 2021.

Walsin Lihwa Corporation

Execution of Repurchases of Company Shares

No.	24th		25th		
Date of Board Resolution	21 st Meeting of the Board of Directors of 18 th Term on April 10, 2020		2 nd Meeting of the Board of Directors of 19 th Term on August 4, 2020		
Purpose of Repurchase	Promoting shareholders' rights and interests		Promoting shareholders' rights and interests		
Repurchase Period	April 13, 2020 to June 12, 2020		August 5, 2020 to October 4, 2020		
Actual Repurchase Period	April 13, 2020 to April 23, 2020		August 5, 2020 to September 22, 2020		
Range of Repurchase Prices	NT\$10.5 to NT\$16.5 per share		NT\$11.5 to NT\$17.5 per share		
Type of Shares Repurchased	Common shares		Common shares		
No. of Shares Repurchased	Estimated	Actual	Estimated	Actual	
	40,000,000 shares	40,000,000 shares	60,000,000 shares	60,000,000 shares	
Average Repurchase Price per Share	NT\$12.95		NT\$16.37		
Reasons for Failure to Fully Repurchase the Shares	Not Applicable (Fully Repurchased)		Not Applicable (Fully Repurchased)		
Execution	Date and No. of Letter of Approval by Competent Authority	Date: May 5, 2020 Letter No.: Jin-Guan-Zheng-Jiao-1090341078		Date: September 29, 2020 Letter No.: Jin-Guan-Zheng-Jiao-1090359858	
	No. of Shares Cancelled	40,000,000 shares (cancelled)		60,000,000 shares (cancelled)	
	Date of Cancellation	August 5, 2020 (Record date for capital reduction)		November 16, 2020 (Record date for capital reduction)	

Walsin Lihwa Corporation

Directors shareholdings stated in the shareholder register for the 2021 Annual Shareholders' Meeting

As of March 30, 2021

Title	Name	Shares held	% of issued shares
Chairman	Yu-Lon Chiao	47,161,773 shares	1.37%
Vice Chairman	Patricia Chiao	93,169,006 shares	2.72%
Director	Yu-Cheng Chiao	40,661,551 shares	1.19%
Director	Yu-Heng Chiao	61,072,197 shares	1.78%
Director	Andrew Hsia	0 shares	0.00%
Director	Wei-Shin Ma	244,033 shares	0.01%
Director	Chin Xin Investment Co., Ltd. Representative: Pei-Ming Chen	220,011,000 shares	6.41%
Independent Director	Ming-Ling Hsueh	0 shares	0.00%
Independent Director	King-Ling Du	0 shares	0.00%
Independent Director	Shiang-Chung Chen	0 shares	0.00%
Independent Director	Fu-Hsiung Hu	0 shares	0.00%
Shares held by all directors		462,319,560 shares	13.48%

Note: As of the book closure date for the 2021 Annual Shareholders' Meeting, the Company had issued 3,431,332,948 shares of common stock.

Walsin Lihwa Corporation

Comparison Table of Amended Articles of Articles of Incorporation

Amended Articles	Current Articles	Description
<p>Article 2 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 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 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. 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 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. 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 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 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>		
<p><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></p>	<p>Article 14-2 <u>This Article has been newly added.</u></p>	<p>To specify that the Company establishes the Compensation Committee pursuant to law and its legal basis.</p>
<p><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></p>	<p>Article 14-3 <u>This Article has been newly added.</u></p>	<p>To specify that the Company may establish other functional committees under the Board of Directors.</p>
<p>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.</p>	<p>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></p>	<p>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.</p>
<p>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,</p>	<p>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,</p>	<p>In accordance with Article 237 of the Company Act and the letter issued by the Ministry of Economic Affairs dated January 9,</p>

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 May 28, 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

Regulations

Walsin Lihwa Corporation

Articles of Incorporation

The 49 amendment was adopted by the Shareholders' meeting on May 29, 2020

Chapter I General provisions

- Article 1:** The name of the company is Walsin Lihwa Corporation which is incorporated pursuant to the Company Act.
- Article 2:** The following is the business scope of the company:
1. H701010 Residential and Commercial Building development, Rental and sales Business
 2. E601010 Power Equipment Installation and Maintenance Business
 3. ZZ99999 Except the permitted business, the company may engage in other businesses not prohibited or restricted by laws and regulations
- Article 2-1:** The Company may act as a guarantor for another person in accordance with the law and relevant requirements.
- Article 2-2:** The total amount of the Company's investments in other companies is not subject to the restriction of 40% of the Company's paid-up capital.
- Article 3:** The Company is incorporated in Taipei City. The Company may establish branch office, representative's office, business unit or subsidiary plant in the Republic of China or foreign countries if necessary.
- Article 4:** deleted

Chapter II Shares

- Article 5:** The Company's total capital is Sixty Five Billion New Taiwan Dollars (NT\$65,000,000,000) which is divided into 6,500,000,000 shares with a face value of Ten New Taiwan Dollars (NT\$10) per share. The afore-mentioned shares shall be issued in installments, and the unissued shares shall be issued according to resolutions adopted by the board of directors as it deems necessary.
- Share subscription warrants, corporate bonds with warrants or preferred shares with warrants may be issued within the amount of Eight Billion New Taiwan Dollars (NT\$8,000,000,000) of the preceding capital with the total of 800,000,000 shares and each share at a face value of Ten New Taiwan dollars (NT\$10). These shares may be issued in installments.
- Where the Company is entitled to buy back its own shares according to the law, the board of directors is authorized to undertake such share buyback pursuant to the law.
- Article 6:** The Company's shares are registered share certificates which have been affixed with signatures or seals of more than three directors, coded in serial numbers and certified according to the law before they are issued.
- The Company may be exempted from printing share certificates if such shares have been registered with a securities depository enterprise.
- Article 7:** Shares which are transferred, lost or destroyed shall be handled in accordance with the Company Act and the relevant regulatory requirements.

Chapter III Shareholders' Meeting

Article 8: The Company's regular meeting of shareholders shall be held once every year within six months from the expiration of the fiscal year. Special meeting of shareholders may be held according to the law if necessary.

Article 9: The convening of regular and special meetings of shareholders shall be governed by the Company Act and the meeting proceedings shall be governed by the Company's rules and procedures governing Shareholders' meetings.

Article 10: Unless otherwise provided for by law, the voting right of the Company's shareholders is based on one-share-one-vote.

Article 11: Unless otherwise provided for by law, a resolution of a shareholders' meeting shall be adopted by a majority vote of the shareholders who are present at the meeting and represent more than half of the total number of issued shares. The shareholders of the Company may also exercise their voting rights by electronic means, and shall be deemed as present in person if they exercise their voting rights by electronic means. Relevant matters thereof shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 12: Shareholders may appoint proxies to attend Shareholders' meetings pursuant to the Company Act and the "Rules Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" promulgated by the competent authority by submitting proxy form printed and distributed by the Company and specifying the scope of authority therein.

Article 13: Where a Shareholders' meeting is convened by the board of directors, the chairperson of the board of directors shall chair the meeting. In the event that the chairperson is on leave or absent or cannot exercise his or her power and authority for any reason, the vice chairperson shall act on behalf of the chairperson. If the vice chairperson is also on leave or absent or cannot exercise his or her power and authority for any reason, a director shall be appointed to act on the chairperson's behalf pursuant to the Company Act.

Where a Shareholders' meeting is convened by a person who has convening right other than the board of directors, such person shall chair the meeting. In the event that there are more than two persons having the convening right, the chairperson of the meeting shall be elected from among themselves.

Chapter IV Directors, audit committee and managers

Article 14: 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 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.

Article 15: The term of office of directors shall not exceed three years but they are eligible for re-election.

Article 16: The Board of Directors shall consist the directors of the Company and shall have the rights listed below:

1. Convention of the shareholders meeting minutes and execution of the resolutions hereof.
2. Determination of the operation plan.
3. Review and enforcement of the major rules such as the Company's organizational rules and major agreements.
4. Review of and approval on the procurement or disposition of the major assets in accordance with the laws, regulations or the internal rules of the Company.
5. Approval on the hiring, dismissal, performance appraisal or remuneration standards of managers, and financial, accounting, internal audit or other major supervisors.
6. Decision on the establishment, abolition or change of a branch, office, business premise or plant.
7. Editing and review of the budget billing, business report, and the annual financial report.
8. Enforcement or amendment of the internal control system.
9. Enforcement or amendment to the handling procedures for financial or operational actions of material significance, such as to the procedures regarding acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
10. The offering, issuance, or private placement of any equity-type securities.
11. Review of and approval on a donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next Board of Directors meeting for retroactive recognition.
12. Decision-making of other material matters.

Article 17: The board of directors shall elect a chairperson and a vice chairperson from among themselves by a majority vote at a meeting attended by over two-thirds of the directors.

Article 18: The chairperson shall externally represent the Company and take charge of important matters.

Article 19: The chairperson shall convene board of directors meetings.

The notice of convening a board meeting may be served on directors by means of written document, electronic mail or facsimile.

Unless otherwise provided for by law, a resolution of the board of directors shall be adopted by a majority of the directors present at a meeting attended by a majority of the directors.

A director may appoint another director to attend a board meeting on his or her behalf.

Nonetheless, a director may accept the appointment to act as the proxy of one other director only.

Article 20: deleted

Article 21: The directors shall be entitled to be compensated with the respective remunerations. The amount of remuneration is authorized to be determined by the Board of Directors based on the evaluation of the remuneration committee evaluating the degree of participation and value of contributions of the directors as well as referring to the typical pay levels adopted by peer companies.

Article 21-1: After obtaining the consent of the Board of Directors, the Company may bear the compensation liabilities incurred by its directors from performing their duties as well as refer to the typical insured value adopted by the domestic or global companies to purchase the directors and officers liability insurance during the respective tenure of its directors and supervisors.

Article 22: 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 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.

Article 23: deleted

Article 24: deleted

Chapter V Accounting

Article 25: The Company's fiscal year shall commence on January 1 and terminate on December 31 and settlement of accounts shall be undertaken at the end of the year.

Article 25-1: Company may distribute no less than 1% of profit of the current year as employees' compensation and to distribute no maximum 1% of profit of the current year as compensation of directors. The resolution of actual amount of foresaid compensation shall be adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, company's accumulated losses shall have been covered.

Employees' compensation shall be distributed in the form of shares or in cash; qualification requirements of employees including the employees of parents or subsidiaries of the

Company meeting certain specific requirements which shall be defined by board of directors.

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

Article 26: The Company's chairman, managerial officer and accounting manager shall prepare and sign or affix their chops the statements and records for account settlement which shall be forwarded to audit committee or certified public accountants authorized by audit committee for auditing at least 30 days prior to the date of the regular Shareholders' meeting. Such supervisors or certified public accountants shall produce and submit the reports to the Shareholders' meeting for ratification.

Article 27: deleted

Article 28: After the Company has offset its accumulated losses from previous years and paid all tax due, the Company shall set aside 10% of its net profits as legal reserve, except when the legal reserve equals to the total authorized capital of the Company. From the remainder calculated above plus the surplus retained earnings of previous year, the Company shall set aside 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.

Article 28-1: The Company has diverse product lines which are at different stages of product life cycle. In order to facilitate the Company's sustainable development, the share dividend policy of the Company is governed by the Company Act and the Company's Articles of Incorporation with reference to factors like the Company's capital and financial structures, profit-making ability, types of share dividends generated from investments, the Company's future development and the industrial environment. The Company shall reserve no lesser than 40% of the balance amount as shareholder's profit after offsetting its loss and tax payment in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Chapter VI Supplement provisions

Article 29: The Company's regulations and enforcement rules shall be prescribed separately.

Article 30: Any matter which is not prescribed in these Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.

Article 31: These Articles of Incorporation were established on August 1, 1966. The first amendment was made on March 5, 1967; the 2th amendment was made on December 30, 1967; the 3th amendment was made on June 26, 1969; the 4th amendment was made on June 1, 1970; the 5th amendment was made on June 15, 1971; the 6th amendment was made on December 30, 1971; the 7th amendment was made on June 24, 1972; the 8th amendment was made on May 6, 1973; the 9th amendment was made on November 1, 1973; the 10th amendment was made on April 18, 1974; the 11th amendment was made on April 22, 1975; the 12th amendment was made on April 14, 1976; the 13th amendment was made on April 19, 1977; the 14th amendment was made on May 12, 1978; the 15th amendment

was made on May 8, 1979; the 16th amendment was made on April 7, 1980; the 17th amendment was made on April 10, 1981; the 18th amendment was made on April 20, 1982; the 19th amendment was made on April 16, 1983; the 20th amendment was made on April 18, 1984; the 21st amendment was made on May 6, 1985; the 22nd amendment was made on April 25, 1986; the 23rd amendment was made on December 1, 1986; the 24th amendment was made on May 2, 1987; the 25th amendment was made on April 26, 1988; the 26th amendment was made on April 18, 1990; the 27th amendment was made on April 12, 1991; the 28th amendment was made on March 27, 1992; the 29th amendment was made on June 2, 1993; the 30th amendment was made on May 23, 1994; the 31st amendment was made on May 9, 1995; the 32nd amendment was made on May 23, 1996; the 33rd amendment was made on May 24, 1997; the 34th amendment was made on May 25, 1999; the 35th amendment was made on May 9, 2000; the 36th amendment was made on May 23, 2001; the 37th amendment was made on June 10, 2002; the 38th amendment was made on May 31, 2005; the 39th amendment was made on June 9, 2006; the 40th amendment was made on June 30, 2008; the 41st amendment was made on June 19, 2009; the 42nd amendment was made on June 4, 2010; the 43rd amendment was made on June 17, 2011; the 44th amendment was made on June 12, 2012; the 45th 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 46th 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 47th amendment were made on May 26, 2017; the 48th amendment were made on May 25, 2018; the 49th amendment were made on May 29, 2020. The same procedure shall apply to any future amendment. The same procedure shall apply to any future amendment.

Walsin Lihwa Corporation

Rules and Procedures of Shareholders' Meetings

The amendment was adopted by the regular Shareholders' meeting on May 29, 2020

Article 1 Unless otherwise provided for by law, the Company's Shareholders' meetings shall be governed by these rules and procedures.

Article 2 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

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 in Article 185, paragraph 1 of the Company Act 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 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.

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.

A shareholder holding 1 percent or more of the total number of 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.

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.

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.

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.

Article 3 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company 5 days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4 A shareholder referred to in the Regulations, except for the Article 2 and Article 3 hereof specifying the shareholder itself, shall mean either the shareholder itself or the proxy designated by the shareholder to attend the meeting.

Article 5 The venue for a shareholders meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted prescribed in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and sufficient number of suitable personnel shall be assigned to handle the registrations.

Shareholders shall attend shareholder's meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Shares held by proxy solicitation and shares handled by appointees shall be calculated and a clearly declared through a statistic chart according to regulated format on the date and venue of general shareholders meetings.

Article 7 If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to perform his/her duties, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable perform his/her duties, the chairperson shall appoint one of the

managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall elect from among themselves one person to serve as chair.

When a managing director or a director serves as chair pursuant to the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be applied for a representative of a juristic person director that serves as chair.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall elect a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The shareholders shall not conduct audio or video recording without obtaining an approval from the Chairperson. Chairperson may stop the shareholders violating the above.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

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 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.

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.

Article 10 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors, and each proposal shall be voted on one by one. The

meeting shall proceed in the order set by the agenda and may not be changed without a resolution of the shareholders meeting.

Preceding paragraph also applies shareholders' meetings convened by a party with the power to convene that is not the Board of Directors.

The chair shall not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote. In addition, the chair shall arrange an adequate amount of time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the content contained in the speaker's slip, the spoken content shall prevail.

The speech addressed or the vote casted by a proxy representing a shareholder shall be deemed as the speech or vote of the shareholder despite of any restriction on the authorization or other method made by the shareholder whether the Company knows or not.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and each of the speech may not exceed 5minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond himself/herself or direct relevant personnel to respond.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued and outstanding shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised pursuant to the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued and outstanding shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder is entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights in writing or via electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights in writing or via electronic means shall be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

Shareholders' exercising voting right in writing or via electronic means shall be proceed in accordance with the Company Act, the Regulations Governing the Administration of Shareholder Services of Public Companies and the relevant applicable laws and regulations.

Except as otherwise provided in the Company Act and in the Articles of Incorporation, the passage of a proposal requires an affirmative vote of a majority of the voting rights represented by the attending shareholders. Vote counting for shareholders meeting proposals or elections shall be conducted openly within the venue of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, including voting to approve, objection or waive shall be announced on-site at the meeting, and a record made of the vote at Market Observation Post System.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be made.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Article 14 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.

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.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy of the minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made on the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including the calculation of the number of voting rights) (in case of any election of directors, the number of votes that each candidate wins shall be disclosed), and shall be retained for the duration of the existence of the Company.

Article 16 Staffs handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17 When a meeting is in progress, the chair may announce a recess based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available before the conclusion of the meeting and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 18 Any matter not prescribed in the Rules shall be handled in accordance with the Company Act, the relevant laws and regulations and the Article of Incorporation.

Article 19 These rules and procedures shall take effect upon being ratified by a resolution adopted by the Shareholders' meeting and the same shall apply to all amendments thereto.