



Stock Code 2492

Walsin Technology Corporation

2020 Annual Report

(Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

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Name of Any Exchanges Where the Company's Securities Are Traded Offshore and Information: None.

Corporate Website: <http://www.passivecomponent.com>

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Letter to Shareholders

Letter to shareholders

Dear ladies and gentlemen shareholders,

Last year, under the severe Covid-19 epidemic in various countries and the continuous impact of the US-China trade dispute, the market demand was affected and the performance of the first quarter was shrinking. However, the company used its sales strategy to adjust flexibly, actively maintain customer interaction, and continue to optimize product portfolio, stricter quality control and improvement of production efficiency, etc., have finally paid off the good results of increasing quarter by season! Thanks to all customers, suppliers, partners and shareholders for their long-term support and affirmation of Walsin Technology, and hereby present a summary report on the previous year's operating results and this year's operating plan.

Operating results of the previous year

Looking back at the global economic development situation in Year 2020, it was deeply affected by the Corona-virus disease epidemic and the US-China trade conflict. In order to prevent the spread of the epidemic, various countries have adopted blockade control measures, which has caused the global economic development to near stagnation, weakened growth momentum, and the US-China trade conflict has forced the reorganization of the global industrial chain to respond, and the economic and trade performance of major countries has declined or slowed down. Although industrial activities have been dragged down by the epidemic, future technology applications such as 5G, automotive, AI, and the Internet of Things will continue to develop unstoppable. At the same time, they will generate long-distance business opportunities and fill in some of the economic recession gaps in a timely manner. Passive components are an indispensable element of the global supply chain. Due to the demand gap released by the continuous transformation of Japanese manufacturers and the insufficient supply of expansion increase, the inventory level has been low for a long time, which coincides with the rigid demand in the second half of the year and lead the bottom of the industry to rise. In the long run, in the face of future competition in the same industry and various new application fields, the company can only consolidate its market position by deeply planting its technical capabilities and increasing the depth of its full range of products.

The group's consolidated turnover in Year 2020 was NT\$35.6 billion , an increase of 18.1% from

Year 2019; the consolidated operating gross profit was NT\$11.24 billion , and the gross profit margin was 31.6%; the consolidated operating net profit was NT\$7.91 billion , and the operating net profit margin rate was 22.2%; The net profit after tax was NT\$6.63 billion , the net profit rate after tax was 18.6%, and Walsin Technology's earnings per share (EPS) last year was NT\$13.66 , and the return on equity rate was 18.3%.

Summary of this year's business plan

(1) Business policy

Looking forward to the Year 2021, although the global new crown pneumonia (COVID-19) epidemic continues to spread, as countries continue to develop vaccines and large-scale vaccination, the interference of the epidemic is expected to fade in the second half of Year 2021, coupled with less political uncertainty in the United States and Europe due to the low base period factors, most forecasting agencies are relatively optimistic that the annual economic and trade performance will be better than last year, but the global economic performance will still depend on the effectiveness of the epidemic prevention. In view of this, in the new year, the company's management team will continue to expand the layout of high-end products and steadily increase the market share of the main development strategy, and plan to make further improvements in the following areas to enhance operating performance.

(2) Development strategy

In view of the fact that the market application development of the client terminal has changed more rapidly than in the past, the industrial operation model has continued to respond to changes, and has been actively engaged in research and development to increase product market opportunities and increase product added value. In the future, it will strengthen the market development on the application of new products, actively expanding new product markets and new customers. In addition to making full use of existing production capacity, it also considers customer demand patterns to adjust the layout of production lines, and at the same time improve production bottlenecks through management to increase production efficiency, and hope to have sufficient production capacity and diversification of the product portfolio to make the company enable to provide customers with more complete services.

Affected by external competition environment, legal environment and overall business environment

(1) External competition environment and overall business environment

In Year 2020, the impact of the new crown virus (COVID-19) epidemic caused many countries to

adopt closed management measures such as lock down city and lock down country, which seriously affected the normal operation of global manufacturing, transportation and logistics, warehousing and retailing, and caused a sharp decline in the global economy. Looking forward to this year, depending on changes in the situation such as the effectiveness of epidemic control and the impact of geopolitical risks in various countries, although global economic growth is expected to rebound, there is still great uncertainty, and companies are facing the biggest test since the 2008 financial tsunami. Passive components are a highly mature and capital-intensive industry. Whether it is internal investment or external consolidation, it is an option for companies to grow bigger. The global economic environment this year is not only variable and complicated, and bigger is not our main goal, what we are pursuing is the steady growth of continuous consistency.

(2) Regulatory environment

While economic development improves human life, the friendly natural environment also needs to be properly maintained. All our company's production bases have set up special units for environmental safety and health to strictly control environmental safety issues and strictly abide by environmental protection laws and regulations. At the same time, they invest a lot of resources to build sufficient and effective environmental protection facilities to contribute to a clean environment and protect the earth.

Corporate Social Responsibility

Promoting CSR (Corporate Social Responsibility) is a continuous activity. Over the years, Walsin Technology has participated in the establishment of "Walsin Business Group Charitable Foundation", "Walsin Charitable Group "... and other public welfare organizations, insisting on fulfilling the responsibilities and obligations of social citizens. obligation. Continuing the concept of giving back to the society, the Walsin Technology Foundation continues to promote public welfare and care for five major services, including auditory care, volunteer participation, newspaper reading education, caregiver respite, and friendly workplace.

Although the world economy and human life are affected by the epidemic, Walsin Technology is still growing steadily and gradually expanding its territory. The support of shareholders and the efforts of our team members are the key to growth. Therefore, we attach great importance to the concept of "shareholder value, employee well-being, and social responsibility" in the seven business philosophy. We hope that the company will benefit from the company and shareholders will receive reasonable remuneration. At the same time, it can further fulfill its corporate social responsibilities, create a high-quality working environment for co-existence and co-prosperity with colleagues, and strengthen the company's operating performance, and then give back to

shareholders and society, achieve a win-win cycle of operation and management, and also create a solid sustainable development for the group Rock.

Thanks again to all shareholders for their long-term support and encouragement of Walsin Technology. All colleagues of Walsin Technology will continue to focus on the industry, adhere to quality, do everything to the best, and focus on long-term strategies to allow the company to continue to strengthen its business physique and develop market areas in order to enhance competitiveness and grow steadily, continue to share with shareholders and fulfill the responsibilities of social citizenship with better operational performance, and establish another milestone!

I wish you all shareholders

Joy and health, everything goes well!

Chairman

Chiao Yu-Heng

Company Profile

2.1 Date of establishment: July 29,1970

2.2 Company History & Evolution:

- 1970 Founder Mr. Chen Yan raised funds to establish Wanbang Electronic Enterprise Co., Ltd. The company was established on the 6th floor of No. 277, Section 3, Roosevelt Road, Taipei City. It purchased land 10 Hectare (approximately equal to 29,340 square feet) in Xinfeng Township, Hsinchu County, and set up a factory with a registered capital of NT\$20,000,000, which is the first domestic precision electronics industry to manufacture semiconductor element transistors, light-emitting diodes and integrated circuit processing with consistent operations.
- 1989 Improve the company's operating structure. Walsin Lihua, a domestic high-performance enterprise, will take over the entire equity and part of the private equity of the Guidance Council to continue to guide the company's operations. The company moved to the Huaxin Financial Building, 10th Floor, No. 675, Minsheng East Road, Taipei, in December 1989.
- 1992 Expansion of operations, the company changed its name to Walsin Technology Co., Ltd., and in July 1992, it merged and acquired the electronic division of Walsin Lihwa Corporation, and purchased projects including tangible assets such as fixed assets and inventory, and related intangible assets such as business and technology, and established the Yangmei Factory to produce precision ceramic electronic components such as multilayer capacitors and ceramic resistors to expand operations and increase revenue.
- 1993 The shareholders' interim meeting resolved to sell the assets of the assembly department and self-manufacturing department of the Xinfeng plant, and lay off the employees of the Xinfeng plant. The Xinfeng plant ceased production on January 1, 1994. In order to improve profitability per share, the registered and paid-in capital was reduced to NT\$264.5 million.
- 1996 Established Kaohsiung branch in Kaohsiung Export Processing Zone, It is responsible for the production of chip resistors. In the same year, a 100%

shareholding subsidiary was established in Singapore to expand sales in the local area, and the subsidiary invested in the establishment of overseas sales offices.

- 1997 Established a logistics center and established a timely distribution and supply system in Yangmei Factory.
- 1999 Improve operating efficiency · control cost and expenditure, implement the integration of factory and office, and relocate all business personnel in the Taipei office to the Yangmei factory to work.
- 2000 Established Dongguan factory in Dongguan City, Mainland China to increase production and sales bases. It was selected by Asia Week the "best stocks in Asia" with the highest return on investment in the past year among the 1,680 stocks in Asia.
Established the high-frequency component business department and began to develop and produce high-frequency components.
- 2001 The SAP information management system was officially launched.
A strategic alliance with BC components in Europe, Walsin Technology Corporation's chip capacitor passive component products are sold to the 3C industry around the world through BC components' wide channels and customer bases in Europe, North America and Asia.
Concluded a strategic alliance with Pilkor Electronics in South Korea. Walsin Technology Corporation's full range of passive component products are sold through Pilkor Electronics's channels in South Korea.
It was listed for trading on the centralized market of the Taiwan Stock Exchange, and at the same time, it was sold off the counter at the Taiwan Stock Exchange.
Gallatown Developments., Ltd., which holds 100% of its shares, increased its capital by 1,449,005,729 Japanese yen with participation in cash to acquire Nitsuko Electronics Corporation which is wholly-owned by NEC Infrontia, a subsidiary of Nissho NEC Group Nitsuko Electronics Corp. has a 70% equity and acquires the right to operate. Developing the Japanese domestic demand market through Nitsuko, and leveraging Walsin Technology Corporation's domestic and overseas channels and customers, will further extend the Nitsuko product line to overseas markets.
- 2002 The Ministry of Economic Affairs approved the establishment of a global

operations headquarters in the Kaohsiung Export Processing Zone.

2003 Signed a share subscription contract with Pan Overseas Industrial Co., Ltd., intends to participate in the subscription of 63,140,000 common shares of the company's private equity capital increase, and acquire 22.55% of the company's equity, in order to become a strategic partner and the expansion of the product line complementarity, optimal allocation of product economic scale, sharing of R&D resources, and cooperation in new product development effectively drive the growth of both parties' revenue and profit. This investment case was executed on May 30, 2003.

Signed a share subscription contract with EDEN High-Tech Co., Ltd. , intends to participate in the subscription of 25 million common shares of the company's private equity capital increase, and obtain 30.38% of the company's equity, so as to become a strategic partner and use distribution channels integrate to improve the quality of customer service. Both parties can take advantage of the optimized combination of product portfolio and customer segmentation to expand market share and enhance the professional image of both companies. This investment case was executed on September 29, 2001.

Signed a strategic alliance relationship with Vishay Electronic GmbH, representing Vishay Electronic GmbH, Germany, a subsidiary of Vishay Group in Europe; BCcomponents Hong Kong Limited, Hong Kong in Asia, and Vishay Dale Electronics, Inc., Americas in the United States. Walsin Technology Corporation and Vishay launched alliances in scientific research and product marketing. Relationship.

Initially, MLCC products produced by Walsin Technology Corporation will be marketed in Europe, Asia and North America through the Vishay brand and channels.

2004 Signed a merger contract with EDEN High-Tech Co., Ltd. The two parties intend to discuss at the general meeting of shareholders on April 30, 2004. The company will be the surviving company and 2.36 shares of EDEN High-Tech Co., Ltd. will be the basis of the merger on August 1, 2004. In exchange for the issuance of new shares at a ratio of 1 share of the company, after the merger, the company will increase the number of new shares to be issued as 24,258,475 shares.

2005 Signed a merger contract with Pan Overseas Industrial Co., Ltd., and the two parties intend to discuss at the regular shareholders meeting on June 23, 2005. The company will be the surviving company and exchange 2 shares of

Pan Overseas Industrial Co., Ltd. for the capital. The company will issue new shares at a ratio of one share.

After the merger, the company will issue more than 105,283,580 new shares for participation.

Signed a share transfer agreement with Taiwan Cement Corporation. The two parties used October 7, 2005 as the base date for the capital increase of the transferred shares, and the company issued new shares at a rate of 1.6 shares of Prosperity Dielectrics Co., Ltd. for 1 share of the company. Five hundred and fifty thousand shares were given to Taiwan Cement Corporation. for the conversion of its ten million shares of Prosperity Dielectrics Co., Ltd.

Set up an office in Munich, Germany, and actively expand the European market.

The share exchange was transferred to Prosperity Dielectrics Co., Ltd. common shares of 12,000,000 shares, and the capital increased to 7.5 million shares, making the paid-in capital amount to NT\$5,146,568,100.

Signed a distribution contract with Arrow Electronics, Inc.; through Arrow's marketing channels and extensive customer bases all over the country, Walsin Technology Corporation extended its passive component sales tentacles to SouthernEurope and expanded its electronics industry applications.

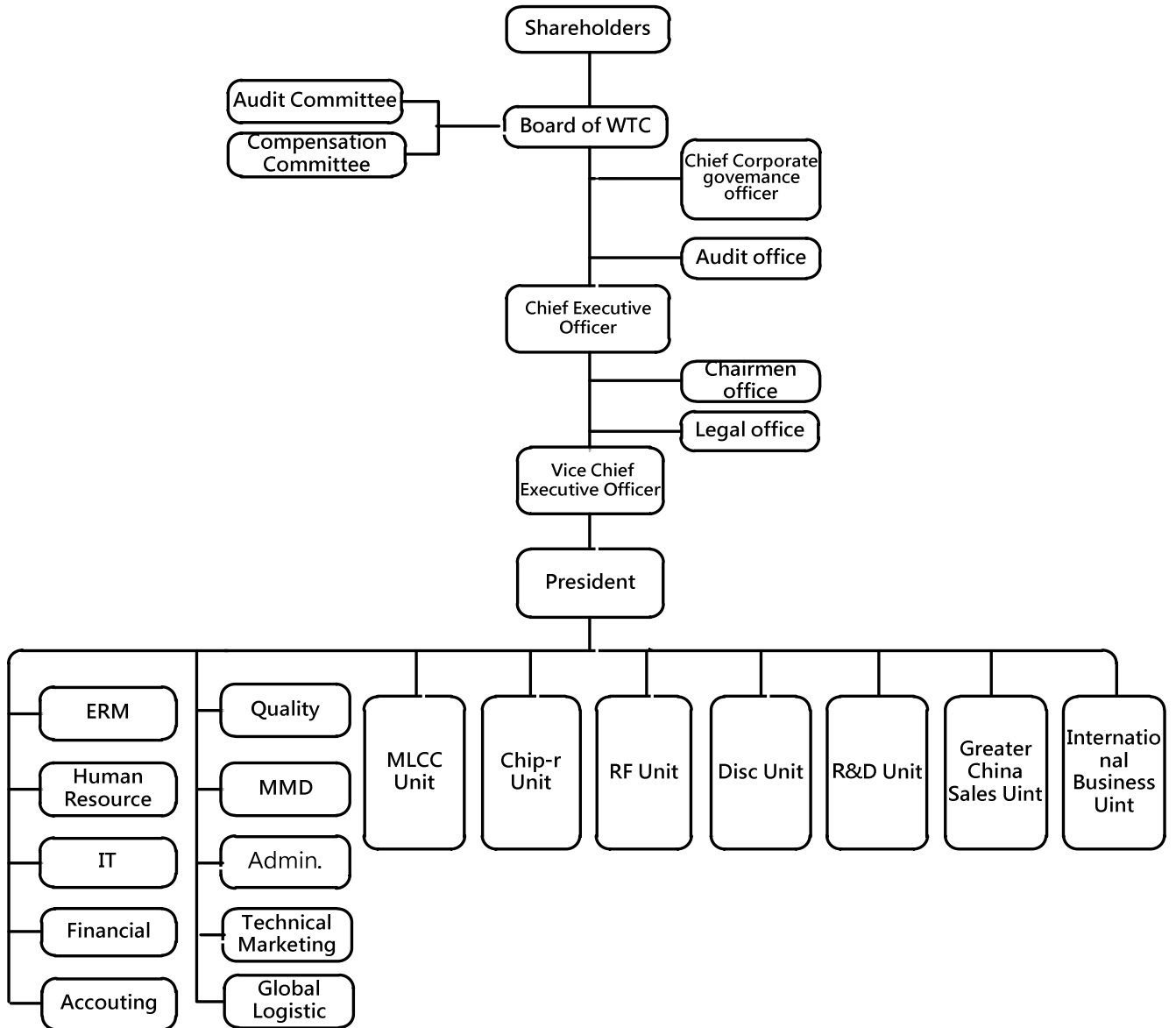
- 2006 Cooperated with Japan's Mitsubishi Materials Corporation (MMC, Mitsubishi Materials Corporation) to obtain 85.84 percents of the Japanese subsidiary Kamaya Electric Co., Ltd. (Kamaya Electric Co., Ltd.) held by its group. Established the Taichung branch by acquiring the tangible fixed assets and inventories of the ceramic disc capacitor division of its Taiwan subsidiary MMC Electronics Taiwan Co., Ltd.
- 2009 Won the Enterprise Award of the 19th "National Quality Award" sponsored by the Ministry of Economic Affairs, R.O.C.
- 2011 Obtained the AEO safety certification of the Ministry of Finance and the General Customs Administration as a high-quality enterprise.
- 2012 Won the 21st Taiwan Excellence Award hosted by the Ministry of Economic Affairs, R.O.C.
- 2013 The company moved to the 24th floor, No. 1, Songzhi Road, Xinyi District, Taipei City.
- 2015 Set up a branch in South Korea to engage in research, development, and trading.

- 2018 Newly included in the global standard index constituent stocks by MSCI.
Invited to subscribe for 45 million common shares issued by INPAQ
Technology Co., Ltd. by way of private placement for cash capital increase.
- 2019 For outstanding performance in operation and growth, and fulfilling social
responsibility, the company was awarded the Asia Pacific Entrepreneurship
Awards
(Asia Pacific Entrepreneurship Awards) by Enterprise Asia, a non-profit
organization in the Asia-Pacific region.
- 2019 For long-term sustainable business development, purchased 3,895 square
feet of industrial land on Zhongyuan Road, Zhongli District, Taoyuan City .
Prepare to build the company's headquarters, logistics, manufacturing and
office use.
- 2020 Purchased part of the factory building (approximately 11,185 square feet) in
Kaohsiung Export Processing Zone A15 from Walton Advanced Engineering,
Inc. and engineering facilities to expand MLCC production capacity and
office use.
Acquired 9 million shares of Silitech Technology Corporation, a listed
company, holding 15% of the shares, and co-operation to strengthen the
automotive product market.
For sustainable business development, the contract purchase of
approximately 18,693 square feet of plant area and factory equipment in
Kaohsiung Luzhu Science Park, which will be used for future expansion of
the company and its subsidiaries' manufacturing and production and office
use.
The company's subsidiary Kamaya Electric Co., Ltd. publicly acquired
6,254,800 shares of Soshin Electric Co., Ltd., a listed company on the Tokyo
Stock Exchange, accounting for 40.1% of its total outstanding shares, in
order to strengthen business cooperation between the two parties, expand
the scale of operations, and enhance international competition force.

Corporate Governance Report

3.1 Company Organization

3.1.1 Organization structure



3.1.2 Major Corporate Functions

Major Departments and Their Scope of Operations

Department	Business
Audit Office	Evaluate the deficiencies of the internal audit system and the efficiency of corporate operation. Prepare and submit the audit reports to the board of directors. Provide improving advice in due time to sustain a proper internal audit system. Implement the Internal Audit System effectively and assist management team to perform its duties faithfully. Assist departments in risk evaluation and self-check.
Chairmen Office	Business environment analysis and evaluation, monitoring and tracking of budget achievement, project management, public relationship, competitor analysis and strategy formulation, review and evaluation of mergers and acquisitions and strategic alliances.
Legal office	Draft, review and manage contracts. Research, consult and aid to legal issues. Suggest and deal with litigation and arbitration. Collect, compile, research and constantly update related rules, regulation and laws. Suggest and assist in trade secrets confidentiality and protection. Suggest and deal with legal enforcement of overdue receivables on demand. Suggest and assist in related government affairs. Promote and train for general legal knowledge training. Build up job description of legal department and train the related staffs.
Financial	Planning and maneuvering of company funds and investment management. Planning and execution of investors relations and shareholder services.
Accounting	Planning and evaluation of budget and costs. Planning and execution of accounting system and tax matters.
Information Technology	To plan, construct, maintain, and operate the company's information management systems and satisfy the user demand for system implementation in order to ensure maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive. Maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive.
Human Resources	Management of human resources and organizational development.

Enterprise Risk Management	Establish each business unit's authorities and responsibilities to risk management. Credit control, AR management and sales contract management.
Material Management Division	Responsible for planning and operations management of all business units, key electronics and supplier strategies, purchase process and system building, as well as global logistic planning and operations.
Admin	Facility: The department manages and maintains the building and the public facilities in the factory to ensure a safe working environment. Occupational Safety and Health: The department develops, plans, monitors and promotes workplace safety and health management standards.
Quality	Planning and execution of company quality policy and establishes quality standards, designs quality assurance strategies for raw materials and final products and manages quality improvement activities. In charge of internal quality management and external quality assurance, reliability assurance and handling of quality complaints.
MLCC Div.	The planning and management of MLCC manufacturing process, raw materials and finished products.
Chip-r Div.	The planning and management of Chip-R manufacturing process, raw materials and finished products.
R & D Div.	The R&D of advanced display technologies, design, and development of new products.
RF Div.	The planning and management of RF manufacturing process, raw materials and finished products.
Greater China Sale Unit	Responsible for the collection and feedback of market data in the Greater China region, the formulation and implementation of new customer and market development sales order policies. New client development and new product promotion. Management of dealers and distributors.
International Business Unit	Responsible for the collection and feedback of market data in the Non-Greater China region, the formulation and implementation of new customer and market development sales order policies. New client development and new product promotion. Management of dealers and distributors.
Technical Marketing	Marketing support and product application promotion for domestic and overseas business.

Global Logistic	Consolidate orders and plan production schedules. Packaging and shipping, warehouse management. Responsible for cargo transportation (land transportation, air transportation, shipping), import and export, and bonded affairs of various factories around the world.
Disc Unit	The planning and management of Disc manufacturing process, raw materials and finished products.

3.2 Information On Board Directors, President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

3.2.1 Information on Board Directors

2021/4/27

Title	Nationality or Registration Country	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairman	R.O.C.	Chiao Yu-Heng	Male	2019/6/19	3 years	1992/05	12,527,709	2.58	12,887,461	2.65	50,082	0.01	-	-		Note 2 Note 3	Director	Chiao Yu-Cheng	Brother	Note1
Director	R.O.C.	Walsin Lihwa Corporation		2019/6/19	3 years	1992/05	88,902,325	18.3	88,902,325	18.3	-	-	-	-	--			--	--	
Representative	R.O.C.	Chiao Yu-Cheng	Male				205,628	0.04	205,628	0.04	-	-	-	-	Master of Washington University, MBA Chairman of Walsin Lihwa Corporation	Note 4	Chairman	Chiao Yu-Heng	None	
Director	R.O.C.	Yeh Pei-Chen	Male	2019/6/19	3 years	2019/06	-	-	-	-	-	-	-	-	Electronics of Minghsin University of Science and Technology Industrial Technology Research Institute Engineer	Note 5	None	None	None	
Director	R.O.C.	Lee Chia-Hwa	Male	2019/6/19	3 years	2004/06	-	-	-	-	-	-	-	-	MBA OF Andrew University Vice Chairman of Inventec Group	Note 6	None	None	None	
Director	R.O.C.	Ku Li-Chin	Male	2019/6/19	3 years	2013/06	873,849	0.18	768,849	0.16	526	-	-	-	Chung Yuan Christian University AVP/Vice president of Walsin Technology Corporation	Note 7 Note7.1	None	None	None	

Title	Nationality or Registration Country	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Director Representative	R.O.C. R.O.C.	HannStar Board Corporation representative Shu Yao-Hsien	Male	2019/6/19	3 years	2019/06	36,227,115	7.46	36,367,115	7.49	-	-	-	-	MBA of University of North Carolina President of HannStar Board Corporation representative	Note 8	None	None	None	
Independent Director	R.O.C.	Fan Po-Kang	Male	2019/6/19	3 years	2019/06	-	-	-	-	-	-	-	-	California State University Department of Accounting Manager of Walsin Lihwa Corporation Supervisor of Global Brands Manufacture Ltd.	Note 9	None	None	None	
Independent Director	Malaysia	Tan Yong-Chian	Male	2019/6/19	3 years	2016/06	358	0.00	358	0.00	-	-	-	-	Department of Civil Engineering, Seattle University Director of Prosperity Dielectrics Co., Ltd.	Note 10	None	None	None	
Independent Director	R.O.C.	Francis Chi	Male	2019/6/19	3 years	2016/06	-	-	-	-	-	-	-	-	President of Aobi Pharmaceutical Group	Note 11	None	None	None	

Note 1: The chairman and chief executive officer of the company are the same person. The main purpose to plan the company's future development and formulate the company's operating strategy, so it is necessary. In addition, more than half of the company's directors do not serve as employees or managers, which is sufficient to perform the supervisory function of the board of directors. In line with the spirit of corporate governance.

Note 2: Mr. Chiao Yu-Heng concurrently served as the company (including Prosperity Dielectrics., Ltd.(PDC)), HannStar Board Co., Ltd. (including Global Brands Manufacture Ltd.(GBM), Walton advanced Engineering inc, and INFO-TEK Corporation.For details of other duties in the company and its subsidiaries of the aforementioned companies, please refer to "I. Related Companies" in the "I. Special Records" of each company's annual report.

Below notes of other positions of the Company or other companies(Most of them are listed below)

Note3:Chairman-Walsin Tecnnology Corporation, Global Brands Manufacture Ltd., Walton Advanced Engineering, Inc., Prosperity Dielectrics Co., Ltd., Info-Tek Corporation, VVG INC,
Director- Walsin Lihwa Corporation , Corporation's representative as director- Career Technology (MFG.) Co., Ltd., Inpaq Technology Co., Ltd.

CEO of Walsin Technology Corporation. Corporation's representative as chairman- Silitech Technology Corporation

Note4. Chairman and CEO- Winbond Electronics Corporation, Director- Walsin Lihwa corporation

Corporation's representative as director- Walsin Technology Corporation.

Independent director- Taiwan Cement Corporation, Synnex Technology International Corporation.

Note5 Director- Walsin Technology Corporation.

Chairman- Giga-Byte Technology Co., Ltd., Giga-Byte Communications Inc., Giga Investment Co, Pg Union Corporation etc.

Corporation's representative as director- HEIMAVISTA INC. BYTE International Co., Ltd

Note 6. Director- Walsin Technology Corporation. Unex Technology Corporation

Chairman- International Mobile lot Corp.

Note7. Corporation's representative as director - Prosperity Dielectrics., Ltd, Vice Chairman- Walsin Technology Corporation.

Note7.1 For details of other duties of Mr. Ku Li-Chin concurrently serving as a subsidiary of the company, please refer to ". Information about Affiliated Companies" in the "Special Records" of the company's annual report.

Note 8. Director- HannStar Board Corp.

Corporation's representative as Director- Info-Tek Corporation

Note9 Independent director- Walsin Technology Corporation, Prosperity Dielectrics.Co, Ltd

Note10 Independent director- Walsin Technology Corporation, Prosperity Dielectrics.Co, Ltd, Director- Hannstar Display Corp., President- MOXIQ OBJECT SDN. BHD

Note11. President - Aobi Pharmaceutical Group

3.2.2 Major Shareholders of the Institutional Shareholders

(A)- Walsin Lihwa Corporation

2021/3/30

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

(B)-HannStar Board Corporation

2021/4/18

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
HannStar Board Corporation	Walsin Technology Corporation	20.32%
	Walsin Lihwa Corporation	12.06%
	Career Technology (Mfg.) Co., Ltd.	5.44%
	Chin-Xin Investment Co., Ltd	3.55%
	Yu-Heng Chiao	2.19%
	Pai-Yung Hong	1.86%
	Special Account of BNP Paribas, Singapore Branch under the custody of HSBC	1.50%
	PROSPERITY DIELECTRICS CO., LTD.	1.07%
	Chase custodial JP Morgan Securities Limited investment account	0.91%
	PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch	0.84%

3.2.3 Major Shareholders of the Company's Major Institutional Shareholders

(A)- 1 Walsin Lihwa Corporation

2021/3/30

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Winbond Electronics Corporation	Walsin Lihwa Corporation	22.21%
	Chin-Xin Investment Co., Ltd	6.01%
	Yu-Cheng Chiao	1.59%
	PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.31%
	LGT Bank (Singapore) Investment Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch	1.13%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.01%
	Pai-Yung Hong	0.97%
	Singapore Government Fund Account under the custody of Citibank, N.A., Taipei Branch	0.91%
	Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	0.89%
	Yu-Lon Chiao	0.74%

(A)-2 Walsin Lihwa Corporation

2020/12/31

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

(A) -3Walsin Lihwa Corporation

2021/03/31

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Teco Electric & Machinery co., Ltd.	PJ Asset Management	17.45%
	Walsin Lihwa Corporation	9.70%
	CHIA-YUAN Investment Co., Ltd.	6.34%
	CREATIVE SENSOR INC.	3.62%
	Taiwan Bank managed Silchester International Investors International Value Equity Trust	2.28%
	Standard Chartered International Commercial Bank is entrusted with the special investment account of WGI Emerging Market Small Company Fund	1.76%
	Tong Kuang Investment Co., Ltd.	1.50%
	Taiwan bank managed Silchester International Investors International Value Equity Trust Group	1.27%
	CitiBank (Taiwan)managed Norges Bank	1.26%
	KUAN-YUAN Corporation	1.25%

(A)-4 Walsin Lihwa Corporation

2020/12/31

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Huali Investment Corp.	Hannstar Display Corp.	100%

(A)-5 Walsin Lihwa Corporation

2020/12/31

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Rong Jiang Co., Ltd.	Tien Jiang Co., Ltd.	69.67%
	Wonderful Assets Co., Ltd	30.33%

(B)-1 HannStar Board Corporation

2021/4/27

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Walsin Technology Corporation	Walsin Lihwa Corporation	18.30%
	HannStar Board Corporation	7.49%
	Global Brands Manufacture Ltd.	3.14%
	Walton Advanced Engineering, Inc.	2.75%
	Kim Eng Securities Private Co., Ltd. investment account under the custody of Citibank Taiwan Ltd.	2.74%
	Yu-Heng Chiao	2.65%
	Fubon Life Insurance Co., Ltd and related investment account trusted by Nomura	1.79%
	Winbond Electronics Corporation	1.77%
	Labor Pension Fund	1.61%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.44%

(B)-2 HannStar Board Corporation

2021/3/30

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

(B)-3 HannStar Board Corporation

2021/04/19

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Career Technology (MFG.) Co., Ltd.	HannStar Board Corporation	23.96%
	Fubon Life Assurance Co.,LTD	3.84%
	PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.12%
	TSAI, CHANGYING	1.11%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.00%
	Chase custodial JP Morgan Securities Limited investment account	0.87%
	Polunin Developing Countries Fund, LLC	0.82%
	WU, YONGHUEI	0.72%
	Emerging Markets Core Equity Portfolio Of DFA Investment Dimensions Group Inc.	0.67%
	YE, KUNSIANG	0.65%

(B)-4 HannStar Board Corporation

2020/12/31

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

(B)-4 HannStar Board Corporation

2021/04/19

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation	43.13%
	Walton Advanced Engineering, Inc.	0.75%
	Yu-Heng Chiao	0.62%
	Guo-Feng Li	0.58%
	TA-HO MARITIME CORPORATION	0.55%
	ABC TAIWAN ELECTRONICS CORP.	0.47%
	Chase custodial JP Morgan Securities Limited investment account	0.46%

	Wen-Zhe Shen	0.44%
	Investment Account for Credit Suisse under the custody of Standard Chartered Bank (Taiwan) Ltd.	0.41%
	Jin-Zong Li	0.37%

3.2.4 Professional Qualifications and Independence Analysis of Directors

Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chiao Yu-Heng			✓						✓			✓		✓	✓	0
Walsin Lihwa corporation representative: Chiao Yu-Cheng			✓	✓		✓			✓	✓	✓	✓		✓		2
Yeh Pei-Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lee Chia-Hwa			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ku Li-Chin			✓			✓		✓	✓			✓	✓	✓	✓	0
HannStar Board Corporation representative: Shu Yao-Hsien			✓	✓		✓		✓	✓	✓	✓	✓	✓	✓		0
Fan Po-Kang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tan Yong Chian			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Francis Chi			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent

- or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
 - (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company.
 - (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
 - (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
 - (11) Not been a person of any conditions defined in Article 30 of the Company Act.
 - (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.5 Information on President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

2021/4/27

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship		
CEO	R.O.C.	Chiao Yu-Heng	Male	2010/10/18	12,887,461	2.65	50,082	0.01	-	-	MBA of Golden Gate University Vice Chairman of Walsin Lihwa Corporation	Note 3	None	None	None	Note1	NOTE2
Vice CEO	R.O.C.	Ku Li-Chin	Male	2020/04/01	768,849	0.16	526	0.00	-	-	Chung Yuan Christian University AVP/ Vice president of Walsin Technology Corporation	Note 4	None	None	None	Note1	
President	R.O.C.	Chang, Jui-Tsung	Male	2020/04/01	307,706	0.06	-	-	-	-	National Taipei University of Technology/ Corporation's representative as director- Inpaq Technology Co., Ltd.	Note 4	None	None	None	Note1	
AVP	R.O.C.	Chen, Kuei-Chen	Male	2003/02/06	30,564	0.01	4,276	0.00	-	-	Master of National Cheng Kung University	Note 4	None	None	None	Note1	

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship		
AVP	R.O.C.	Ko, Fu-Fu	Male	2011/09/01	28,358	0.01	1,386	0.00	-	-	Master of Business Administration, Chung Yuan Christian University Manager and Director of WTC	None	None	None	None	Note1	
AVP	R.O.C.	Lee, Ting-Chu	Female	2014/08/01	114,914	0.02	-	-	-	-	Master of Business Administration in New York State, USA/ Director of WTC	None	None	None	None	Note1	
AVP	R.O.C.	Peng, Chun-Hsiung	Male	2017/07/01	71,274	0.01	86	0.00	-	-	Master of National Central University/ Director of WTC	Note4	None	None	None	Note1	

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship		
AVP	R.O.C.	Chen, Yeh-Jeng	Female	2017/09/01	25,500	0.01	-	-	-	-	Department of Law, National Taipei University/Judge of Taiwan High Court	None	None	None	None	None	
AVP	R.O.C.	Chen, Chin-Hui	Female	2017/09/01	36,196	0.01	940	0	-	-	Master of University of East Anglia/ Director of WTC	None	None	None	None	Note1	
AVP	R.O.C.	Chang, Jui-Jung	Male	2017/12/09	57,000	0.01	-	-	-	-	Master of Kaohsiung First University of Science and Technology/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Kuen-Hwang	Male	2019/03/26	12,000	0.00	-	-	-	-	Master of National Cheng Kung University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Yi-Kuang	Male	2019/05/02	35,500	0.01	3,367	0.00	-	-	PhD, University of Cambridge/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Liu, Hsiu-Chen	Female	2019/05/02	41,457	0.01	-	-	-	-	Master of Chung yuan University/ Director of WTC	None	None	None	None	None	

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relation Ship		
AVP	R.O.C.	Ou, Mei-Ying	Female	2019.08.01	5,000	0.00	-	-	-	-	EMBA of Taiwan University/Vice president of Yahoo Taiwan	None	None	None	None	None	
AVP	R.O.C.	Huang, Chih-Liang	Male	2020/03/01	37,500	0.01	-	-	-	-	Master of National Cheng Kung University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Yang, Tsung-Lin	Male	2020/03/01	21,000	0.00	-	-	-	-	National Ocean University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Huey-Ru	Female	2020/03/01	31,000	0.01	-	-	-	-	Master of National Taiwan University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Chun-Hsueh	Male	2020/03/01	34,000	0.01	-	-	-	-	Master of National Central University/ Director of WTC	None	None	None	None	None	
AVP	Malaysia	Ling Chek Leh	Male	2020/04/01	-	-	-	-	-	-	Honor Degree holder, University of Coventry,	None	None	None	None	None	

											England Phycomp S.Asia Regional Manager; ASJ Pte Ltd, VP of Sales & Marketing; WTC Sales Director, S.Asia & Global EMS					
Head of Financial and Accounting	R.O.C.	Yeh, Tse-Kuang	Male	2014.08.01 2008.07.01	46,950	0.01	-	-	-	-	Master of Accounting, Chung yuan University/Manag er of WTC	NOTE4	None	None	None	NOTE1
Head of Audit	R.O.C	Lu, Wen-Chuan	Female	2009/11/16	28,630	0.00	-	-	-	-	Department of Accounting, Fu Jen Catholic University/Account t manager of Philips.	None	None	None	None	None
EX AVP	R.O.C.	Huang, Ming-Tsan	Male	2015/07/01	N/A					Feng Chia University/ Director of WTC	None	None	None	None	Note1	
EX Vice President	R.O.C	Hung, Chih-Mou	Male	1999/07/01	N/A					Master of National Cheng Kung University/ Vice President of WTC	N/A	N/A	N/A	N/A	N/A	
EX Vice President	R.O.C	Tseng, Ming-Tsan	Male	2019/02/22	N/A					PhD of National Taiwan University/ President and Director of Inpaq	N/A	N/A	N/A	N/A	N/A	

- Note 1: The manager has obtained the employee stock option certificates issued by the company on June 7, 2002, May 2, 2003 and/or December 25, 2007 respectively, and the duration is five years, but they have The issuance and subscription methods execute subscriptions or expire after the expiry date, and there is no situation of holding stock warrants for existing employees.
- Note 2: The chairman and chief executive officer of the company are the same person. The main purpose is to plan the company's future development and formulate the company's operating strategy, so it is necessary. In addition, more than half of the directors of the company do not serve as employees or managers, which is sufficient The supervisory function is in line with the spirit of corporate governance.
- Note 3: Mr. Chiao, Yu-Heng concurrently serves as the company (including Prosperity Dielectrics Co., Ltd.), HannStar Board Co., Ltd. (including Global Brands Manufacture Ltd.), Walton Advanced Engineering, Inc., and Info-Tek Corporation. For the details of other duties in the company and its subsidiaries, please refer to "I. Information about related companies" in the annual report of each company.
- Note 4: For details of the other positions of Mr. Ku Li-Chin, Mr. Chang Jui-Tsung, Mr. Chen Kuei-Chen, and Mr. Yeh Tse-Kuang concurrently serving as subsidiaries of the company, please refer to "Related information of related companies."
- Note 5: On March 27, 2020, the company's board of directors approved the promotion of the former general manager, Mr. Ku, Li-Chin, as the new deputy chief executive officer, which took effect on April 1, 2020
- Note 6: On February 26, 2020, the board of directors approved Mr. Chang Jui-Tsung, deputy general manager, to be promoted to chief operating officer, which took effect on March 1,2020; later, the board of directors passed a resolution of March 27, 2020 and passed the chief operating officer Chang Jui-Tsung Mr. Chang Jui-Tsung was promoted to president, effective April 1, 2020.
- Note7: Mr. Hung Chih-Mou retired on December 31,2020, and Mr. Tseng Ming-Tsan full time president of Inpaq Technology Corporation on December 31, 2020. Mr. Huang Ming-Tsan retired on March 1, 2021.
- Note8: On May 3,2021, the company's board of directors approved the promotion of associate Peng Chun-Hsiung and Chang Jui-Jung to vice president, and the promotion of Mr. Chu Li-wen to AVP, which took effect on May 4, 2021.

3.3 Remuneration of Directors & Managers in 2020

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands; %

Title	Name	Directors Remuneration								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation Earned by a Director Who is an Employee of the Company or of the Company's Consolidated Entities								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Ventures Other than Subsidiaries or from the Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)(Note1)		Employees' Compensation (G)						
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements (The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements		The Company	All Companies In Financial Statements)	
																Cash	Stocks	Cash	Stock			
Chairman and CEO	Chiao Yu-Heng	0	1,733	0	0	50,145	53,448	216	426	0.76%	0.84%	45,573 (Note2)	93,573 (Note2)	108	108	6,550	0	7,850	0	1.55%	2.37%	32,320
Director	Walsin Lihwa corporation																					
Director	Walsin Lihwa corporation representative: Chiao Yu-Cheng																					
Director	Lee Chia-Hwa																					
Director	Ku Li-Chin																					
Director	Yeh Pei-Chen																					
Director	HannStar Board Corporation																					
Director	HannStar Board Corporation representative: Shu Yao-Hsien																					
Independent Director	Fan Po-Kang	0	0	0	0	17,800	19,508	108	230	0.27%	0.30%	0	0	0	0	0	0	0	0	0.27%	0.30%	0
Independent Director	Tan Yong Chian																					
Independent Director	Francis Chi																					

1.The Company accrues employees' compensation and remuneration of directors and supervisors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax. 2.Except as disclosed in the above chart, remuneration to directors received due to the service provided to all companies listed in the financial statement in the most recent year: 0
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Note 1: Refers to accrued pension expenses, and the actual payment of pension is NTD\$0.

Note 2: The Company provides a rental car which rental fees totaled NT\$392 thousand per year. And the remuneration to chauffeurs totaled NT\$1,882 thousand per year. And also provides a dormitory and parking space which rental fees totaled NT\$366 thousand per year.

Table of Remuneration Ranges

Range of Remuneration Paid to Directors	Names of Directors			
	Aggregate of First Four Remunerations (A+B+C+D)		Aggregate of First Seven Remunerations (A+B+C+D+E+F+G)	
	The Company	Included in Financial Statements All companies	The Company	All Companies in Consolidated Statements
<NT\$1,000,000	Chiao Yu-Cheng 、 Shu Yao-Hsien	Chiao Yu-Cheng 、 Shu Yao-Hsien	Chiao Yu-Cheng 、 Shu Yao-Hsien	Chiao Yu-Cheng 、 Shu Yao-Hsien
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Francis Chi	Francis Chi	Francis Chi	Francis Chi
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ ~NT\$10,000,000 (exclusive)	Ku Li-Chin 、 Walsin Lihwa corporation 、 Lee Chia-Hwa 、 Yeh Pei-Chen 、 HannStar Board Corporation 、 Tan Yong Chian 、 Fan Po-Kang	Ku Li-Chin 、 Walsin Lihwa corporation 、 Lee Chia-Hwa 、 Yeh Pei-Chen 、 HannStar Board Corporation 、 Tan Yong Chian	Walsin Lihwa corporation 、 Lee Chia-Hwa 、 Yeh Pei-Chen 、 HannStar Board Corporation 、 Tan Yong Chian 、 Fan Po-Kang	Walsin Lihwa corporation 、 Lee Chia-Hwa 、 Yeh Pei-Chen 、 HannStar Board Corporation 、 Tan Yong Chian
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	Fan Po-Kang	-	Fan Po-Kang
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Chiao Yu-Heng	Chiao Yu-Heng	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	Chiao Yu-Heng 、 Ku Li-Chin	Ku Li-Chin
NT\$50,000,000 (inclusive) ~ ~NT\$100,000,000 (exclusive)	-	-	-	Chiao Yu-Heng
> NT\$100,000,000	-	-	-	-
Total	11	11	11	11

3.3.2 Remuneration of President, Vice President and Managers

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Severance Pay (B)(Note1)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of (A+B+C+D) to Net Income (%)		Remuneration from Ventures other than Subsidiaries or from the Parent Company
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements		The Company	All Companies In Financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Chiao Yu-Heng	61,377	71,650	216	345	18,179 (Note2)	65,443 (Note2)	10,560	0	14,044	0	1.36%	2.28%	25,488
Vice CEO	Ku Li-Chin													
President	Chang, Jui-Tsung													
Vice President	Hung Chih-Mou													
Vice President	Tseng Ming-Tsan													

Note 1: Refers to accrued pension expenses, and the actual payment of pension is NTD\$0.

Note 2: The Company provides a rental car which rental fees totaled NT\$469 thousand per year. And the remuneration to chauffeurs totaled NT\$1,882 thousand per year. And also provides a dormitory and parking space which rental fees totaled NT\$370 thousand per year.

Compensation Range Table

Range of Compensation to President, Vice President	President, Vice Presidents	
	The Company	All Companies In Financial Statements
<NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Tseng Ming-Tsan	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) ~ ~NT\$10,000,000 (exclusive)	-	Tseng Ming-Tsan
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Hung Chih-Mou	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Chiao Yu-Heng 、 Ku Li-Chin 、 Chang Jui-Tsung	Chang Jui-Tsung 、 Hung Chih-Mou
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	Ku Li-Chin
NT\$50,000,000 (inclusive) ~NT\$100,000,000 (exclusive)	-	Chiao Yu-Heng
> NT\$100,000,000	-	-
Total	5	5

3.3.3 Distribution of Employees' Compensation to Managers

2021/4/30

Unit: NT\$ thousands; %

	Title	Name	Stock	Cash	Total	Percentage of the Total to After-tax Net Income (%)
Managers	Chairman	Chiao, Yu-Heng	0	37,654	37,654	0.57%
	Vice CEO	Ku, Li-Chin				
	President	Chang, Jui-Tsung				
	Vice President	Hung, Chih-Mou				
	Vice President	Tseng, Ming-Tsan				
	AVP	Chen, Kuei-Chen				
	AVP	Ko, Fu-Fu				
	AVP	Huang, Ming-Tsan				
	AVP	Lee, Ting-Chu				
	AVP	Peng, Chun-Hsiung				
	AVP	Chen, Yeh-Jeng				
	AVP	Chen, Chin-Hui				
	AVP	Chang, Jui-Jung				
	AVP	Chen, Kuen-Hwang				
	AVP	Chen, Yi-Kuang				
	AVP	Liu, Hsiu-Chen				
	AVP	Ou, Mei-Ying				
	AVP	Huang, Chih-Liang				
	AVP	Yang, Tsung-Lin				
	AVP	Chen, Huey-Ru				
	AVP	Chen, Chun- Hsueh				
	AVP	Ling ChekLeh				
	AVP(Chief Financial and Accounting Officer)	Yeh, Tse-Kuang				
Director(Chief Auditing Officer)	Lu, Wen-Chuan					

3.3.4 Analysis of the ratio of total remunerations for Directors, President and vice presidents to Net Income (Loss) in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

1. Information of total remunerations to Directors, Supervisors, President and vice presidents in the last two years:

Title	Total Remunerations as Percentage (%) of the financial statements Net Income (Losses)			
	2018		2019	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Directors	1.36%	2.38%	1.82%	2.67%
Supervisors	0.08%	0.08%	--	--
President & Vice Presidents	0.53%	1.53%	1.36%	2.28%

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

The remuneration to Directors and Supervisors of the company include transportation subsidy and remuneration to directors of earnings distribution. The transportation subsidy which is refer to the same industry standards and be reviewed by the Compensation Committee. The remuneration of earnings distribution in accordance with the Articles of Incorporation, shall be resolved by the board of directors and proposed to shareholders' meeting. The remuneration of the President and Vice Presidents include salary, bonus and employee bonus etc., that shall be performed in accordance with their position, responsibility, and reference to the remuneration level by the same position of the same industry, also based on business performance results is also taken into account. And report to the Compensation Committee for review and agreement.

3.4 Implementation of Corporate Governance

3.4.1 Operation of Board of Directors:

- ◆ The Board of Directors totally held 9 (A) meetings in the most recent year, the attendance records for Directors are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Chairman	Chiao Yu-Heng	9	0	100	
Director	Walsin Lihwa Corporation representative: Chiao Yu-Cheng	7	2	78	
Director	Lee Chia-Hwa	9	0	100	
Director	Ku Li-Chin	9	0	100	
Director	Yeh Pei-Chen	3	1	33	
Director	HannStar Board Corporation representative: Shu Yao-Hsien	9	0	100	
Independent Director	Fan Po-Kang	9	0	100	
Independent Director	Tan Yong Chian	9	0	100	
Independent Director	Francis Chi	9	0	100	
Independent directors attended each board meeting: Nine board meetings were held in 2020, and all three independent directors attended in person.					

Other details that need to be recorded in meeting minutes:

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

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

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
15 rd Term 5 th Meeting Jan. 20, 2020	Proposal: The resolutions of the 3 th meeting of the 4 rd term of the Compensation Committee of the company are submitted for deliberation. Result: Proposal passed. Avoidance:: Chiao Yu-Heng, Ku Li-Chin	None	None	None
	Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from	None	None	None

	its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval . Result: Proposal passed .			
15 rd Term 6 th Meeting Feb. 26, 2020	Proposal: The approval for the issuance of the first domestic unsecured conversion corporate bond case. Result: Proposal passed .	None	None	None
	Proposal: Kamaya Electric Co. Ltd.,is the company 's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding 240 million yen (or equivalent in other foreign currency) from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval. Result: Proposal passed .	None	None	None
	Proposal: The resolutions of the 4 th meeting of the 4 rd term of the Compensation Committee of the company are submitted for deliberation. Result: Proposal passed. Avoidance:: Chiao Yu-Heng, Ku Li-Chin	None	None	None
15 rd Term 7 th Meeting Mar. 27, 2020	Proposal:Proposal for the annual firm and the assessmentof the independence and suitability of the CPAs. Result: Proposal passed.	None	None	None
	Proposal: The resolutions of the 5 th meeting of the 4 rd term of the Compensation Committee of the company are submitted for deliberation. 1.Senior executive position change and promotion case. Result: Proposal passed. Avoidance:: Ku Li-Chin 2.Director's Remuneration Case Result: Proposal passed. Avoidance:Chiao, Yu-Heng 、 Chiao, Yu-Cheng 、 Lee, Chia-Hwa 、 Yeh, Pei-Chen 、 Shu, Yao-Hsien 、 Ku, Li-Chin 、 Fan, Po-Kang 、 Tan Yong Chian 、 Francis Chi 3. Treasury stock transfer to employee case Result: Proposal passed. Avoidance:: Chiao Yu-Heng, Ku Li-Chin	None	None	None
15 rd Term 8 th Meeting May 4, 2020	Proposal: Kamaya Electric Co. Ltd.,is the company 's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from Walsin Technology Holding Corporation (HK) Limited and Walsin Technology Corporation (HK) Ltd. , and submit this proposal for approval . Result: Proposal passed .	None	None	None
	Proposal: Walsin Technology Corporation (HK) Ltd., the grandson of the company's 100% comprehensive shareholding, intends to lend the funds to the company via Gallatown Developments Ltd., which holds 99.99% of the shares of Kamaya Electric Co.			

	Ltd., submits the proposal for deliberation. . Result: Proposal passed .			
	Proposal: The company intends to offer one new endorsement guarantee of USD 5 million for Kamaya Electric (M) Snd. Bhd , the subsidiary 99.99% owned by Gallatown Developments Ltd. through Kamaya Electric Co. Ltd and it obtained Citibank Berhad. , two-years bank credit line by Kamaya Electric (M) Snd. Bhd for its operating turnover. ,Submit the proposal for approval. Result: Proposal passed .	None	None	None
	Proposal: The company intends to continue to offer an endorsement guarantee of 550 million yen for KAMAYA Electric Co., LTD, the grandson company 99.99% owned by Gallatown Developments Ltd., and obtained a two-year bank credit from Citibank, NA, Tokyo Branch by KAMAYA Electric Co., LTD. for its operational turnover purpose and is submitted for approval. Result: Proposal passed .	None	None	None
	Proposal: Proposal to amend the Company's internal control system - principles of stock services. Proposal passed.	None	None	None
	Proposal:Approval for the company's intention to engage in charitable donations. Result: Proposal passed . Avoidance:Chiao, Yu-Heng,Ku, Li-Chin, Shu, Yao-Hsien	None	None	None
15 rd Term 9 th Meeting July 14, 2020	Proposal: It is proposed to release the non-competition responsibilities of directors and managers known to the company for self-operating or operating similar businesses for others, and submit it for approval. Result: Proposal passed. Avoidance:Chiao, Yu-Heng	None	None	None
15 rd Term 10 th Meeting Aug.03 2020	Proposal: The company intends to offer two endorsement guarantees for its indirect 99.99% comprehensive shareholding company “ Kamaya Electric Co., Ltd , totaling 1.5 billion yen, and obtained a medium long term three year bank loan credit line by Kamaya Electric Co., Ltd . from the Tokyo branch of China Trust Commercial Bank, and submit it for approval. Result: Proposal passed.	None	None	None
	Proposal: The company intends to offer endorsement guarantee one billion Japanese yen for its 99.99% indirect comprehensive shareholding company Kamaya Electric Co., Ltd. , and obtained a long-term three-year bank loan credit line by Kamaya Electric Co., Ltd. from the Tokyo	None	None	None

	branch of Yushan Bank for its operating turnover, and submit it for approval. Result: Proposal passed.			
	Proposal: Walsin Technology Corporation (HK) Ltd. ,” 100% owned by the company through Gallatown Developments Ltd., “ is proposed to lend the funds to the company through Gallatown Developments Ltd. holding 99.99% of the shares of Kamaya Electric Co., Ltd. Result: Proposal passed.	None	None	None
	Proposal: The resolutions of the 6 th meeting of the 4 rd term of the Compensation Committee of the company are submitted for deliberation. Result: Proposal passed. Avoidance: Ku Li-Chin	None	None	None
15 rd Term 12 th Meeting Nov. 02 2020	Proposal: The approval to release the non-competition liability of the directors and managers known to the company for self-operating or operating similar businesses for others. Result: Proposal passed. Avoidance: Chiao, Yu-Heng	None	None	None
	Proposal: The approval for the company's intention to lend the funds to Kamaya Electric Co., Ltd. which is the company holding 99.99% its shares through Gallatown Developments Ltd.. Result: Proposal passed.	None	None	None
	Proposal: The resolutions of the 7 th meeting of the 4 rd term of the Compensation Committee of the company are submitted for deliberation. Result: Proposal passed. Avoidance:: Chiao Yu-Heng, Ku Li-Chin	None	None	None
15 rd Term 13 th Meeting Nov. 30 2020	Proposal: Proposal:Kamaya Electric Co. Ltd.,is the company 's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval . Result: Proposal passed .	None	None	None
	Proposal: It is proposed to amend the "GD-01001 Audit Office Business Management Rules" of the company and submit it for deliberation. Result: Proposal passed .	None	None	None

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

2. Director recusals due to conflicts of interests total 7 times.

No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
1	15 rd Term 5 th Meeting Jan. 20 2020	Chiao Yu-Heng, Ku Li-Chin	Manager's year-end bonus and the second half of the year bonus payment case	Personally interested	Avoidance by law, not participating in discussions and voting
2	15 rd Term 5 th Meeting Feb 26. 2020	Chiao Yu-Heng, Ku Li-Chin	Proposal to review manager's performance as well as 2018 bonuses and compensation	Personally interested	Avoidance by law, not participating in discussions and voting
3	15 rd Term 7 th Meeting Mar 27. 2020	Chiao Yu-Heng, Chiao Yu-Cheng, Yeh Pei-Chen, Lee Chia-Hwa, Ku Li-Chin, Shu Yao-Hsien, Fan Po-Kang Tan Yong Chian, Francis Chi	2019 Directors Remuneration, Employee Remuneration Distribution Case, Treasury Stock Transfer Case, Senior Executive Position Change and Promotion Case	Personally interested	Avoidance separately by law, not participating in discussions and voting
4	15 rd Term 8 th Meeting May 4. 2020	Chiao Yu-Heng, Ku Li-Chin , Shu Yao-Hsien	The company intends to engage in charitable donations to the PSA Charitable Foundation and the PSA VVG Foundation for Culture and Arts	Personally interested	Avoidance by law, not participating in discussions and voting
5	15 rd Term 9th Meeting July 14. 2020	Chiao Yu-Heng,	It is proposed to release the non-competition responsibilities of directors and managers.	Personally interested	Avoidance by law, not participating in discussions and voting
6	15 rd Term 10 th Meeting Aug 03. 2020	Ku Li-Chin	Manager compliance bonus, mid-year performance bonus issuance case, stock distribution case	Personally interested	Avoidance by law, not participating in discussions and voting
7	15 rd Term 12 th Meeting Nov 02. 2020	Chiao Yu-Heng, Ku Li-Chin	It is proposed to release the non-competition responsibilities of directors and managers, stock distribution case	Personally interested	Avoidance by law, not participating in discussions and voting

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

- (1) The Company has formulated the “Regulation and Procedure for Board of Directors Meetings”in December 2006, which was last revised and approved by the Board of Directors in February 2020.
- (2) The Company has formulated the “Procedures for Handling Material Inside Information”in December 2009, which was revised and approved by the Board of Directors in August 2010.
- (3) The Company has formulated the “Corporate Governance Practice Principles”in May 2014, which was revised and approved by the Board of Directors in May 2020.
- (4) The Company has formulated the “Procedures for Ethical Management and Guidelines for Conduct”in May 2014, which was revised and approved by the Board of Directors in May 2020.
- (5) The Company has formulated the “Directors ,supervisors, managers guidelines for the Adoption of Codes of Ethical Conduct ”in November 2014, which was revised and approved changed the name to “Directors and managers guidelines for the Adoption of Codes of Ethical Conduct :by the Board of Directors in July 2019.
- (6) The Company has formulated the “Application for suspension and resumption of trading operations procedures”in October 2015, which was revised and approved by the Board of Directors in January 2017.
- (7) The Company has formulated the “Articles of Association of Special Committee on Mergers and Acquisitions”in February 2016.
- (8) The Company has formulated the “Standard operating procedures for handling directors' requests”in April 2019. which was revised and approved by the Board of Directors in November 2020.
- (9)The board of directors approved the establishment of an audit committee and appointed three independent directors as members of the first audit committee in June 2019.
- (10) The Company has formulated the “Self-Evaluation or Peer Evaluation of the Board of Directors”in January 2020. which was revised and approved by the Board of Directors in November 2020 and January 2021.

◆ **The Execution Status of Board of Directors Evaluation**

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Indexes and Scoring Criteria
Once every year	2020/1/1~ 2020/12/31	The Board of Directors and individual directors.	1. Internal evaluation of the Board of Directors, 2. Self-evaluation by individual board members.	1. Evaluating the performance of Board of Directors should cover the following aspects: <ul style="list-style-type: none"> - Participation in the operation of the Company. - Improvement of the quality of the Board of Directors' decision making. - Composition and structure of the Board of Directors. - Election and continuing education of the directors. - Internal control. 2. Self evaluating the performance of individual directors should cover the following aspects: <ul style="list-style-type: none"> - Familiarity with the goals and missions of the company. - Awareness of the duties of a director. - Participation in the operation of the Company. - Management of internal relationship and communication. - The director's professionalism and continuing education. - Internal control.

Evaluation results and improvement plan:

The internal self-evaluation of the board of directors and the self-evaluation of individual members of the directors have performed well in the above-mentioned aspects, and the board of directors is operating effectively and performing its duties and functions.

3.4.2 Operation of the Audit Committee:

The Audit Committee totally held 9(A) meetings in the most recent year (up to the date of publication of the annual report). The attendance records for Independent Director are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Independent Director	Fan Po-Kang	9	0	100	None
Independent Director	Tan Yong Chian	9	0	100	None
Independent Director	Francis Chi	9	0	100	None

1. The Audit Committee's Duties and Annual Work Summary

(1) The major matters reviewed by the Audit Committee include:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial report signed or chopped by the Chairman, manager and accounting officer, and financial report for the second quarter conducted audits by CPA.
11. Other material matters as may be required by the company or by the competent authority.

(2) Annual Work Summary:

1. Agendas prepared for the Audit Committee and other communication meetings.
2. Meeting arrangements such as meeting notifications and minutes for the Audit Committee.
3. Follow-through to implement the improvements required by Audit Committee.
4. Provision of the information necessary for independent directors to fulfill their duties.
5. Promulgation of and amendment to the Audit Committee Charter and relevant operation methods.

6. Declaration of the matters relevant to the Audit Committee Charter and how the Committee operates.
7. Related party transactions and possible conflicts of interest among all employees, managerial officers, and directors of the board.
8. Review financial reports.
9. Supervise the effective implementation of the company's internal control.
10. Follow relevant laws and regulations.

Other matters that need to be recorded in meeting minutes:

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

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

December 31, 2020

Audit Committee Meeting Number and Date	Proposals and Resolutions	Independent directors' opinion	Company's Handling of Audit Committee Member's Opinion
1 st Term 5 th Meeting Jan. 20, 2020	Proposal: The approval for the changing of the company's certified public accountants and assessment for the independence of certified public accountants since 2019 annual financial statements. Resultion: Proposal passed.	None	None
	Proposal: The approval for the company to obtain the right to use assets from related parties. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's disposal of the right to use assets (changes in the content of the sublease lease) to the related party. Resultion: Proposal passed.	None	None
	Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval. Resultion: Proposal passed.	None	None
1 st Term 6 th Meeting Feb. 26, 2020	Proposal: Approval for the company's 2019 business report, stand-alone financial statements and consolidated financial statements. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's 2019 consolidated business report of related companies and consolidated financial statements of related companies. Resultion: Proposal passed.	None	None
	Proposal: The approval for the issuance of the first domestic unsecured conversion corporate bond case. Resultion: Proposal passed.	None	None
	Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding 240 million yen (or equivalent	None	None

	in other foreign currency) from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval. Resultion: Proposal passed.		
	Proposal: Approval for the company's 2019 declaration of internal control system. Resultion: Proposal passed.	None	None
1 rd Term 7 th Meeting Mar. 27, 2020	Proposal: Proposal for the annual firm and the assessment of the independence and suitability of the CPAs. Resultion: Proposal passed.	None	None
1 rd Term 8 th Meeting May 4, 2020	Proposal: Approval for the company's 2019 earning distribution statement. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's consolidated financial statements for the first quarter of 2020. Resultion: Proposal passed.	None	None
	Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from Walsin Technology Holding Corporation (HK) Limited and Walsin Technology Corporation (HK) Ltd. , and submit this proposal for approval. Resultion: Proposal passed .	None	None
	Proposal: Walsin Technology Corporation (HK) Ltd., the grandson of the company's 100% comprehensive shareholding, intends to lend the funds to the company via Gallatown Developments Ltd., which holds 99.99% of the shares of Kamaya Electric Co. Ltd., submits the proposal for deliberation. Resultion: Proposal passed.	None	None
	Proposal: The company intends to offer one new endorsement guarantee of USD 5 million for Kamaya Electric (M) Snd. Bhd , the subsidiary 99.99% owned by Gallatown Developments Ltd., through Kamaya Electric Co. Ltd and it obtained Citibank Berhad. , two-years bank credit line by Kamaya Electric (M) Snd. Bhd for its operating turnover. , Submit the proposal for approval. Resultion: Proposal passed.	None	None
	Proposal: The company intends to continue to offer an endorsement guarantee of 550 million yen for KAMAYA Electric Co., LTD, the grandson company 99.99% owned by Gallatown Developments Ltd., and obtained a two-year bank credit from Citibank, NA, Tokyo Branch by KAMAYA Electric Co., LTD. for its operational turnover purpose and is submitted for approval. Resultion: Proposal passed.	None	None
	Proposal: The company intends to sign a building purchase and sale contract with Walton Advanced Engineering, Inc. to purchase part of its plant and plant engineering facilities in Kaohsiung Processing Zone A15 to expand the company's multilayer ceramic capacitor (MLCC) production capacity and office space, etc. , and submitted the proposal for approval. Resultion: Proposal passed.	None	None
	Proposal: Proposal to amend the Company's internal control system - principles of stock services. Resultion: Proposal passed.	None	None
1 rd Term 9 th Meeting July 14, 2020	Proposal: The company's 100% comprehensive shareholding companies: Gallatown Developments Ltd. and its 100% owned Walsin Technology Holding Corporation(HK) Ltd intend to apply for a cash reduction of US\$30 million and US\$32.5 million respectively, submitted for approval. Resultion: Proposal passed.	None	None
	Proposal: It is proposed to release the non-competition	None	None

	responsibilities of directors and managers known to the company for self-operating or operating similar businesses for others, and submit it for approval. Resultion: Proposal passed.		
1 st Term 10 th Meeting Aug. 3, 2020	Proposal: Approval for the company's consolidated financial statements for the second quarter of 2020. Resultion: Proposal passed.	None	None
	Proposal: The company intends to offer two endorsement guarantees for its indirect 99.99% comprehensive shareholding company " Kamaya Electric Co., Ltd , totaling 1.5 billion yen, and obtained a medium long term three year bank loan credit line by Kamaya Electric Co., Ltd. from the Tokyo branch of China Trust Commercial Bank, and submit it for approval. Resultion: Proposal passed.	None	None
	Proposal: The company intends to offer endorsement guarantee one billion Japanese yen for its 99.99% indirect comprehensive shareholding company Kamaya Electric Co., Ltd. , and obtained a long-term three-year bank loan credit line by Kamaya Electric Co., Ltd. from the Tokyo branch of Yushan Bank for its operating turnover, and submit it for approval. Resultion: Proposal passed.	None	None
	Proposal: Walsin Technology Corporation (HK) Ltd. ," 100% owned by the company through Gallatown Developments Ltd., " is proposed to lend the funds to the company through Gallatown Developments Ltd. holding 99.99% of the shares of Kamaya Electric Co., Ltd. Resultion: Proposal passed.	None	None
1 st Term 11 th Meeting Sep. 8, 2020	Proposal: For long-term sustainable business development, after a special sale procedure, the company intends to participate the reduced price auction bidding for the factory of the former Green Energy Technology Co., Ltd. located in Kaohsiung Luzhu Science Park for the company and its subsidiaries's manufacturing expansion and related offices, and submitted for approval. Resultion: Proposal passed.	None	None
1 st Term 12 th Meeting Nov. 2, 2020	Proposal: The approval to release the non-competition liability of the directors and managers known to the company for self-operating or operating similar businesses for others. Resultion: Proposal passed.	None	None
	Proposal: The approval for the company's intention to publicly acquire the common shares of Silitech Technology Corporation. Resultion: Proposal passed.	None	None
	Proposal: The approval for the company's consolidated financial statements for the third quarter of 2020. Resultion: Proposal passed.	None	None
	Proposal: The company's comprehensive owned Gallatown Developments Ltd. intends to distribute dividends to investors. The company indirectly holds 100% of Fine Bright Technology Limited. and the 100%-owned Pan Overseas (B.V.I.) Investments Co., Ltd. intend to receive dividends and then distribute dividends to the company for total amount of RMB 419,083,425. 25 (or equivalent in other foreign currencies) , submitted the proposal for approval. Resultion: Proposal passed.	None	None
	Proposal: The approval for the company's intention to lend the funds to Kamaya Electric Co., Ltd. which is the company holding 99.99% its shares through Gallatown Developments Ltd.. Resultion: Proposal passed.	None	None
1 st Term 13 th Meeting	Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from its 70%-owned	None	None

Nov. 30, 2020	subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval. Resultion: Proposal passed.		
	Proposal: Kamaya Electric Co., Ltd., a 99.99%-owned subsidiary of the company through Gallatown Developments Ltd., intends to publicly acquire the common shares of Soshin Electric Co., Ltd., a listed company on the Tokyo Stock Exchange, and submitted it for approval. Resultion: Proposal passed.	None	None
	Proposal: It is proposed to amend the "GD-01001 Audit Office Business Management Rules" of the company and submit it for deliberation. Resultion: Proposal passed.	None	None
	Proposal: The 2021 annual audit plan was submitted for approval. Resultion: Proposal passed.	None	None

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

(2) Independent Director recusals due to conflicts of interests totaled: No such situation.

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

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

- (A) The CPAs are invited to attend Audit Committee meetings at least twice a year and to report to the Audit Committee on the review or audit results of our Company's and its affiliates' financial statements and the internal control audit status. The CPA shall fully communicate any material adjustments to entries or any amendments to laws and regulations.
- (B) If necessary, a communication meeting may be called at any time with the CPAs.
- (C) The chief internal auditor attends the Audit Committee meeting at least once a quarter, and reports to independent directors how internal audit and control are implemented at the company. An Ad hoc meeting may be held anytime in case of major abnormality.
- (D) The company sends independent directors audit reports monthly and improvement action follow-up reports quarterly for review. Independent directors can also directly contact or communicate with the chief internal auditor via email or telephone on the content of the report as necessary.

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

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2020/02/26	Audit Committee Meeting	1.The company's 2019 financial statements. 2.Key audit matters. 3.Communicate the important matters with those charged with governance regarding. 4.The IFRSs for application starting.	Discussed and Approved by all members of the audit committee	Independent directors have no comment.
2020/08/03	Audit Committee Meeting	1.The company's financial statements for the second quarter of 2020. 2.Responsibilities of the company's governance unit. 3.Increase the important matters of	Discussed and Approved by all members of the audit committee	Independent directors have no comment.

		disclosure on the financial statements for the second quarter of 2020. (Evaluate the influences of Covid-19) 4.The review method, key points and guidelines of the preparation capability of financial reports by TWSE/TPEX listed companies.		
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C. Summary of previous communications between independent directors and Chief Internal Auditor for 2020:

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2020/01/20	Audit Committee Meeting	Reporting on internal audit activities in Dec.,2019	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2020/02/26	Audit Committee Meeting	1. Reporting on improvement action follow-up report of 2019. 2. Statement of internal control of 2019.	1. All independent directors have no objection. 2. Approved by the audit committee, and submit to the board of directors for resolution.	Independent directors have no comment.
2020/03/27	Audit Committee Meeting	Reporting on internal audit activities in Jan.& Feb.,2020	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2020/05/04	Audit Committee Meeting	1. Reporting on internal audit activities in Mar.& Apr.,2020. 2. Revision for Standards for the internal control system of shareholder services and internal audit system as well.	1. All independent directors have no objection. 2. Approved by the audit committee, and submit to the board of directors for resolution.	Independent directors have no comment.
2020/07/14	Audit Committee Meeting	Reporting on internal audit activities in May & Jun.2020.	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2020/08/03	Audit Committee Meeting	Reporting on internal audit activities in Jun.2020.	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2020/11/02	Audit Committee Meeting	Reporting on internal audit activities in Q3 of 2020.	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2020/11/30	Audit Committee Meeting	<ol style="list-style-type: none"> 1. Reporting on improvement action follow-up report. 2. Revision for 「GD-01001 Operation and Management of Internal Audit Office」. 3. Revision for audit plan of 2020. 4. Audit plan of 2021. 	<ol style="list-style-type: none"> 1. All independent directors have no objection. 2. Approved by the audit committee, and submit to the board of directors for resolution. 	Independent directors have no comment.

(4) Corporate governance officer

The board of directors appointed Ms. Chen, Yeh-Jeng, the board of directors passed on November 2 and took office on November 3, the company's legal counsel and chief legal officer, as the head of corporate governance, responsible for corporate governance-related matters, including handling matters related to the board of directors, audit committee, remuneration committee and shareholders meeting in accordance with the law; assisting directors in appointment and continuing education; providing directors information required for business execution; and assisting directors to comply with laws and regulations, etc.

Please refer to the "Corporate Governance" of this annual report for the business execution status of the corporate governance officer.

- ◆ **Participation in board meetings by the supervisors:** Not applicable, the Company has set up the Audit Committee.

3.4.3 Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
1. Has the company set and disclosed the principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has formulated "Corporate Governance Best Practice Principles" according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed them on the Company's website.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V V V V		(1) The Company establishes a spokesperson system to handle related matters in accordance with regulations. In order to protect the interests of shareholders, the spokesperson designates personnel exclusively dedicated to handling shareholder proposals, inquiries and disputes. (2) The Company shall control it according to the register of shareholders provided by the stock affairs office. The Company discloses periodically 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, and it has a good grasp of the list of major shareholders. (3) The company has established the "Regulations Governing Supervision and Management of Subsidiaries" to monitor each investee that directly or indirectly controlled by the Company.	(1)~(4) In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>The Company establishes sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It further, together with its affiliated enterprises, properly conducts an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.</p> <p>(4) The company has established the "Management Procedures of inside Material Information and Prevention of Insider Transactions". When the target is informed of material information, from the moment of the establishment of the material information, to the disclosure of the important news, they are not allowed to purchase or sell shares of the Company or any other equity-type security of the Company; otherwise it would violate the relevant laws and regulations of insider trading.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</p> <p>(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?</p> <p>(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors and use the</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) The board of directors of the Company is responsible to the shareholders meeting, and is responsible for the various procedures and arrangements of the corporate governance system to ensure that the board of directors exercises its authority in accordance with the laws and regulations, the articles of incorporation or the resolutions of the shareholders meeting of the Company.</p>	<p>(1) ~ (4) In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
<p>results as reference for directors' remuneration and renewal?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	V		<p>Chapter Three of the Corporate Governance Best Practice Principles set out by the Company is to strengthen the authority of the board of directors, and to formulate a diversity principle.</p> <p>The nomination and election of members of the company's board of directors adopts a candidate nomination system in accordance with the articles of incorporation of the Company.</p> <p>In addition to assessing the qualifications of each candidate, all members of the board shall have the knowledge, skills, and experience necessary to perform their duties.</p> <p>The qualifications and their holding diversity posts of the incumbent 9 directors including 3 independent directors of the Company were disclosed in the information of directors of this annual report.</p> <p>The Corporate Governance Best Practice Principle of the Company formulates diversified policies on the composition of board members and is published on the Company's website.</p> <p>(2) In addition to the establishment of the Compensation Committee, the company also has established a Corporate Social Responsibility Committee, a Training and Development Committee, a Personnel Appraisal Committee, an Employee Welfare Committee, and an Information Security Committee, which are responsible for strengthening the execution of</p>	

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>each function</p> <p>(3) The company formulated the regulations governing the board performance evaluation in January 2020 for annual evaluation. The Company will base its determination of an individual director's remuneration on the evaluation results of his or her performance and base its election or nomination on the evaluation results of the performance of the board. And it was expected to be evaluated starting since 2020. The contents and results of the evaluation for 2020 can be found in this annual report and the Company's website.</p> <p>(4) Please see the note at the end of the form.</p>	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings, etc.)?	V		<p>The Company has set up a chief corporate governance officer, the Company's corporate governance related matters (including providing information required by current directors to perform business, handling matters related to the board of directors and shareholders meeting in accordance with the regulations, handling company registration and change registration, and preparing the meeting minutes of board and shareholders, etc.), and formulated "Standard Operational Protocol for Responding to Requests from Directors", so that the Company has a consistent approach in handling directors' requests for information or assistance, so as to avoid affecting directors' performance of their duties and damaging investors' rights and interests. The Company will be set up a chief corporate</p>	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
			governance officer within a time limit according to regulations. Also, directors' training information is provided from time to time to meet the continuing education hours stipulated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has established a stakeholder section on Company's website to respond properly important corporate social responsibility issues of concern to stakeholders.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has established a share affairs office in charge of the affairs of the shareholders meeting.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
<p>7. Information Disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?</p> <p>(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?</p>	V		<p>(1)The Company discloses periodically and non-periodically financial and business affairs as well as corporate governance information on its website.</p> <p>(2)The Company has maintained its website, designated staff in charge of information collection and disclosure, implemented the spokesperson system and uploaded corporate forum information on the Company's website.</p> <p>The website of the Market Observation Post System is http://mops.twse.com.tw</p> <p>The website of the Company is http://www.passivecomponent.com</p> <p>(3)The Company publishes and reports annual financial report within two months after the end of a fiscal year, and publishes and reports its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>	(1)~(3) In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	V		<p>In order to fulfill its social responsibilities, the Company has formulated many relevant regulations and standards to prevent the harm caused by the production and the process of enterprise operations, and ensure the interests of our living space, employees, suppliers, investors and stakeholders, etc., such as domestic and foreign employee transfer/posting measures, retention without pay, employee leave measures, retirement measures, education and training measures, intellectual property rights management measures, inspection</p>	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
			standards for all kinds of raw materials, noise/energy resource management measures, waste and wastewater management methods, toxic substances management methods, soil and groundwater pollution prevention management methods, safety and health risk assessment management, abnormal workload-promoting disease prevention management methods, workplace violence prevention and treatment methods and other relevant regulations. In addition, since the establishment of the Charity Society in 2000, the employees of the Company have spontaneously donated money and participated in charitable activities.	
<p>9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved. The Company will continue considering the possible measures to enhance the results of the Corporate Governance Evaluation.</p>				

Note: Does the Company regularly evaluate its external auditors' independence?

The Company self-assesses the independence of the CPA once annually. According to the internal self-assessments of the Company, the CPA engaged by the Company did not hold any posts as a director or supervisor of the Company, did not a shareholder of the Company, and did not receive any salaries from the Company, also was not a stakeholders of the Company, which complied with the relevant standards of independence and submitted this results to the board of directors for approval on May 3, 2021. The CPA also issued a declaration of independence, which stipulated that accountants and auditors should abide by the standards of independence. Also, none of the audit team members and their spouses or the relatives entitled to receive maintenance had any direct or indirect significant interests with the Company, nor did they have any commercial relation with the directors, supervisors, and managers of the Company, which affect the independence. Furthermore, none of them had a relationship with the spouses, lineal blood relatives, lineal relatives by marriage or collateral relatives by blood within two generations of the Company's directors, supervisors, and managers, nor did they obtain any offer or gifts with significant value from the directors, supervisors, managers or major shareholders of the Company in order to maintain the independence and impartiality of their auditing and attestation. It has been approved by the Company's board of directors.

Items for assessment of the CPA's independence by the Global Accounting Division of the Company are listed as follows.

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

Note: Policy and implementation of diversity of board members

This policy adopted by the company's board of directors to achieve diversity of members.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers 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 basic condition (gender, nationality, education, etc)

According to Article 20 of WTC's Corporate Governance Practice Principles, members of the board of directors must generally possess the knowledge, skills and literacy necessary to perform their duties. The company has taken into account the selection of board members, and the overall members should have 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. Ability to lead.
8. Ability to make policy decisions.

The company's board of directors is accountable to the shareholders' meeting, and is responsible for the various operations and arrangements of the corporate governance system to ensure that the board of directors exercises its powers in accordance with laws and regulations, the company's articles of association, or the resolutions of the shareholders' meeting.

According to the spirit of diversification, the board of directors of the company is composed of experts in various fields. The specific management objectives are as follows:

1. Possess different experience backgrounds: a total of eight persons with electronic industry background or experience; a total of five persons with business-related background or experience (Shown in Table 1)
2. Possess different professional abilities: at least one includes accounting expertise or information technology and other majors. At the same time, all directors have rich experience in the industry and have operational and risk management capabilities. The implementation status is shown in Table 2.

Table 1: Background of current board members

Title	Name	Gender	Nationality	Background	
				Electronics related	Business related
Chairman	Chiao Yu-Heng	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Director	Chiao Yu-Cheng	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Director	Yeh Pei-Chen	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Director	Lee Chia-Hwa	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Director	Shu Yao-Hsien	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Director	Ku Li-Chin	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Independent Director	Fan Po-Kang	Male	R.O.C	<input type="radio"/>	<input type="radio"/>
Independent Director	Tan Yong Chian	Male	Malaysia	<input type="radio"/>	<input type="radio"/>
Independent Director	Francis Chi	Male	Hong Kong		<input type="radio"/>

Table2 :Implement a diversified situation

Title	Name	Professional skills			
		Financial Accounting	Information Technology	Industry experience	Risk Management
Chairman	Chiao Yu-Heng	○	○	○	○
Director	Chiao Yu-Cheng	○	○	○	○
Director	Yeh Pei-Chen		○	○	○
Director	Lee Chia-Hwa		○	○	○
Director	Shu Yao-Hsien	○		○	○
Director	Ku Li-Chin		○	○	○
Independent Director	Fan Po-Kang	○		○	○
Independent Director	Tan Yong Chian		○	○	○
Independent Director	Francis Chi	○		○	○

In Chapter 3 of the WTC's Corporate Governance Practice Principles, the company has formulated a diversified policy to strengthen the functions of the board of directors. The nomination and selection of board members of the company follows the provisions of the company's articles of association and adopts a candidate nomination system, in addition to the evaluation of experience qualifications of each candidate, board members must generally possess the knowledge, skills and literacy necessary to perform their duties. The academic experience and diversity of concurrent positions of the nine current directors (including three independent directors) of the company are also disclosed in the director information of the annual report and the company website. The company's corporate governance code of practice formulates diversified policies on membership and is published on the company's website.

3.4.4. Duties, Composition and Operation of the Compensation Committee:

◆ Information of the members of the Compensation Committee

Identity (Note 1)	Name	Criteria	Meet one of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	Independence Criteria (Note 2)										Number of Other Public Companies in Which the Member Concurrently Serving as a Compensation Committee Member	Remark		
				1	2	3	4	5	6	7	8	9	10				
Independent Director	FAN, PO-KANG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	TAN YONG CHIAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	CHANG PI-LAN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None

Note 1: Please fill in as a director, independent director or others.

Note 2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local

country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

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

◆ **Information on Operation of the Compensation Committee**

1. The Company's Compensation Committee is comprised of three members.
2. Term for the current committee members: From June 19, 2019 to June 18, 2022. The Compensation Committee met five times in 2020 and the job titles and attendance records of the committee members are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) (B/A)	Remarks
Independent director	FAN, PO-KANG	5	0	100	Re-elected
Independent director	TAN, YONG CHIAN	5	0	100	Re-elected
Member	CHANG , PI-LAN	5	0	100	Re-elected

Other matters that need to be recorded in meeting minutes:


1. The matters for discussion and resolution by the Compensation Committee and the Company's handling of the opinions of the members of the Compensation Committee:


Compensation committee	Proposals	Resolution of Compensation Committee	Company's Handling of Compensation Committee Member's Opinion
4 rd Term 3 th Meeting 2020.01.20	Formulated the company's "Board Performance Evaluation Measures" proposal.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of managers year-end bonus and second half gate keeper bonus for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation rate of employees and directors compensation for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 rd Term 4 th Meeting 2020.02.26	Revised the regulation of the "Directors and Supervisors' Salary and Remuneration Measures".	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Revised the regulation of the "Remuneration Committee Organization Rules".	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of the manager's employee compensation for the third time of 2018.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Supervisor promotion.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.

4 rd Term 5 th Meeting 2020.03.27	Supervisor promotion and job change.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of the directors and supervisor compensation for 2019.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of the manager's employees compensation for 2019.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Transfer of treasury shares to employees	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 rd Term 6 th Meeting 2020.08.03	The allocation of the first half year bonuses for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of manager's profit sharing shares for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 rd Term 7 th Meeting 2020.11.02	Set up the company's "Corporate Governance Officer".	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of manager's profit sharing shares of third quarter for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
<p>2. The items that were not approved by the Compensation Committee but were resolved by the Board of Directors: No such situation.</p> <p>3. Decisions made by the Compensation Committee for which certain committee members were against or reservations that were recorded or expressed via written statements: No such situation.</p>			

3.4.5 Fulfillment of CSR and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEX Listed Companies

Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations (Note 2)	
1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note 3)	V		1. GD-15068-Business Continuity Program provides response measures for various accidents that may affect the company's operations. 2.The establishment of the ISO14001 management system promotes a complete and comprehensive management of environmental issues, which can reduce the operational risks caused by the environment.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
2. Has the Company established a dedicated or non-dedicated department for fulfilling CSR, with the Board of Directors authorizing high-ranking managers to handle such efforts and report the relevant progress to the Board of Directors?	V		The company set up a full-time unit to promote corporate social responsibility, formulated the "Corporate Social Responsibility Code of Conduct Management Measures" and the "Corporate Corporate Social Responsibility Code of Practice"; established a corporate social responsibility committee, with the general manager as the management representative, and the organization of the committee covers all departments And there is a corporate legal person Huaxin Technology Cihui Club, which has been committed to the implementation of corporate social responsibility for many years.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics? (2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V V		(1)The company has established an ISO 14001 environmental management system, which was certified by DQS on February 28, 2002, and has been properly maintained until now. DQS conducted an annual follow-up audit on December 13, 2020 in accordance with the standard ISO	(1)~(4) In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations (Note 2)	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	V		14001:2015, confirming the continued validity of the certificate.	
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		<p>(2)The company continues to pay attention to the impact of activities, products and services on the environment, and seize any opportunity to reduce it. Among them, the use of renewable raw materials has achieved outstanding results. In 2019 and 2020, it has won trophies from Taoyuan City. 2020Green Procurement Performance Award</p>  <p>(3) The company takes the following measures: Follow the "Emergency Response Measures" to execute. • Regularly implement drills, spot inspections and disaster prevention organization training. • During the occurrence of typhoons, earthquakes, heavy rains, etc., staff on duty will be stationed in the factory, and the factory can be inspected immediately, and security personnel can take care of each other for safety. Before the typhoon season, the environmental safety unit should check and prepare sandbags in advance. Pay attention to whether the customer's company or factory area is affected by typhoons, hurricanes, earthquakes, or heavy rains. If any situation occurs, the business management unit will check its transaction volume and accounts receivable status, and notify the business to</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons												
	Yes	No	Explanations (Note 2)													
			<p>contact the customer immediately and catch operating or disaster loss conditions to further reduce the risk of bankruptcy.</p> <p>Reduce the greenhouse effect to reduce the effect of climate change. The cartons and other packaging materials currently used in packaging are all recycled paper, and all suppliers provide SGS inspection reports, which can reduce tree felling in order to achieve carbon reduction goals.</p> <p>(4) Complete the greenhouse gas inventory in 2019 and 2020, and verify by the third notary agency SGS. The verification report is as follows:</p>  <table border="1" data-bbox="974 1109 1635 1284"> <thead> <tr> <th>CO2e/T</th> <th>Direct emissions</th> <th>Energy indirect emissions</th> <th>Direct emissions and Energy indirect emissions</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>322.9753</td> <td>81,541.3251</td> <td>81,864.300</td> </tr> <tr> <td>2020</td> <td>2,543.5738</td> <td>106,790.8662</td> <td>109,334.440</td> </tr> </tbody> </table>	CO2e/T	Direct emissions	Energy indirect emissions	Direct emissions and Energy indirect emissions	2019	322.9753	81,541.3251	81,864.300	2020	2,543.5738	106,790.8662	109,334.440	
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Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations (Note 2)	
<p>4. Social Topic</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> <p>(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p> <p>(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</p> <p>(4) Has the Company established effective career development training plans?</p> <p>(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures?</p> <p>(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</p>	V		<p>(1) The company does abide by the labor laws and regulations, and formulates human resources and human rights policies and corporate social responsibility codes of practice in accordance with the RBA spirit and high standards of ethics, supports and protects human rights, prohibits any discrimination, respects freedom of association, etc. Labor human rights, and clearly stipulated rewards and punishments in the work rules for colleagues to observe.</p> <p>(2) The company establishes employee vacation and retirement systems in accordance with the law, and also sets reasonable and competitive salary levels based on the talent market conditions in overseas locations. The total amount and distribution method of cash bonuses and employee compensation are based on the company's relevant provisions of laws and regulations to formulate; the salary and rewards of directors and managers, etc., are reviewed by the remuneration committee and approved by the board of directors. The distribution standards are closely integrated with the company's financial and operational performance. According to the company's articles of association, if the company makes a profit during the fiscal year, it shall allocate 2% to 10% as employee compensation, and reflect the operating results in the salary of colleagues.</p> <p>(3) The ISO 45001 occupational safety and health management system was established on January 8,</p>	(1)~(6) In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations (Note 2)	
			<p>2007, and it was certified by UL DQS company and has been properly maintained until now.</p> <p>The QC 080000 non-hazardous substance management system was established, which was certified by UL DQS on October 13, 2010 and has been properly maintained until now.</p> <p>In addition, cooperate with suppliers and do not use conflict metals.</p> <p>(4) The company has a complete system of job promotion and education and training programs. It won the National Quality Award in Year 2009 and was recognized by the TTQS Enterprise Benchmarking Award, the Enterprise Bronze Medal Award and the National Training Quality Award. A total of 187 courses were conducted in Year 2020 , with a total of 62,360 person-hours.</p> <p>(5) The company's products are marked with "Lead-Free Products", "RoHS Marking", "China RoHS Marking", and "Halogen-Free Marking", and comply with relevant laws and regulations and international standards.</p> <p>(6) The company's suppliers of important raw materials are listed in the "Supplier Annual Evaluation Schedule" each year according to their transaction risk assessment level, and the audit plan is implemented in that year. The audit content is part of the fulfillment of social responsibilities Package: the status of the five major categories of labor, health and safety, environment, ethics management, and environmental safety management system.</p>	

Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations (Note 2)	
			If the audit result is "unqualified", the transaction will be immediately stopped and the supplier is required to improve within three months, and the transaction can only continue after being reassessed and qualified.	
5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?	V		The company's corporate social responsibility report is compiled in accordance with the comprehensive options of the GRI Standard (GRI Standard) issued by the Global Sustainability Standards Board (GSSB). The data disclosed is derived from the statistics and statistics of Huaxin Technology. Investigation results: The content of the report will be verified by a third party in 2021 (expected to be completed in June), but the financial data are publicly released information after audited & certified by Deloitte & Touche Certified Public Accountants. ISO 14001 and OHSAS 18001 have been approved & Certified by DQS -ULTaiwan Inc.	In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
<p>6. If the Company has established CSR principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between the principles and their implementation:</p> <p>On December 9, 2011, the "Administrative Measures for the Code of Conduct for Social Responsibility" was issued to assist companies in their business processes, practice good corporate citizenship and social responsibility, and follow the spirit of the Responsibility Business Alliance (RBA). For environmental, human and social impacts, the company has always been seeking principles that are both ecologically and ethically acceptable, and doing its utmost.</p> <p>In the annual policy plan of the general manager of the company, relevant matters have been included in the monthly meeting for tracking and review.</p> <ol style="list-style-type: none"> 1. Cherish employees' interests and interests. 2. To fulfill the civic responsibility of a green earth, provide green products, and continue to implement environmental protection work. 				

Assessment Item	Implementation Status (Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations (Note 2)	
<p>7. Other key information useful for explaining the status of CSR practices:</p> <p>1. Please refer to the company's website or stock market observation station, the company's "Corporate Sustainability Report"</p> <p>2. Please refer to the following-listed in this table-the company's systems and measures and implementation of environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health and other social responsibility activities situation.</p> <p>3. Please refer to this annual report "2. Operation Overview-I, (4) Environmental Expenditure Information", "2. Operation Overview-I, (5) Labor Relations", "2, Operation Overview-I, (7) Work Environment And personal safety protection measures for employees".</p> <p>4. The company has obtained ISO 45001 occupational safety and health management system certification, ISO14001 environmental management system certification, QC080000 hazardous substance process management system certification, GP Sony green partner certification, 2019 and 2020 greenhouse gas emission verification reports, TS16949 quality certification, ISO9001 quality system certification, information security management system certification (ISO 27001), and AEO quality enterprise certification. Product identification: UL/TUV product safety certification, SGS product hazardous substance testing, lead-free product labeling, RoHS labeling, China RoHS labeling, halogen-free labeling.</p>				

Note 1: In case Implementation Status ticked "Yes", please explain the adopted important policy, strategy, measures and execution status. In case Implementation Status ticked "No", please explain the reasons and the plan for adopting related policies, strategies and measures in the future.

Note 2: If the company has prepared the CSR report, the explanations may just indicate the way to consult such report and the corresponding index page numbering.

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

Appendix:

The company's listed systems and measures and implementation status for environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities

A.Environmental policy, safety and health policy and improvement plan

(1)Environmental policy, safety and health policy

Environmental Policy

環境政策

Striving for industry leadership, Walsin Technology considers itself an indispensable force to the everlasting continuity of the earth. We understand that no single division may be left out of the environmental protection effort.

華新科技正朝向全球第一品牌的被動元件製造公司邁進。我們深切體認在企業活動的任一環節，如研發、生產、行銷、客戶服務等，做好環保，使地球永續發展是我們責無旁貸的使命。

We commit,
我們承諾，

- To prevent pollution, reduce GHG emissions, and commit business sustainability.
預防污染、降低溫室氣體排放，致力於可行性永續經營。
- To improve continually the environmental management and environmental performance.
持續改善環境管理系統及環境績效。
- To comply with environmental protection laws and other applicable legal requirements.
符合環保法規及其他要求。
- To use PDIP as a framework to define objectives and review achievements in the environmental objectives.
以PDIP作為設定及審查環境目標的架構。

President: Roger Chang
總經理: 張瑞宗
2021/01/01

PSA

PASSIVE SYSTEM ALLIANCE
WALSIN TECHNOLOGY CORPORATION

5

Occupational Health and Safety Policy

職業安全衛生政策

Walsin Technology deeply understands the importance of safety in workplace and adopt the following policies with its employees' physical health and workplace safety well considered.

華新科技深切體認安全工作環境的重要性，從關心員工的健康和工作環境出發，為員工制定以下政策，並在工作場所實施。

- To prevent injury and occupational diseases from happening.
預防職業傷害及職業病的發生。
- To continually improve the OH&S management and OH&S performance.
持續改善職安管理系統及職安績效。
- To comply OH&S (Occupational Health & Safety) laws and other applicable legal requirements.
符合職安健法規及其他要求。
- To use PDIP as the framework to define objectives and appraise achievements in the OH&S objectives.
以PDIP作為設定及審查職安目標的架構。

President: Roger Chang
總經理: 張瑞宗
2021/01/01

PSA

PASSIVE SYSTEM ALLIANCE
WALSIN TECHNOLOGY CORPORATION

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(2)Environment, Safety and Health Improvement

The company's environmental, safety and health improvement implementation results are shown below. °

Environmental, safety and health management improvement results, 2020

Serial	EHS policy	EHS program
1	Continuous improvement, accident prevention	Precautions when repairing the tumbling machine
2	Continuous improvement, accident prevention	Enhance personnel awareness of occupational accidents
3	Continuous improvement, accident prevention	Planning of Safety Protection Measures for stacking machine
4	Continuous improvement, accident prevention	BBO#383 Fire improvement plan for exhaust pipe
5	Continuous improvement, accident prevention	COVID-19 prevention process
6	Continuous improvement, accident prevention	Planning of safety protection measures for handling mixing tank
7	Continuous improvement, accident prevention	Prevent workers from slipping
8	Continuous improvement, accident prevention	Risky and hazardous stainless steel floor improvement
9	Continuous improvement, accident prevention	Improve the awareness of occupational hazards among personnel in the S1 furnace area
10	Continuous improvement, accident prevention	Avoid the occurrence of accidents when working at heights
11	Continuous improvement, accident prevention	Zero accident program
12	Continuous improvement, accident prevention	Install non-slip mats on slopes
13	Continuous improvement, accident prevention	The waste management personnel of the General Affairs Department obtain the license of the stacker
14	Continuous improvement, accident prevention	Avoid re-injury
15	Continuous improvement, accident prevention	Planning to avoid Pet Film hitting the feet
16	Continuous improvement, accident prevention	To complete protective equipment arrangement by 1 th Sep.

Environmental, safety and health management improvement results, 2019

serial	EHS policy	EHS program
1	Continuous improvement, accident prevention	Avoid cutting people when printing jigs are cleaned
2	Continuous improvement, accident prevention	Laying wooden boards during work
3	Continuous improvement, accident prevention	Prevent stab wounds from tape materials

4	Continuous improvement, accident prevention	Program of avoiding cutting caused by adhesive machine at automative dipping area.
5	Continuous improvement, accident prevention	Complete the revision of the ISO45001 Occupational safety and health management system
6	Continuous improvement, accident prevention	To add sensor on escape door
7	Continuous improvement, accident prevention	Use dedicated pipe cutters
8	Continuous improvement, accident prevention	To prevent pinch injury caused by stacking machine in S4 plant
9	Continuous improvement, accident prevention	Improve the positioning control of the lid of the mixing tank
10	Continuous improvement, accident prevention	Prevent cuts from trimming machine(B9)
11	Continuous improvement, accident prevention	5S improvement of working table of cutting machine
12	Continuous improvement, accident prevention	S1-B 5F MAU add inverter at air condition system
13	Continuous improvement, accident prevention	Prevent cuts from trimming machine(S1A)
14	Continuous improvement, accident prevention	Wear gloves when conduct 5S activity
15	Continuous improvement, accident prevention	Safety education and training of hydraulic truck pulling cargo
16	Continuous improvement, accident prevention	Improve the safety of the cleaning operation of the curring furnace
17	Continuous improvement, accident prevention	Inspection of telephone lines in elevators of each plant
18	Continuous improvement, accident prevention	Improve the safety awareness of cutting machine operators

(3)The environmental management system is effectively maintained. On December 13, 2020, the certified company DQS tracked and audited in accordance with the ISO14001:2015 standard and confirmed its effectiveness.



B .Company's systems and measures and implementation status with respect to, community involvement, social contribution, social service, public interest, consumer interests, human rights, and other social responsibility activities:

In order to practice and fulfill the corporate responsibility to society, the company's charity association has been established in early 1989, and has continuously carried out various care for Taoyuan City, Kaohsiung City and the remote areas of Taiwan where the company operates, such as the adoption of schoolchildren and the sponsorship of funds from disadvantaged groups. At the same time, it also cooperated with various units to organize charity sales activities.

All donations from the WTC Charity Association are 100% donated to disadvantaged groups and each donation is issued with a receipt, which can be tax deductible. 84% of the company's income depends on donations from more than 400 members and the company's relative allocation, and another 16% comes from colleagues (including non-members) who have set up locations in the factory, vending machine manufacturers, labor unions, on-site charity activities, and social benevolent people. Donate. We spend 88% of our funds on assisting disadvantaged children and long-term assistance to disadvantaged children in elementary schools in remote areas, including nutritional meals, after-school guidance, book supplements, teaching equipment repairs, transportation, charity sales, talent courses, Mandarin daily subscriptions, etc. . Provide the resources that schools and children really need, and make regular visits to ensure that every funding is used for disadvantaged children.

The WTC Charity Society has footprints throughout the north and south of Taiwan, including 24 remote elementary schools in Yilan, Taoyuan, Changhua, Nantou, Yunlin, Chiayi, Kaohsiung, Pingtung and other places. In 2019, a total of 6 schools were adopted, including Taoyuan area and Kaohsiung area. In 2020, due to the impact of covid-19, the WTC charity Society has provided additional funds to adopted schools to help families of children whose economic conditions are affected to overcome difficulties.

Not only externally, the WTC charity organization also assists colleagues who are in financial difficulties due to sudden changes in their families, and provide emergency relief and living assistance; in addition to the normal single grant subsidy, we will also treat them as equals. Project-based subsidies are added.

The various donations of WTC Charity Society in 2020 are as follows:

Subsidy items	Charity	Improved dining quality	Improved traffic safety for school children	Employee Emergency Relief Fund	Class support	Books and equipment subsidies	Bank transfer fee	covid-19 project donation	total
amount (NTD)	120,000	225,999	201,400	85,000	527,500	288,040	1,560	1,050,840	2,500,339
percentage	4.80%	9.04%	8.05%	3.40%	21.10%	11.52%	0.10%	42.03%	100.00%

Under the concept of a good society, a total of about 10 million yuan in medical and social welfare related expenses will be donated from 2019 to 2020.

C 、 Consumer Rights

The company has a dedicated unit responsible for the annual satisfaction survey of consumers (customers), listening to the voices and opinions of consumers, as the company's efforts and positive improvement goals; and for consumers (customers) complaints, set "customer Complaints Handling Measures", the protection of the rights and interests of consumers (customers) has never slackened. We also conduct regular employee satisfaction surveys for internal customers (employees), and give formal responses to the survey results to respond to the expectations and expectations of internal customers for the company.

D 、 Human Rights

We attach great importance to the rights and health of employees. We prohibit the hiring of workers under 15 years of age, and treats all employees in accordance with the principles of fairness and reasonableness. In compliance with national laws and regulations, we prohibit any and every form of job discrimination, sexual harassment and inhuman treatment of employees, and we respect the free agency of job candidates to choose employment and employees' right of free association. Our personnel systems (e.g. salary, benefits, performance review, promotion, award and discipline, employee cultivation, job assignment, termination of employment contract, etc.) do not harbor differential treatment because of employee's race, color, nationality, glass, language, ideology, religion, political affiliation, hometown, place of birth, gender, sexual orientation, age, marital status, pregnancy, look, features, disability or previous status as a workers' representative. With respect to management and supervision of working hours, we pay our employees compensation in compliance with local laws, including those relating to minimum wage, overtime hours and legally mandated benefits. We hold communication meetings regularly and propagate the setup of communication channels for employees to voice their opinions.

In addition, the company also publicly announces to all employees in response to the aforementioned human resources and human rights policies, and creates a high-quality work environment for symbiosis and co-prosperity with employees.

E 、 Other social responsibility activities

In order to practice and fulfill its social responsibilities, the company has formulated many relevant methods and standards to prevent the hazards caused by production and business

operations, and to ensure the rights and interests of our living space, employees, suppliers and stakeholders. Since the establishment of the charity society in 2000, the company's colleagues have spontaneously donated and participated in charity activities. Every year, the company purchases gifts and agricultural products from caring groups or nursery factories and farmers to give employees a total of NTD 1,707,450 in 2020.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	V		<p>(1)The "Code of Conduct and Operating Procedures for Corporate Integrity Management" and "Code of Ethical Conduct for Directors and Managers" disclosed on the company's website is approved by the board of directors. The company actively implements corporate governance and implements the integrity management policy.</p> <p>(2) For operating activities within the scope of business with higher risk of unethical conduct, the Company has established relevant procedures, including "Procedure for Acquisition or Disposal of Assets", "Rules for Endorsements and Guarantees", "Operating Procedure for Fund Lending", "Operating Procedure for Transactions with Group Enterprises, Specific Companies and Related Parties", "Operating Rules for Donations", "Risk Management Policies and Procedures", and "Appeals and Reports Management Measures" in place, and observes those procedures and regulations in related-party transactions to prevent unethical conduct.</p>	(1)~(3) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			(3) All employees sign an employee service agreement and suppliers must sign an integrity undertaking. It is strictly forbidden to accept bribes/bribery by employees. The qualifications and conditions of cooperating suppliers and customers are strictly reviewed by the management unit of materials and risk control. Regarding political contributions, it is strictly forbidden to accept or offer bribes. Handle according to laws and regulations. In 2020, all new suppliers were added and all signed integrity commitments, and a total of new employees were newly recruited and all employees signed service agreements.	
<p>2. Ethic Management Practice</p> <p>(1) Whether the Company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Whether the Company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>(3) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement</p>	V		(1) Handle in accordance with the "Company Code of Conduct and Operating Procedures for Integrity Management". The contract signed with the transaction partner expressly stipulates the good faith behavior clause. The risk control industry management and materials unit is responsible for reviewing the qualifications and integrity records of customers and suppliers. It also signs a letter of integrity commitment to prohibit employees from accepting bribes/offering bribes.	(1)~(5) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
	V		(2) In order to improve the management of integrity management, the company's human resources unit is responsible for the	

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
such policies properly? (4) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		formulation and promotion of the integrity management policy, and the audit unit is responsible for supervision. The establishment of an audit committee and a compensation committee in accordance with the law, related meetings and audit reports have been submitted to the board of directors for deliberation, and always pay attention to the development of relevant standards for integrity management at home and abroad, so as to strengthen the effectiveness of the company's integrity management.	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(3) Follow the company's "Code of Practice on Corporate Governance", "Code of Conduct and Operating Procedures for Corporate Integrity Management", "Management of Important Internal Information and Prevention of Insider Transactions". It is strictly forbidden to transfer interests between the company and its related parties and shareholders and to prevent them Conflict of interest policy. Provide proper channels for presentation and implement them. (4) The company actively implements integrity management and follows the accounting system and internal control system regulations. The financial statements are reviewed by accountants on a quarterly basis, and the audit unit regularly conducts internal control reviews and reports the audit results to the board of directors.	

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			(5) New employees are required to sign an employee service agreement when registering, and receive training on relevant rules and regulations. In addition to internal and external education and training related to integrity management, the company's 2020 film was shot by the chief auditor and the chief legal officer to promote the importance of integrity and integrity to all employees. The company's integrity management policy was strengthened through bulletin boards and electronic bulletin boards.	
<p>3. Implementation of the Company's Whistleblowing System</p> <p>(1) Has the Company established concrete whistleblowing and reward system, has a convenient reporting channel in place and assigns an appropriate person to communicate with the accused?</p> <p>(2) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>(3) Did the Company adopt measures for protecting the whistleblower from improper treatment or retaliation?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) The company has established the "Appeals and Reports Management Measures", which provides reporting mailboxes and channels for complaints. It also verifies according to the content of the complaint. Appropriate responsible personnel are assigned to the reported object.</p> <p>(2) Follow the "Company Code of Conduct and Operating Procedures for Integrity Management". Standard operating procedures and related confidentiality mechanisms have been established for the investigation and acceptance of reported matters.</p> <p>(3) The company follows the "Code of Conduct and Operating Procedures for Corporate</p>	(1)~(3) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			Integrity Management". It is clearly committed to protect informants from being improperly disposed of due to reports.	
4. Enhancing information disclosure Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?	V		The Company has disclosed its "Code of Conduct and Operating Procedures for Corporate Integrity Management" on its website to make it known internally/ externally	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
5. If the Company has established its ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX listed Companies", please state the difference between such principles and implementation: The Company has established "Code of Conduct and Operating Procedures for Corporate Integrity Management" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and internal rules, and related implementation does not deviate from the established principles.				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy). The company added a specific whistleblowing system and handling procedures in 2017. It is also disclosed on the " Market Observation Post System " and the company's website: The website of " Market Observation Post System " is http://mops.twse.com.tw ; The company's website is http://www.passivecomponent.com				

Note: The Company shall provide explanations regardless of whether Implementation Status ticked "Yes" or "No."

3.4.7 Company's Corporate Governance Principles and Related Regulations:

Please refer to Company's website. <http://www.passivecomponent.com>.

And M.O.P.S <http://www.mops.twse.com.tw>

3.4.8 In the most recent year and up to the date of publication of the annual report, any of Chairman, President, Chief Accounting Officer, Chief Finance Officer, Chief Internal Auditor, Corporate Governance Officer and R&D Head resigned or was discharged:

2021/04/30

Title	Name	Inauguration date (note)	Resignation date	Reason
President	Ku Li-Chin	2012.12.10	2020.04.01	Promoted to vice CEO of the company
Vice president	Hung, Chih-Mou	1999.07.01	2020.12.31	Transfer to regular president of PDC
Vice president	Tseng, Ming-Tsan	2019.02.22	2020.12.31	Transfer to regular president of Inpaq

3.4.9 Other important information:

Information for 2020 and as of April 30, 2021 regarding directors' and managers' participation in advanced training courses, as well as licenses held by personnel involved in transparency of financial information:

◆ Advanced Training Courses for Directors

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
Chairman	Chiao Yu-Heng	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	15
		2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence	3	
		2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-Strait Situation	3	
		2021/04/09	Taiwan Corporate	2021 Global Economic Outlook	3	

			Governance Association			
Director	Chiao Yu-Cheng	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	27
		2020/04/23	Taiwan Corporate Governance Association	Augmented reality technology and smart manufacturing; Sino-American Silicon Group's experience sharing through mergers and acquisitions	3	
		2020/08/06	Taiwan Corporate Governance Association	Artificial intelligence embarks on the path of evolution: evolutionary computing; multi-generational leadership pursuing communion	3	
		2020/08/06	Taiwan Corporate Governance Association	The new digital reality in the post-epidemic era; the latest development trend of AIoT and its application in smart manufacturing	3	
		2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence	3	
		2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-Strait Situation	3	
		2021/04/09	Taiwan Corporate Governance Association	2021 Global Economic Outlook	3	
		2021/04/15	Taiwan Corporate Governance Association	Biden's New Deal and the impact of soaring U.S. bond interest rates	3	
		2021/04/15	Taiwan Corporate Governance Association	Prospects of domestic and international economic and industrial situations and the impact and response of major events on the industry	3	
Director	Yeh Pei-Chen	2020/08/14	SECURITIES& FUTURES INSTITUTE	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Scope	3	9
		2020/11/13	Taiwan Corporate Governance Association	The latest trends and practices tax law the tax treatment of the Company and its shareholders and anti-avoidance provisions under the Information Exchange	3	

		2021/03/15	Taiwan Corporate Governance	Discussion on the remuneration issues of employees and directors-from the amendment to Article 14 of the Securities and Exchange Act	3	
Director	Lee Chia-Hwa	2020/09/22	Taiwan Stock Exchange	Listed on the agenda of the summit forum of "Corporate Governance 3.0-Sustainable Development Blueprint"	3	6
		2020/12/15	Taiwan Corporate Governance Association	How to use impact investment to enhance corporate value	3	
Director (Note)	Ku Li-Chin	2020/07/14	SECURITIES& FUTURES INSTITUTE	Discussion on Legal Risks and Responses of Directors and Supervisors from Major Enterprise Malpractice Cases	3	6
		2020/08/14	SECURITIES& FUTURES INSTITUTE	The discussion of enterprises facing information security governance-with legal practice as the center	3	
Director	Shu Yao-Hsien	2020/09/11	Taiwan Association of Board Governance	The second session of the Board will govern the effectiveness forum	3	21
		2020/09/24	SECURITIES& FUTURES INSTITUTE	109 years to prevent insider trading insider-cum-equity deal Advocacy Seminar	3	
		2020/10/06	SECURITIES& FUTURES INSTITUTE	Corporate M&A Practice Sharing-Centered on Hostile M&A	3	
		2020/10/21	SECURITIES& FUTURES INSTITUTE	On the Function of the Board of Directors from the Perspective of Enterprise Fraud	3	
		2020/11/26	TIDA TAIWAN	The practical operation of the Audit Committee and Case and other features of the Commission's resolve	3	
		2020/12/02	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit Forum-Corporate Governance Moving Forward-Corporate Governance Blueprint 3.0	3	
		2021/04/17	TIDA TAIWAN	Independent Director Elite Academy-Independent Director and Corporate Governance Master Edition	3	
Independent Director	Fan Po-Kang	2020/09/18	Taiwan Corporate Governance Association	The role of institutional investors in improving corporate governance	3	6
		2020/10/14	Taiwan Corporate Governance	Audit Committee and Operation	3	

			Association			
Independent Director	Tan Yong Chian	2020/09/18	Accounting Research and Development Foundation	Analysis of false financial reports and how to see key information in financial reports	3	6
		2020/11/24	Accounting Research and Development Foundation	Common corporate governance deficiencies in enterprises and analysis of related laws and regulations	3	
Independent Director	Francis Chi	2020/11/24	Accounting Research and Development Foundation	Analysis of false financial reports and how to see key information in financial reports	3	6
		2020/11/25	Accounting Research and Development Foundation	Investigation of "Fund Flow" in Financial Report Fraud Cases and Discussion of Related Legal Liability Cases	3	

Note: the company newly elected Mr. Ku Li-Chin as the vice chairman of the board of directors on March 27, 2020

◆ **Advanced Training Courses for Managers**

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
CEO	Chiao Yu-Heng	2020/04/10	Taiwan Corporate Governance Association	Auditing Transformation and Value Enhancement - From Big Data Auditing to Risk Intelligence Dashboard	3	15
		2020/11/13	Taiwan Corporate Governance Association	Fast-Changing Semiconductor Industry	3	
		2020/12/17	Taiwan Corporate Governance Association	Internet of Things, Big Data and Artificial Intelligence	3	
		2020/12/17	Taiwan Corporate Governance Association	How to Find a Solution for Idealism in Chaos? Current International and Cross-	3	
		2021/04/09	Taiwan Corporate Governance Association	2021 Global Economic Outlook	3	
Vice CEO	Ku Li-Chin	2020/07/14	SECURITIES& FUTURES INSTITUTE	Discussion on Legal Risks and Responses of Directors and Supervisors from Major Enterprise Malpractice Cases	3	6
		2020/08/14	SECURITIES& FUTURES INSTITUTE	The discussion of enterprises facing information security governance-with legal practice as the center	3	
Head of	Yeh,	2020/01/06	SECURITIES&	Analysis of the Effect and Legal	3	12

Financial and Accounting Div.	Tse-Kuang	~ 2020/01/07	FUTURES INSTITUTE	Liability of "Evidence" in Economic Crimes		
				The latest "Taiwanese businessmen return to Taiwan investment" fiscal and taxation policy and practical analysis	3	
				The latest IFRS Q&A and common missing analysis of financial reports	3	
				The impact and response of the newly issued "Labor Incident Law" on enterprises	3	
Head of Audit	Lu, Wen-Chuan	2020/05/08	Accounting Research and Development Foundation	"False financial report" and the legal responsibility of the internal audit supervisor/personnel	6	12
		2020/06/18	The institute of internal auditors	Labor incident law practice exercise	6	
Head of Corporate Governance	Chen, Yeh-Jeng	2020/11/09	Accounting Research and Development Foundation	Directors and Supervisors (Independent) and Corporate Governance Executives Advanced Seminar-Relevant Standards and Operational Practices of Audit Committee	3	18
		2020/11/17	Taiwan Corporate Governance Association	The latest trend of corporate governance evaluation indicators that directors and supervisors must know	3	
		2020/11/27	Taiwan Corporate Governance Association	<Audit Committee Series Courses> Advanced Practice Sharing of Audit Committee-Towards 3.0 (Best Practices of Audit Committee Convenor)	3	
		2020/12/02	Taiwan Corporate Governance	Series of lectures on "The Seventh Session of the Best Practices in Board Operations of the 109 Board of Directors in Charge of the Board of Directors"	3	
		2020/12/08	Associa Taiwan Corporate Governance Association	Fraud red flags of false financial reports	3	
		2020/12/22	Taiwan Academy of Banking and Finance	Corporate Governance Lecture-Operation and Management Model Reform under Emerging Technology	3	

3.4.10 Implementation Status of Internal Control System:

- ◆ Statement of Internal Control System

Walsin Technology Corporation
Statement on Internal Control System

Date: February 25, 2021

Based on the findings of a self-assessment, Walsin Technology Corporation states the following with regard to its internal control system during the year 2020:

1. The Company is aware that it is the Board's and managers' responsibility to establish, implement and maintain an internal control system, and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance and safeguarding of assets) of the Company's operations, compliance with relevant laws and regulations and that its financial statements are reliable, timely and transparent.
2. Internal control systems have their inherent limitations. No matter how perfectly they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, the effectiveness of an internal control system may change as the environment and circumstances change. The internal control system of the Company features a self-monitoring mechanism. The Company will take actions to rectify any deficiency once identified.
3. The Company evaluates whether the design and implementation of its internal control system is effective by referring to the criteria stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations"). The Regulations provides measures for judging the effectiveness of the internal control system. There are five components of an internal control system, as specified in the Regulations, which are broken down based on the management-control process, namely: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication and (5) monitoring activities. Each of the components in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to evaluate whether the design and implementation of its internal control system is effective.
5. After an evaluation of the Company's internal control system based on the above criteria, the Company is of the opinion that, as of December 31, 2020, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law and that its financial reporting is reliable, timely and transparent.
6. This statement shall become a principal part of the Company's annual report and prospectus and be made available to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Board of Directors in their meeting held on February 25, 2021, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Walsin Technology Corporation

Chairman : Yu-Heng Chiao (chop)

President : Jui-Tsung Chang (chop)

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

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

3.4.12 Material resolutions of a shareholders meeting or a board of directors meeting in the most recent year and up to the date of publication of the annual report:

◆ **Shareholders Meeting Material Resolutions and Implementation**

The most recent year and as of the publication date of the annual report, Important resolutions of the shareholders meeting and the board of directors:

1. Proposal: Approval for the company's 2019 business report, stand-alone financial statements and consolidated financial statements.

Resolution: After the voting result, the agreed weight exceeded the statutory amount, and this proposal was approved.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting).

2. Proposal: Approval for the company's 2019 Earnings distribution statement.

Resolution: According to the voting result, the agreed weight exceeded the statutory amount, and this proposal was passed.

Implementation status: Has been implemented in accordance with the resolution: the cash dividend (distribution of cash \$5.5 per share), and had released on 2020.08.26 .

3. Proposal: It is proposed to amend the rules of procedure of the shareholders meeting of the company and submit the proposal for approval.

Resolution: After the voting result, the agreed weight exceeded the statutory amount, and the proposal was passed.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting),It is processed in accordance with the revised procedures and has been announced on the company's website.

4. Proposal: The approval to relieve the non-competition liability of directors who are known to the company to operate the same kind of business on their own or

for others.

Resolution: After the voting result, the agreed weight exceeded the statutory amount, and the proposal was passed.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting).

Important resolutions of the board of directors in 2020 and up to the publication

date of the 2020 annual report:

◆ Summary of important resolutions of the board of directors

The fifth Session of the fifteenth Board of Directors (2020.01.20)

Important resolution: The approval for the changing of the company's certified public accountants and assessment for the independence of certified public accountants since 2019 annual financial statements.

Result: Proposal passed .

Important resolution: The approval for the company to obtain the right to use assets from related parties .

Result: Proposal passed .

Important resolution: Approval for the company's disposal of the right to use assets (changes in the content of the sublease lease) to the related party.

Result: Proposal passed .

The sixth Session of the fifteenth Board of Directors (2020.02.26)

Important resolution: Approval for the company's employees and directors' compensation amount for year 2019.

Result: Proposal passed .

Important resolution: Approval for the company's 2019 business report, stand-alone financial statements and consolidated financial statements.

Result: Proposal passed .

Important resolution: Approval for the company's 2019 consolidated business report of related companies and consolidated financial statements of related companies.

Result: Proposal passed .

Important resolution: The approval for the issuance of the first domestic unsecured conversion corporate bond case.

Result: Proposal passed .

Important resolution: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding 240 million Japanese yen (or equivalent in other foreign currency) from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd., and submit this proposal for approval.

Result: Proposal passed.

Important resolution: Approval for the amendment to the company's "Code of Procedures of the Board of Directors".

Result: Proposal passed.

The Seventh Session of the fifteenth Board of Directors (2020.03.27)

Important resolution: Approval for the independent assessment of certified public accountants, and the appointment and remuneration of certified public accountants for the company's 2020 financial statements.

Result: Proposal passed.

Important resolution: Approval for the amendment of the rules of procedure of the company's shareholders meeting.

Result: Proposal passed.

Important resolution: In order to regularly convene the company's regular shareholders' meeting in 2020, the proposal is submitted for approval.

Result: Proposal passed.

Important resolution: Approval for the resolutions of the fifth meeting of the fourth session of the Company's Salary and Compensation Committee.

Result: Proposal passed.

Avoidance: Chiao, Yu-Heng、Chiao, Yu-Cheng、Lee, Chia-Hwa、Yeh, Pei-Chen、Shu, Yao-Hsien、Ku, Li-Chin、Fan, Po-Kang、Tan Yong Chian、Francis Chi

Election matters:

Explanation: The company intends to select one vice chairman among the directors in accordance with Article 20 of the company's articles of association, and in accordance with Article 22 of the company's articles of association, when the chairman on leave, the vice chairman will act as a deputy, and take office from April 1st this year.

Result: All the independent directors and directors present unanimously elected Director Ku, Li-ching as the new vice chairman, who will take office from April 1 this year.

The eighth session of the fifteenth board of directors (2020.05.04)

Reporting matters: Report on shareholders' proposals at the regular shareholders' meeting in 2020.

Explanation: After the acceptance period and location are announced in accordance with Article 172-1 of the Company Law, during the acceptance period (April 5 to April 14), there is no proposal from a shareholder holding more than 1% of the shares. We hereby

reported.

Important resolution: Approval for the company's 2019 earning distribution statement.

Result: Proposal passed .

Important resolution: Approval for the company's consolidated financial statements for the first quarter of 2020.

Result: Proposal passed .

Important resolution: The company intends to offer one new endorsement guarantee of USD 5 million for Kamaya Electric (M) Snd. Bhd , the subsidiary 99.99% owned by Gallatown Developments Ltd. through Kamaya Electric Co. Ltd. , and it obtained Citibank Berhad two-years bank credit line by Kamaya Electric (M) Snd. Bhd for its operating turnover, and submitted the proposal for approval.

Result: Proposal passed .

Important resolution: The company intends to continue to offer an endorsement guarantee of 550 million Japanese yen for KAMAYA Electric Co., LTD, the grandson company 99.99% owned by Gallatown Developments Ltd. , and obtained a two-year bank credit from Citibank, NA, Tokyo Branch by KAMAYA Electric Co., LTD. for its operational turnover purpose and is submitted for approval.

Result: Proposal passed .

Important resolution: The company intends to sign a building purchase and sale contract with Walton Advanced Engineering, Inc. to purchase part of its plant and plant engineering facilities in Kaohsiung Processing Zone A15 to expand the company's multilayer ceramic capacitor (MLCC) production capacity and office space, etc. , and submitted the proposal for approval.

Result: Proposal passed .

Avoidance: Chiao, Yu Heng

Important resolution: Approval for the amendment of the "Code of Conduct and Operating Procedures for Corporate Integrity Management" of the company.

Result: Proposal passed .

Important resolution: Approval to release the non-competition responsibilities of managers known to the company for self-operating or operating similar businesses for others.

Result: Proposal passed .

Avoidance: Chiao, Yu Heng

Important resolution: Approval for the company's intention to engage in charitable donations.

Result: Proposal passed .

Avoidance: Chiao, Yu Heng 、 Ku, Li-Chin 、 Shu, Yao-Hsien

The ninth Session of the fifteenth Board of Directors (2020.07.14)

Important resolution: The company's 100% comprehensive shareholding companies: Gallatown Developments Ltd. and its 100% owned Walsin Technology Holding Corporation(HK) Ltd intend to apply for a cash reduction of US\$30 million and US\$32.5 million respectively, submitted for approval

Result: Proposal passed .

Important resolution: Approval for changing of the manager in the Kaohsiung branch of the company .

Result: Proposal passed .

Important resolution: It is proposed to release the non-competition liabilities of directors and managers known to the company for self-operating or operating similar businesses for others, and submitted for approval.

Result: Proposal passed .

Avoidance: Chiao, Yu Heng

Important resolution: It is proposed to release the non-competition liabilities of directors and managers known to the company for self-operating or operating similar businesses for others, and submitted for approval.

Result: Proposal passed.

The tenth Session of the fifteenth board of directors (2020.08.03)

Important resolution: The company intends to offer two endorsement guarantee for its indirect 99.99% comprehensive shareholding company, Kamaya Electric Co., Ltd . totaling 1.5 billion Japanese yen, and obtained a medium long term three year bank loan credit line by Kamaya Electric Co., Ltd . from the Tokyo branch of China Trust Commercial Bank, and submitted for approval.

Result: Proposal passed.

Important resolution: The company intends to offer endorsement guarantee one billion Japanese yen for its 99.99% indirect comprehensive shareholding company Kamaya Electric Co., Ltd. , and obtained a long-term three-year bank loan credit line by Kamaya Electric Co., Ltd. from the Tokyo branch of Yushan Bank for its operating turnover, and submit it for approval.

Result: Proposal passed.

Important resolution: Walsin Technology Corporation (HK) Ltd. ,” 100% owned by the company through Gallatown Developments Ltd., “ is proposed to lend the funds to Kamaya Electric Co., Ltd., 99.99% owned by the company through Gallatown Developments Ltd.

Result: Proposal passed.

The Eleventh Session of the fifteenth Board of Directors (2020.09.08)

Important resolution: For long-term sustainable business development, after a special

sale procedure, the company intends to participate the reduced price auction bidding for the factory of the former Green Energy Technology Co., Ltd. located in Kaohsiung Luzhu Science Park for the company and its subsidiaries's manufacturing expansion and related offices, and submitted for approval .

Result: Proposal passed and decided on the bid amount.

The twelfth Session of the Fifteenth Board of Directors (2020.11.02)

Important resolution: The approval to release the non-competition liability of the directors and managers known to the company for self-operating or operating similar businesses for others.

Result: Proposal passed.

Avoidance: Chiao, Yu Heng

Important resolution: The approval for the company's intention to publicly acquire the common shares of Silitech Technology Corporation.

Result: Proposal passed.

Avoidance: Chiao, Yu Heng

Important resolution: The approval for the company's consolidated financial statements for the third quarter of 2020.

Result: Proposal passed.

Important resolution: The company's comprehensive owned Gallatown Developments Ltd. intends to distribute dividends to investors. The company indirectly holds 100% of Fine Bright Technology Limited. and the 100%-owned Pan Overseas (B.V.I.) Investments Co., Ltd. intend to receive dividends and then distribute dividends to the company for total amount of RMB 419,083,425.25 (or equivalent in other foreign currencies), submitted the proposal for approval.

Result: Proposal passed.

Important resolution: The approval for the company's intention to lend the funds to Kamaya Electric Co., Ltd. which is the company holding 99.99% shares through Gallatown Developments Ltd..

Result: Proposal passed.

The thirteenth session of the fifteenth Board of Directors (2020.11.30)

Important resolution: Approval for the company intention to establish a branch in the Kaohsiung Park of the Southern Science Park (referred to as Walsin Technology Corp. Kaohsiung Science Park Branch).

Result: Proposal passed.

Important resolution: Kamaya Electric Co., Ltd., 99.99% owned by the company through Gallatown Developments Ltd. , intends to apply for loan funding from its 70%-owned subsidiary, Nitsuko Electronics Corporation submitted the

proposal for approval.

Result: Proposal passed.

Important resolution: Kamaya Electric Co., Ltd., a 99.99%-owned subsidiary of the company through Gallatown Developments Ltd., intends to publicly acquire the common shares of Soshin Electric Co., Ltd., a listed company on the Tokyo Stock Exchange, and submitted it for approval .

Result: Proposal passed.

Important resolution: The 2021 annual audit plan was submitted for approval.

Result: Proposal passed.

The fourteenth session of the fifteenth Board of Directors . (2021.01.27)

Important resolution :The approval for the company's first domestic unsecured conversion of corporate bonds to issue new shares and a base date for capital increase.

Result: Proposal passed.

Important resolution : The company intends to submit a proposal for approval regarding the cumulative acquisition of assets by the same counter party within one year.

Result: Proposal passed.

Important resolution : In order to motivate employees and improve their centripetal force, the company intends to purchase shares of the company for the fifteenth time (first time in 2021) in accordance with the provisions of the first paragraph of Article 28-2 of the Securities and Exchange Act. Five hundred thousand shares will be transferred to employees within five years from the date of repurchase, and submitted for approval.

Result: Proposal passed.

Important resolution : The company intends to engage in charitable donations and submitted the proposal for approval.

Result: Proposal passed.

The 15th Session of the 15th Board of Directors of (2021.02.25)

Important resolutions: Approval for the company's 2020 business report, stand-alone financial statements and consolidated financial statements.

Result: Proposal passed .

Important resolution: The company intends to sign two building purchase and sale contracts with Walton Advanced Engineering, Inc. which are located in the Kaohsiung Processing Zone A1 and A15 part of the plant, which will be used for the company's storage, office and

expansion of the production capacity of multilayer ceramic capacitors (MLCC). space, the proposal is submitted for approval.

Result: Proposal passed .

Avoidance: Chiao, Yu Heng

The 15th Session of the 16th Board of Directors (2021.03.25)

Important resolution: The company intends to subscribe for the common shares and related authorizations issued by Silitech Technology Corporation. by way of private placement, and submitted the proposal for approval.

Result: Proposal passed .

Avoidance: Chiao, Yu Heng

Important resolution: In order to motivate employees and improve their centripetal force, the company plans to handle the sixteenth (second time in 2021) buyback in accordance with the provisions of the first paragraph of Article 28-2 of the Securities Exchange Law The company's 500,000 shares will be transferred to employees within five years from the date of repurchase, and the proposal will be submitted for approval.

Result: After discussion, the repurchase quantity was adjusted to 600,000 shares, and the upper limit of the repurchase amount and related effects were adjusted accordingly, and the rest were passed as agreed.

Important resolution: In order to regularly convene the company's 2021 shareholders' meeting, the proposal is submitted for approval.

Result: Proposal passed .

3.4.13 In the most recent year and up to the date of publication of the annual report, directors held different opinions (on record or with written statement) about important resolutions passed at Board meetings and the major contents are: None.

3.5 Information on CPAs' Fees

3.5.1 (I) CPA fee schedule

Name of CPA firm	CPA name	Period of the Audit	Remarks
Deloitte Touche Tohmatsu Limited	Chin-Chuan Shih	2020/01/01 ~ 2020/12/31	
Deloitte Touche Tohmatsu Limited	Hung-Bin Yu	2020/01/01 ~ 2020/12/31	

Unit: NT\$ thousands

Fee schedule		Item	Audit fees	Non-audit fees	Total
1	Less than 2,000			1,407	1,407
2	2,000 (inclusive) ~ 4,000				
3	4,000 (inclusive) ~ 6,000		5,779		5,779
4	6,000 (inclusive) ~ 8,000				
5	8,000 (inclusive) ~ 10,000				
6	10,000 (inclusive) and above				

Unit: NT\$ thousands

Name of CPA firm	CPA name	Audit fees	Non-audit fees					CPA audit period	Remarks
			System design	Business Registration	Human Resource	others	Sub-total		
Deloitte Touche Tohmatsu Limited	Chin-Chuan Shih	5,779	-	17	50	1,340	1,470	2019/01/01~ 2019/12/31	(Note)
	Hung-Bin Yu								

(Note) "Other" item in the non-audit fees: Transfer pricing report 500 thousand dollars, Tax Advisory Service 90 thousand dollars, Country-by-Country Report and Master Report 550 thousand dollars, Convertible Bond Service 200 thousand dollars.

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

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

3.6 Information on the Replacement of CPAs: None.

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

3.8 Any Transfer and Pledge of Shares of the Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares

3.8.1 Net Change in Shares Held

Unit: shares

Title	Name	2019		As of Closure Date April 27, 2021	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Director/CEO	Chiao Yu-Heng	200,000	-	59,752	-
Director and major shareholder over 10%	Walsin Lihwa corporation	-	-	-	-
Director Representative	Chiao Yu-Cheng	-	-	-	-
Director	Yeh Pei-Chen	-	-	-	-
Director	Lee Chia-Hwa	-	-	-	-
Director and President(note)	Ku Li-Chin	47,000	-	8,000	-
Director	HannStar Board Corp.	40,000	-	100,000	-
Director Representative	Shu Yao-Hsien	-	-	-	-
Independent director	Tan Yong Chian	-	-	-	-
Independent director	Fan Po-Kang	-	-	-	-
Independent director	Francis Chi	-	-	-	-
President	Chang Jui-Tsung	29,000	-	8,000	-
Assistant Vice President	Chen Kuei-Chen	(29,000)	-	-	-
Assistant Vice President	Ko Fu-Fu	11,000	-	4,000	-
Assistant Vice President	Lee Ting-Chu	(48,000)	-	5,000	-
Assistant Vice President	Peng Chun-Hsiung(Note4)	33,000	-	5,000	-
Assistant Vice President	Chen, Yeh-Jeng	16,000	-	5,000	-
Assistant Vice President	Chen Chin-Hui	10,838	-	5,000	-
Assistant Vice President	Chang, Jui-Jung(Note4)	12,000	-	6,000	-
Assistant Vice President	Chen Kuen-Hwang	7,000	-	5,000	-
Assistant Vice President	Chen Yi-Kuang	19,500	-	5,000	-
Assistant Vice President	Liu, Hsiu-Chen	16,000	-	(5,000)	-
Assistant Vice	Ou, Mei-Ying	1,000	-	4,000	-

President					
Assistant Vice President	Huang Chih-Liang(Note2)	31,500	-	6,000	-
Assistant Vice President	Yang Tsung-Lin(Note2)	15,000	-	6,000	-
Assistant Vice President	Chen Huey-Ru(Note2)	24,000	-	7,000	-
Assistant Vice President	Chen Chun-Hsueh(Note2)	29,000	-	5,000	-
Assistant Vice President	Ling Chek Leh(Note3)	-	-	-	-
Assistant Vice President(Head of Financial and Accounting Div.)	Yeh, Tse-Kuang	14,000	-	5,000	-
Head of Audit Div	Lu Wen-Chuan	8,000	-	3,000	-
Vice Presiden	Hung Chih-Mou(Note1)	(35,000)	-	N/A	
Vice Presiden	Tseng Ming-Tsan(Note1)	-	-	N/A	
Assistant Vice President	Huang Ming-Tsan(Note1)	(16,000)	-	N/A	

Note 1. Mr. Hung Chih-Mou transfer to president of PDC on December 31, 2020, and Mr. Tseng Ming-Tsan transfer to president of Inpaq on December 31, 2020. Mr. Huang Ming-Tsan retired on March 1, 2021

Note2. Mr. Huang Chih-Liang 、 Mr. Yang Tsung-Lin 、 Ms. Chen Huey-Ru, Mr. Chen Chun- Hsueh has been appointed since March 1, 2020, and changes in equity shall be calculated from that date.

Note3. Mr. Ling Chek Leh has been appointed since April 1, 2020, and changes in equity shall be calculated from that date.

Note4. On May 3, 2021, the board of directors approved the promotion of AVP Peng Chun-Hsiung and Chang, Jui-Jung to Vice president, and the promotion of Mr. Chu Li-wen to AVP, which took effect on May 4, 2021.

3.9 Information on Relationships amongst the Top Ten Shareholders and Their Relationships with Spouses or Relatives within the Second Degree of Kinship

2021/4/27

Name	Shareholding by Self		Shareholding by Spouse and Underage Children		Shareholding under the Title of a Third Party		Name and Relationships of Related Parties to Top ten Shareholders (Spouse and Relatives within the Second Degree)		Remarks
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Title (or name)	Relation	
Walsin Lihwa Corporation	88,902,325	18.30%	0	0	0	0%	Walton advanced engineering, inc.	Note1	None
							Chiao Yu-Heng	Director of Walsin Lihwa corporation	
							Winbond Electronics Corporation	Note1	
							GLOBAL BRANDS MANUFACTURE LTD.	Note 2	
							HannStar Board Corp.	Note3	
Walsin Lihwa Corporation representative: Chiao Yu-Lun	411,058	0.08%	940,000	0.11%	0	0	Walton advanced engineering, inc.	Note 4	
							Chiao Yu-Heng	Note 5	
							GLOBAL BRANDS MANUFACTURE LTD.	Note 4	
							Winbond Electronics Corporation	Note 4	
							HannStar Board Corp.	Note 4	
HannStar Board Corp. (HSB)	36,367,115	7.48%	0	0	0	0	Walsin Lihwa Corporation	Director of HSB	
							Walton advanced engineering, inc.	The same chairman as HSB	
							Global brands manufacture ltd.	Subsidiary of HSB	
							Winbond Electronics Corporation	Second-parent relationship between two legal person Chairman	
							Chiao Yu-Heng	Chairman of HSB	
HannStar Board Corp. representative: Chiao Yu-Hen	12,887,461	2.65%	50,082	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin Lihwa corporation	

							Walton advanced engineering, inc.	Chairman of Walton advanced engineering, inc.	
							Global brands manufacture ltd.	Chairman of GBM	
							Winbond Electronics Corporation	Note 4	
							Chiao Yu-Heng	The same person	
Global brands manufacture ltd.(GBM)	15,252,481	3.14%	0	0	0	0	Walsin Lihwa corporation	Note 6	
							HannStar Board Corp.	Note 7	
							Walton advanced engineering, inc.	Note 8	
							Winbond Electronics Corporation	Note 9	
							Chiao Yu-Heng	Chairman of GBM	
Global brands manufacture ltd. representative: Chiao Yu-Hen	12,887,461	2.65%	50,082	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin Lihwa Corporation	
							Walton advanced engineering, inc.	Chairman of Walton	
							HannStar Board Corp.	Chairman of HSB	
							Winbond Electronics Corporation	Note 10	
							Chiao Yu-Heng	The same person	
Fubon Life Insurance Co., Ltd and related investment account trusted by Nomura	8,712,000	1.79%	0	0	0	0	N/A	N/A	
Walton advanced engineering, inc.(Walton)	13,357,083	2.75%	0	0	0	0	Walsin Lihwa Corporation	Note11	
							Chiao Yu-Heng	Chairman of Walton	
							Global brands manufacture ltd.	The same chairman as Walton	
							Winbond Electronics Corporation	Note12	
							HannStar Board Corp.	The same Chairman as Walton	
Walton advanced engineering, inc.	12,887,461	2.65%	50,082	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin	

representative: Chiao Yu-Hen									Lihwa Corporation	
								Chiao Yu-Heng	The same person	
								Global brands manufacture ltd.	Chairman of GBM	
								Winbond Electronics Corporation	Note 4	
								HannStar Board Corp.	Chairman of HSB	
Kim Eng Securities Private Co., Ltd. investment account under the custody of Citibank Taiwan Ltd	13,326,967	2.74%	0	0	0	0		N/A	N/A	
Chiao Yu-Hen	12,887,461	2.65%	50,082	0.01%	0	0		Walsin Lihwa Corporation	Director of Walsin Lihwa corporation	
								Walton advanced engineering, inc.	Chairman of Walton	
								Global brands manufacture ltd.	Chairman of GBM	
								Winbond Electronics Corporation	Note10	
								HannStar Board Corp.	Chairman of HSB	
Winbond Electronics Corporation	8,600,117	1.77%	0	0	0	0		Walsin Lihwa Corporation	Note 1	
								Walton advanced engineering, inc.	Note13	
								Chiao Yu-Heng	The same person	
								Global brands manufacture ltd.	Note 9	
								HannStar Board Corp.	Note 10	
Winbond Electronics Corporation representative: Chiao Yu-Cheng	205,628	0.04%	0	0	0	0		Walsin Lihwa corporation	Note 4	
								Walton advanced engineering, inc.	Note 4	
								Chiao Yu-Heng	Note 5	
								Global brands manufacture ltd.	Note 4	
								HannStar Board Corp.	Note 4	
Labor Pension Fund	7,835,583	1.61%	0	0	0	0		N/A	N/A	

Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,983,521	1.44%	0	0	0	0	N/A	N/A	
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Note: The shareholding ratio is calculated based on the number of ordinary shares.

Note1: The investee company of Walsin Lihwa Corporation accounted for under the equity method

Note2: The chairman of Walsin Lihwa Corporation is a second-class relative of the chairman of Global Brands Manufacture Ltd.

Note3: The chairman of Walsin Lihwa Corporation is a second-class relative of the chairman of HannStar Board Corp.

Note4: The second parent relationship with the chairman of the legal person shareholder

Note5: Second-parent relationship

Note6: The chairman of GBM is a second-class relative of the chairman of Walsin LihWa Corporation.

Note7: GBM is a subsidiary of HSB

The chairman of GBM and the chairman of HSB are the same person

Note8: The chairman of GBM and the chairman of WALTON are the same person

Note9: The chairman of GBM is a second-class relative of the chairman of Winbond Electronics

Note10: A relative within the second-degree relative of the chairman of Winbond Electronics

Note11: Investment company that adopts equity method to evaluate Walton

Note12: A relative within the second-degree relative of the chairman of Walton

Note13: Winbond Electronics is the director of Walton, and the chairman of Walton is a second-class relative of Walton's chairman.

3.10 The Total Number of Shares of the Same Investee Held by the Company, Its Directors, Managers and Which the Company Controls Directly or Indirectly, with the Aggregate Shareholding Percentages

As of March 31, 2020

Units: Shares; %

Re-Investment Companies (Note)	Investment by the Company		Investment of Directors, Supervisors, Managers or Enterprises under Their Direct or Indirect Control		Combined Investment	
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding
Prosperity Dielectrics Co., Ltd.	74,186,468	43.13	1,155,759	0.67	75,342,227	43.80
HannStar Board Corp.	107,381,026	20.32	81,339,166	15.39	188,720,192	35.71
Pan Overseas (B.V.I.) Investments Co., Ltd.	28,400,000	100.00	-	0.00	28,400,000	100.00
Gallatown Developments Ltd.	103,088,547	89.27	12,393,358	10.73	115,481,905	100.00
Walsin Color Co.,Ltd.	39,052,142	26.62	62,571,930	42.66	101,624,072	69.28
Inpaq Technology Co., Ltd.	46,284,950	33.02	31,430	0.02	46,316,380	33.04
Silitech Technology Corporation	17,000,000	25.00	-	0.00	17,000,000	25.00
Falcon Automation Equipment Corp.	2,160,000	43.90	-	0.00	2,160,000	43.90
Soshin Electric Co., Ltd.	330,800	2.12	6,254,800	40.10	6,585,600	42.22

Note: Investments accounted for using the equity method.

Fundraising Overview

4.1 Capital and Shares

4.1.1 Sources of Share Capital

◆ Historical Sources of Share Capital

Year/ Month	Issue price	Authorized capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount(NT\$)	Source of capital	Paid with property other than cash	Other
1997/ 05	10	120,000,000	1,200,000,000	110,000,000	1,100,000,000	Capital increase by earnings	No	Note1
1998/ 06	10	174,000,000	1,740,000,000	121,000,000	1,210,000,000	Capital increase by earning	No	Note2
2000/ 03	10	240,000,000	2,400,000,000	141,000,000	1,410,000,000	Capital increase by cash	No	Note 3
2000/ 11	10	240,000,000	2,400,000,000	185,000,000	1,850,000,000	Capital increase by cash	No	Note4
2001/ 11	10	423,900,000	4,239,000,000	262,978,500	2,629,785,000	Capital increase by earning	No	Note5
2003/ 01	10	423,900,000	4,239,000,000	281,844,452	2,818,444,520	The conversion of Convertible overseas Corporate bond lead to an an increase in equity.	No	Note6
2003/ 04	10	423,900,000	4,239,000,000	285,257,576	2,852,575,760	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note7
2003/ 07	10	423,900,000	4,239,000,000	305,942,613	3,059,426,130	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note8
2003/ 09	10	423,900,000	4,239,000,000	336,141,452	3,361,414,520	1.The conversion of Convertible overseas Corporate bond lead to an increase in equity. 2. Capital increase by earnings	No	Note 9
2003/ 12	10	423,900,000	4,239,000,000	353,558,895	3,535,588,950	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 10
2004/ 06	10	520,000,000	5,200,000,000	366,482,039	3,664,820,390	1.The conversion of Convertible overseas Corporate bond lead to an increase in equity. 2. Capital increase by earnings	No	Note 11

2004/08	10	52,000,000	5,200,000,000	390,740,514	3,907,405,140	Merge EDEN High-Tech Co.,Ltd.lead to an increase in equity.	No	Note 12
2005/01	10	520,000,000	5,200,000,000	392,103,378	3,921,033,780	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 13
2005/04	10	520,000,000	5,200,000,000	394,829,106	3,948,291,060	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 14
2005/08	10	520,000,000	5,200,000,000	403,590,286	4,035,902,860	Capital increase by earnings	No	Note15
2005/09	10	520,000,000	5,200,000,000	507,156,810	5,071,568,100	Merge Pan Overseas Industrialco., ltd. lead to an increase in equity	No	Note 16
2005/11	10	520,000,000	5,200,000,000	514,656,810	5,146,568,100	Share Exchange Of PDC Stock	No	Note 17
2006/01	10	520,000,000	5,200,000,000	515,298,810	5,152,988,100	The conversion of Employee stock Options certificate lead to anincrease in equity	No	Note 18
2006/04	10	592,000,000	5,920,000,000	557,909,252	5,579,092,520	1. The Conversion of Employee Stock Options certificate lead to an Increase in equity 2. The conversion of Convertible overseas Corporatebond lead to an increase in equity.	No	Note 19
2006/07	10	660,000,000	6,600,000,000	558,262,696	5,582,626,960	1. The Conversion of Employee stock options Certificate lead to an increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 20
2006/09	10	660,000,000	6,600,000,000	587,999,896	5,879,998,960	1.Capital increase by earnings 2. The conversion of Employee stock options certificate lead to anincrease in equity	No	Note 21
2007/01	10	660,000,000	6,600,000,000	592,177,386	5,921,773,860	1. The conversion of Employee stock options Certificate lead to an increase in equity 2. The conversion of Convertible overseas	No	Note22

						Corporate bond lead to an increase in equity.		
2007/04	10	660,000,000	6,600,000,000	593,322,886	5,933,228,860	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 23
2007/07	10	660,000,000	6,600,000,000	594,816,236	5,948,162,360	1. The conversion of Employee stock options Certificate lead to an Increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 24
2007/10	10	660,000,000	6,600,000,000	595,480,665	5,954,806,650	1. The conversion of Employee stock options Certificate lead to an increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 25
2008/01	10	660,000,000	6,600,000,000	595,653,665	5,956,536,650	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 26
2008/04	10	660,000,000	6,600,000,000	595,738,665	5,957,386,650	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 27
2008/07	10	660,000,000	6,600,000,000	596,038,665	5,960,386,650	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 28
2008/10	10	800,000,000	8,000,000,000	667,128,265	6,671,282,650	Capital Increase by earnings lead to an Increase in equity	No	Note 29
2009/08	10	800,000,000	8,000,000,000	663,802,265	6,638,022,650	Cancellation of treasury shares,resulting in a decrease equity.	No	Note 30
2010/04	10	800,000,000	8,000,000,000	663,829,265	6,638,292,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	Note 31
2010/07	10	800,000,000	8,000,000,000	663,963,765	6,639,637,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	Note32
2011/01	10	800,000,000	8,000,000,000	663,988,765	6,639,887,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	
2011/05	10	800,000,000	8,000,000,000	664,343,765	6,643,437,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	Note 34
2011/09	10	800,000,000	8,000,000,000	690,063,380	6,900,633,800	Capital Increase by Earnings lead to an Increase in equity	No	Note35
2014/11	10	800,000,000	8,000,000,000	683,063,380	6,830,633,800	Cancellation of treasury Shares Resulting in	No	Note36

						a decrease in equity		
2015/08	10	800,000,000	8,000,000,000	560,000,000	5,600,000,000	Capital Reduction by cash resulting in a decrease in equity.	No	Note 37
2016/08	10	800,000,000	8,000,000,000	518,000,000	5,180,000,000	Capital Reduction by cash resulting in a decrease in equity.	No	Note 38
2017/08	10	800,000,000	8,000,000,000	485,800,000	4,858,000,000	Capital Reduction by cash resulting in a decrease in equity.	No	Note 39
2020/12	10	800,000,000	8,000,000,000	485,804,299	4,858,042,990	The conversion of corporate bond lead to an increase in equity	No	Note 40

Note1: Capital increased NT\$100,000,000 by earnings, Issued at a par value of NT\$10 per share. Used to retain own funds to continue to support the factory expansion plan.

Note2: Capital increased NT\$110,000,000 by earnings, with a par value of NT\$10 per share. To retain its own funds to continue to support the factory expansion plan, and another NT\$500 million is reserved for the issuance of corporate bonds with conversion shares.

Note3: Increased capital of NT\$ 200 million , with a par value of NT\$ 10 per share. It is used to add new factories and expand production equipment. And another NT\$ 500 million is reserved for the issuance of corporate bonds with conversion shares.

Note4: Increased capital of NT\$ 440 million, with a par value of NT\$ 10 per share. It is used to add new factories and expand production equipment. And another NT\$ 500 million is reserved for the issuance of corporate bonds with conversion shares.

Note5: Capital increased by NT\$779,785,000 earnings, with a par value of NT\$ 10 per share. Used to support future capital expenditures and enrich expenditures and working capital. And another 800 million is reserved for the issuance of corporate bonds with conversion shares, another NT\$100 million is reserved for the issuance of employee stock options certificate.

Note6: Increase share capital NT\$188,659,520

Note 7: Increase share capital NT\$34,131,240

Note8: Increase share capital NT\$206,850,370

Note9: 1.Increase share capital NT\$209,288,390

2. Capital increase by NT\$92,700,000 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note10: Increase share capital NT\$174,174,430

Note11: 1.Increase share capital NT\$48,958,340

2. Capital increased by NT\$80,273,100 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note12: Increased share capital NT\$242,584,750 The par value per share is NT\$10.

Note13: Increase share capital NT\$ 13,628,640

Note 14: Increase share capital NT\$ 27,257,280

Note 15: Capital increased by NT\$87,611,800 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note 16: Increase share capital by NT\$ 1,052,835,800, with a par value of NT\$ 10 per share. At the same time, the original share capital NT\$17,170,560 held by the Pan Overseas

Industrial co., ltd was Cancelled

Note17: Capital increased by NT\$ 75,000,000 , with a par value of NT\$10 per share

Note18: Capital increased by NT\$ 6,420,000 , with a par value of NT\$10 per share.

Note 19: 1.Increase share capital NT\$ 17,270,000 2.Increase share capital NT\$ 408,834,420.

Note20: 1.Increase share capital NT\$ 1,445,000 2.Increase share capital NT\$ 2,089,440

Note21: 1.Capital increased by NT\$295,692,000 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital. and another NT\$200 million was reserved for the issuance of employee stock options certificate.

2. Increase share capital NT\$ 1,680,000

Note22: 1.Increase share capital NT\$ 14,640,000 2.Increase share capital NT\$ 27,134,900

Note23: Increase share capital NT\$ 11,455,000

Note24: 1.Increase share capital NT\$ 12,000,000 2.Increase share capital NT\$ 2,933,500

Note25: 1.Increase share capital NT\$ 1,400,000 2.Increase share capital NT\$ 5,244,290

Note26: Increase share capital NT\$ 1,730,000

Note27: Increase share capital NT\$ 850,000

Note 28: Increase share capital NT\$ 3,000,000

Note 29: Capital increased by NT\$710,896,000 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note 30: Reduce share capital NT\$ 33,260,000

Note31: Increase share capital NT\$ 270,000

Note 32: Increase share capital NT\$ 1,345,000

Note33: Increase share capital NT\$ 250,000

Note 34: Increase share capital NT\$ 3,550,000

Note35: Capital increased by NT\$257,196,150 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate

Note36: Reduce share capital NT\$ 70,000,000

Note 37: Reduce share capital NT\$1,230,633,800

Note 38: Reduce share capital NT\$ 420,000,000

Note39: Reduce share capital NT\$ 322,000,000

Note40: Increase share capital NT\$ 42,990

4.1.2 Types of Shares

2021/04/27

Type of share	Authorized Capital			Remarks
	Circulating shares Issued and Outstanding (Publicly-traded Shares)	Unissued Shares	Total	
Common stock	485,802,499	314,195,701	800,000,000	None

◆ **Information on Shelf Registration:** None.

4.1.3 Shareholder Structure

2021/4/27

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Institutional Entities	Individual	Foreign Institution and Foreigner	Total
No. of persons	6	39	199	68,547	572	69,363
Quantity of shares	15,227,583	5,029,511	200,486,799	165,303,884	99,756,522	485,804,299
Proportion of shareholding	3.1345%	1.04%	41.27%	34.03%	20.53%	100%

Note: The calculation of the shareholding ratio is based on the number of ordinary shares

4.1.4 Distribution of Shareholders

◆ Distribution of Common Shares

2021/4/27

Shareholding	Number of Shareholders	Quantity of Shares	Proportion of Shareholding
1 to 999	19,576	4,087,060	0.84
1,000 to 5,000	44,507	77,157,279	15.88
5,001 to 10,000	3,075	23,981,950	4.94
10,001 to 15,000	762	9,801,685	2.02
15,001 to 20,000	446	8,155,356	1.68
20,001 to 30,000	335	8,525,231	1.76
30,001 to 50,000	171	5,998,880	1.24
50,001 to 100,000	92	4,285,783	0.88
100,001 to 200,000	182	13,230,259	2.72
200,001 to 400,000	83	11,898,642	2.45
400,001 to 600,000	56	15,492,135	3.19
600,001 to 800,000	23	11,584,276	2.38
800,001 to 1,000,000	11	7,713,522	1.59
1,000,001 and more	10	9,098,523	1.87
Total	34	274,793,718	56.56

Note : 1. Distribution of Preferred Shares: None.

2. The "shareholding ratio" is calculated based on the number of ordinary shares

4.1.5 List of Major Shareholders

2021/4/27

Major Shareholders	Shares	Quantity of Shares	Proportion of Shareholding
Walsin Lihwa Corporation		88,902,325	18.30%
HannStar Board Corporation		36,367,115	7.49%
GLOBAL BRANDS MANUFACTURE LTD.		15,252,481	3.14%
WALTON ADVANCED ENGINEERING, INC.		13,357,083	2.75%
Kim Eng Securities Private Co., Ltd. investment account under the custody of Citibank Taiwan Ltd.		13,326,967	2.74%
Chiao Yu-Heng		12,887,461	2.65%
Fubon Life Assurance Co.,LTD		8,712,000	1.79%
Winbond Electronics Corporation		8,600,117	1.77%
Labor Pension Fund		7,835,583	1.61%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		6,983,521	1.44 %

4.1.6 Stock Price, Net Value, Earnings, Dividends and Related Information for the Past Two Years

Unit: Dollar, share

Item		Year		Current Year up to March 31, 2021
		2019	2020	
Share Price (Note 1)	High	241.00	262.00	291.50
	Low	136.00	130.50	215.50
	Average	174.79	190.56	245.01
Net Value per Share (Note 2)	Basic	69.77	79.50	85.08
	Diluted	64.26	73.50(Note 6)	-
Earnings per Share	Weighted average shares (thousand shares)	484,542	485,536	485,677
	Earnings per share	13.72	13.66	4.06
Dividend per Share	Cash dividend	5.5	6(Note 6)	-
	Stock Dividend	-	-	-
		-	-	-
Accumulated unpaid dividend	-	-	-	
Return Analysis	Price-earnings ratio (Note 3)	12.74	13.95	-
	Price-dividend ratio (Note 4)	31.78	31.76(Note 6)	-
	Cash dividend yield (Note 5)	3.15%	3.15%(Note 6)	-

Note 1: Source of information from Taiwan Stock Exchange Corporation (TWSE).

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

Note 3: Price-earnings ratio = Average per share closing price for the year / earnings per share.

Note 4: Price-dividend ratio = Average per share closing price for the year / cash dividend per share.

Note 5: Cash dividend yield = Cash dividend per share / average per share closing price for the year.

Note 6: The appropriation amount for 2020 has not yet been approved by the AGM of shareholders.

4.1.7 Dividend Policy and Implementation Status

4.1.7.1 Dividend Policy

As per the amendment of the Company Act in May 2015, the distribution of dividends and bonuses is limited to shareholder, and employees are not the target of the surplus earnings distribution. The Company adopted a resolution of shareholders' meeting to amend the surplus earnings distribution policy of the Articles of Incorporation on 22 June 2016, and set out the distribution policy of employee compensation and director in the Article of Incorporation (See 4.1.9).

According to the surplus distribution policy stipulated in Article 31 of the Articles of Incorporation of the Company, the Company should first set aside 10% of such profits as a legal reserve after its losses have been covered and all taxes and dues have been paid at the time of allocating surplus profits when the Company makes a profit during the fiscal year. However, it shall not apply when the legal reserve amount to the authorized capital. After the special surplus reserve is allocated or reversed according to the regulations of the law or the competent authority, the special surplus reserve may be set aside according to the Company's operating needs. If there is a balance, it shall be accumulated to the undistributed surplus. The board of directors shall draft a surplus distribution plan and submit to the shareholders' meeting for adopting a resolution of the distribute dividends to shareholders.

In addition to the Company surplus earnings distribution in accordance with Article 31 of the Articles of Incorporation of the Company, the shareholder dividends distributed in the current fiscal year shall be based on the principle that the proportion of stock dividends shall not exceed 50%, and the rest shall be distributed in cash dividends. However, when sufficient funds are obtained to meet the annual funding needs, the above-mentioned cash distribution ratio may be increased to 100% at discretion. As listed in the preceding paragraph, the Company may determine the most appropriate dividend policy and payment method based on the actual operating conditions of the current year and considering the capital expenditure budget plan for the next year.

4.1.7.2 The basis for estimating the amount and the actual distribution of employee and director compensation (see 4.1.9).

4.1.7.3 The surplus earnings distribution information for year 2020 approved by the board of directors as follows,

- a. The net profit after tax as of year 2020 of the Company is NT\$6,632,253,759. After setting aside the legal reserve of NT\$ 651,502,834 and adding the adjusted undistributed retained earnings, the total distributable retained earnings is NT\$ 21,650,658,763.
- b. The Company operates for sustainable development and intends to retain the undistributed earnings as of the end of year 2020 to meet capital expenditure requirements. This year, the retained earnings will not be distributed as shareholder dividends. And the Company intends to allocate NT\$2,914,830,000 (common stock premium of NT 2,914,830,000) from the amount of the capital surplus from shares issued in excess of par value-common stock in accordance with the number of shares held by shareholders recorded in the register of shareholders on the record date. Approximately NT\$ 6 per share will be distributed.
- c. The proposed distribution of employee stock dividends and its proportion to the total net profit after tax and total employee dividends for the current fiscal year: 0%

4.1.8 Impact of issuance of stock dividends proposed in this shareholders' meeting upon the Company's business performance and earning per share (EPS):N/A

4.1.9 Remuneration for Employees and Directors

1. The percentages or ranges with respect to employees, directors, and supervisors compensation, as set forth in the Articles of Incorporation of the Company.

The Company carried out the distribution of employees, directors, and supervisors compensation in accordance with the Article 31 of the Articles of Incorporation of the Company, "If the company makes a profit during the fiscal year, it shall allocate 2% to 10% of the said profit as employees compensation, which shall be distributed in stocks or cash. Also, it shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least two-thirds of the entire directors of the company, and report to the shareholders' meeting. Employees include employees of the affiliates, who meet certain conditions. The company may allocate no more than 2% of the said profit as directors remuneration according to the adoption by the meeting of board of the directors".

2. The basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employees compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

According to the dividend policy of the company's Articles of Incorporation and referring to the previous year contribution, the basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employees compensation, the company should enter adjusted entries based on the treatment of the change in accounting estimates, if there is any discrepancy between the actual distributed amount and the estimated figure. Furthermore, the company didn't make accounting estimates for calculating the number of shares to be distributed as employees compensation.

3. Information on any approval by the board of directors of distribution of compensation:

- a. The amount of any employees compensation distributed in cash or stocks and compensation for directors.

The resolution of company's board of directors was adopted on February 25, 2021 that the total amount of employees compensation and directors compensation for the year 2020 was NT\$237,807 thousand, and the total amount was distributed in cash. The estimates and distributions are as follows:

Unit: NT\$ thousands

Item	Estimated figure in 2020	Adoption of the resolution by the board of directors on 25 Feb., 2021	Discrepancy	Accounting treatment
Directors compensation	67,945	67,945	0	None
Employees compensation distributed in cash	169,862	169,862	0	None

b. The amount of employees compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employees compensation: None.

4 The actual distribution of employees, directors, and supervisors compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employees, directors, or supervisors compensation, additionally the discrepancy, cause, and how it is treated.

The resolution of the shareholders' meeting in 2019 was adopted the actual allotment in cash of NT\$ 71,392 thousand for directors and supervisors remuneration and NT\$ 178,479 thousand for employees remuneration. The said resolution is consistent with the resolution of the original board of directors

4. 1.10 The Execution Status of Shares Buyback:

Repurchases already completed

As of 04/30/2021

Treasury stocks: Batch Order	15 th Batch	16 th Batch
Purpose of buy-back	transfer shares to employees	transfer shares to employees
Timeframe of buy-back	Forecast:2021/01/28~2021/03/26 Actual:2021/01/28~2021/02/03	Forecast:2021/03/26~2021/05/25 Actual:2021/03/26~2021/04/01
Price range	NT\$ 230~243	NT\$ 240~252
Class, quantity of shares repurchased	Common stock 500,000 shares	Common stock 600,000 shares
Value of shares repurchased (in NT\$ thousands)	NT\$ 115,235,981	NT\$ 151,104,443
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	100	100
Shares sold/transferred	500,000 shares	0
Accumulated number of company shares held	0	600,000 shares
Percentage of total company shares held (%)	0	0.12

4.2 Issuance of Corporate Bonds:

4.2.1 Corporate Bonds

As of 04/30/2021

Corporate Bond Type	2020 1st Unsecured Convertible Corporate Bonds
Issue date	April 29, 2020
Denomination	NT\$100,000
Issuing and transaction location	N/A
Issue price	Issue by denomination
Total price	NT\$4,800,000,000
Coupon rate	0 %
Tenor	4 years Maturity: April 29, 2024
Guarantee agency	None
Consignee	ChinaTrust Commercial Bank
Underwriting institution	Horizon Securities
Certified lawyer	Lin Sen-min
CPA	Shih Chin-Chuan and Yu Hung-Bin
Repayment method	Repayment in lump sum upon maturity
Outstanding principal	NT\$4,799,000,000
Terms of redemption or advance repayment	According to the Clause 10 of the issue and conversion method of our company's 1st unsecured corporate bond for 2020,denomination in cash is to be paid upon maturity, except those cases when the convertible bond holders convert the bond into common stocks in accordance with clause 10 or early

		redemption from the securities company's business office in accordance with Clause 18.
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Converted corporate bonds amounted to NT\$1 million, with 4,299 common shares converted in total till April 30,2021
	Issuance and conversion (exchange or subscription) method	Please refer to the issue and conversion method of our company's 1st unsecured corporate bond for 2020.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Calculate the remaining corporate bond value according to the present conversion price if all convertible bonds are exchanged to become common stocks, then our company needs to reissue common stocks with a capital inflation rate of 4.07%, which would have limited impact on shareholders' equity.
Transfer agent		N/A

4.2.2 Convertible Bonds

Corporate bond type		1 st Unsecured Convertible Corporate Bond	
Item	Year	2020	As of the printing date of this annual report(2021/04/30)
	Market price of the convertible bond	Highest	118
Lowest		101.5	114
Average		105.68	119.94
Convertible Price		NT\$240 (Conversion price adjusted to NT232.6 since 2020/08/12)	NT\$232.6 (Conversion price adjusted to NT232.6 since 2020/08/12)
Issue date and conversion price at issuance		Issue Date: 2020/04/29 Conversion price at issuance: NT\$240	--
Conversion methods		Issuing of new stocks	Issuing of new stocks

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depository Receipts: None.

4.5 Status of Employee Stock Option Plan or Restricted Stock: None.

4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.7 Financing Plans and Implementation:

1.Contents of Plan:

A. Competent authority approval document number: Letter No. 1090334095 of FSC(Financial Supervisory Commission)issued on March 25, 2020.

B. Issued the first domestic unsecured conversion corporate bonds. The total number of issued bonds is limited to 48,000, each with a denomination of NT\$100,000. It is issued based on the par value. The total amount of issuance is capped at NT\$4.8 billion. The annual coupon rate is 0%, and the issuance period is 4 years.

C. Planned project and scheduled

unit : NT\$ Thousands

Item	Scheduled Finish date	Required Total funds	Scheduled fund utilization progress							
			Year 2020			Year 2021				Year 2022
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Purchase plant, equipment and factory facilities	Year 2022 Q1	4,822,572	573,801	612,846	646,680	614,576	598,022	694,384	605,894	476,369

D. Expected possible benefits:

a. Plant purchase: The purchase of the originally leased Kaohsiung plant in this project can save annual rental expenses, make good use of space, improve management efficiency and overall operating performance, and strengthen the long-term development of sustainable operations in the future.

b. Purchase of equipment and factory facilities: Plan to purchase related equipment and factory facilities for the production of passive components is expected to increase production efficiency and

increase annual output. It is estimated cumulative operating net profit will be about NTD5.6 billion till the end of 2022.

2. Implementation status

unit : NT\$ Thousands

Item	Implementation status		Cumulative to the Q1 of Y2021
Purchase plant, equipment and factory facilities	Amount	Scheduled	2,447,903
		Actual	3,457,545
	Schedule (%)	Scheduled	50.75
		Actual	71.69

Reasons for advance or lagging progress and improvement plan:

Mainly because of the growth in terminal market demand, the demand for passive components has increased. In order to expand production capacity, equipment was purchased in advance and payment for equipment was paid.

Operational Highlights

5.1 Business Activities

5.1.1 Business content

(1) Business scope

1. The main content of the business

Walsin Technology Corporation is a professional manufacturer of electronic passive components. Our core business encompasses the development, manufacture and sales of the multilayer ceramic capacitors, chip resistors, HF/RF components, disk capacitors, surge absorbers, zinc oxide varistors, chip fuses, semiconducting ceramic capacitor, diodes, and inductors.

2. Revenue ratio.

Primary products	Revenue Ratio of parent company	Revenue Ratio of Global sales
MLCC	75.1%	57.3%
Chip-R	14.7%	21.5%
Disc	1.0%	2.8%
Thin Film	0.0%	1.0%
RF	7.2%	10.1%
Others	2.0%	7.3%
Total	100%	100%

3. The company's current product lineup

- (1) Multilayer ceramic capacitors (MLCC)
- (2) Chip resistance (Chip-R) and Chip-R Array
- (3) Disc capacitor
- (4) RF Components
- (5) Zinc oxide varistor
- (6) Inductor
- (7) Chip Fuse
- (8) Dielectric porcelain powder
- (9) Semiconducting ceramic capacitor ceramic chip
- (10) Diode
- (11) Protection component

4. Recent development plan of new product

The strategy of R&D in Walsin Technology Corporation is to produce the passive components with high quality and superior characteristics made by our own developing technologies. Therefore, WTC has been striving to enhance our capability in manufacture and enrich the category of product for achieving the purpose of one-stop shopping by customers.

In the recent R&D on MLCCs, we are developing new products toward the several goals of MLCC's characteristics, included the higher volumetric capacitance (>20uF/mm³), superior properties at high frequency application, better reliability for automotive or high temperature operation and more diversified product-lines. In response to the recent technological revolution in the wireless communication systems, 5G & WiFi-6, the subsequent market demand and specification request of microwave MLCCs for such advanced applications are obvious increased.

WTC has not only expanded the capacity of microwave MLCCs production, but also created various series with ultra-low ESR and high Q properties made by in-house BME-Cu technology. In addition, through the self-developed ceramic material recipes, metal conductive pastes and manufacturing technology, the progresses of other developing products such as high capacitance MLCCs, automotive MLCCs, miniaturized MLCCs and so on are on schedule.

In terms of chip resistors, we keep focusing on miniaturized and high reliability products for anti-sulfurization, anti-oil bath and anti-surge. Regarding the requirements of vehicle, we have developed high-power and surge-resistant resistor products, and many products have been launched on the market. About the on-going projects of thin-film resistors, we are developing on the current sensing resistor with low TCR and the automotive thin-film resistor.

In regard to the radio-frequency (RF) LTCC components, new products development focus on sub-6G, ultra wide band(UWB), WIFI 6E and millimeter wave application, including diplexer 、triplexer 、bandpass filter and low switching time switch modules, etc. Since 5G communication products have multiple frequency bands, the anti-interference ability between each frequency band needs to be improved. Therefore, all products are developed for low loss and high suppression. Under the continuous optimization of process capability and design architecture, the new competitive products are promoted to market timely. And cooperated with IC Design House, most of new development products are as reference design. Through new materials and the technical capabilities completed, recently, some automotive products have been promoted to clients, which can provide more complete solutions for clients.

5.1.2 Overview of Industry

Passive Component Industry Overview:

1. Passive Component Industry Status

The global passive component industry comprises mainly of Japanese vendors with a dominating position in the high-end passive components and automotive electronics and industrial, and others from Korea, the US, Europe, Taiwan, and China regions. Passive components are ubiquitous and indispensable in the circuit design of electronic products from smartphones, computers, TV, consumer electronics, industrial machinery, automobile, and much more.

Based on the functions they perform, they may be categorized into three categories: capacitors, resistors, and inductors. Through the cooperation of the three, they can influence the flow of electricity running through them and protect the active units.

2. Passive Component Industry Development Trend

The global passive components market can be broadly classified into automotive, telecommunication, information technology (IT), consumer electronics, industrial, healthcare, and defense because of its widespread adoption, in which telecommunication constitute about 30% of the entire market.

The automotive and smartphone industries profoundly influence the electronic component market.

As for infotainment, global positioning navigation, and other safety-enhanced features such as ADAS were incorporated in automobiles, the demand for the automotive-grade component has been increasing at an unprecedented rate. Take MLCC for instance, a combustion engine car consumes 2,000 to 3,000 capacitors whereas a single electric vehicle consumes as many as 15,000

capacitors.

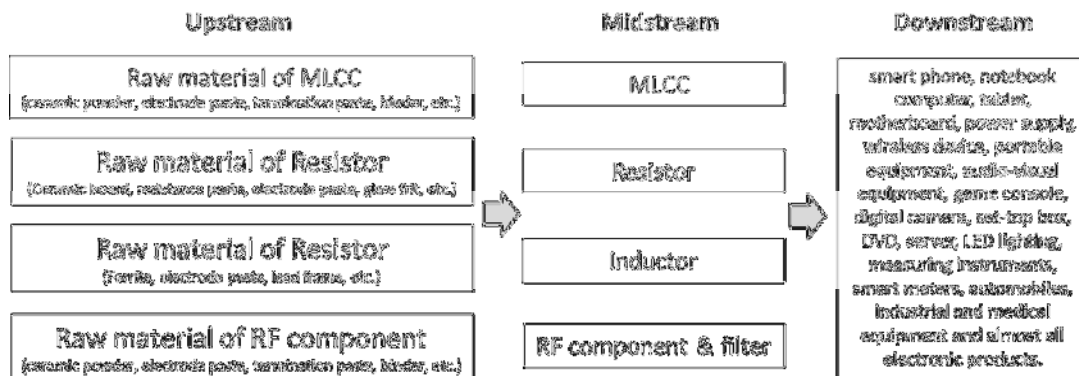
And the component count will continue to grow as more functions become electrified. Automotive electronic components sell at higher price points with a more stable and accurate forecast because of the additional requirements for qualities, warranties, and liability. With government incentives and pollution control regulations that will soon be implemented across the globe, the automotive market could grow at a double-digit rate in 2021. All these incentives make the automotive market a high priority for component suppliers.

Besides the automotive industry, the smartphone industry has always been a major driving force for the passive component industry. There are roughly 1,000 capacitors in a flagship smartphone, with approximately 1.5 billion smartphones were sold each year, newly 1.5 trillion of MLCCs were consumed by smartphone manufacturers.

Moreover, the shift towards higher communication standards such as 5G and 6G is likely to positively influence the growth of the market.

The passive electronic components market was valued at USD 30.98 billion in 2020 and expected to reach USD 39.59 billion by 2026 and grow at a CAGR of 4.2% over the forecast period (2021 - 2026). The increasing adoption of digitalization and coupled with increased connectivity and mobility demand is further increasing the complexity of electronics. This is accelerating the demand for passive components in electronics. (Data source: Mordor Intelligence)

3. Correlation between Upstream, Midstream, and Downstream in the Supply Chain



The upstream of the passive component industry is a supplier of materials such as interface ceramic powder, ceramic substrates, alumina substrates, quartz substrates, conductive adhesives, cathode foils, etc. The raw materials of WTC's main product MLCC are ceramic powder and internal and external electrode materials.

In the early days of operation, the above-mentioned raw materials were all outsourced, after a long-term persistent effort, the self-made ratio of related raw materials has increased significantly.

The middle reaches of the passive component industry are the manufacturers of resistors, capacitors, inductors, filters, oscillators and so on. Passive components are indispensable components in each electronic circuit. According to their functions, they are divided into three categories: capacitors, resistors and inductors. Capacitors control and filter electric waveforms, resistors adjust current and voltage, and inductors filter noise and prevent electromagnetic interference. Through the combination of these three components, the purpose of controlling and optimizing the electrics and protecting the active components during operation can be achieved.

Since passive components are widely used in various electronic products. The downstream applications include smart phone, notebook computer, tablet, motherboard, power supply, wireless or bluetooth device, portable equipment, audio-visual equipment, game console, digital camera, set-top box, DVD, server, LED lighting, measuring instruments, smart meters, automobiles, industrial and medical equipment and almost all electronic products.

4. Development directions and application trends of the product and the market situation

(a) Capacitor products

- Miniaturization and thinning : The market demand form wireless communication devices such as smart phone, tablet, smart watch and wearable devices are gradually increasing, therefore, passive components are still developing on miniaturization . In term of capacitor, it develops not only miniaturization, but also for higher volumetric capacitance.
- Higher frequency application: In 2020, the technology development and construction of 5G base-station has been delayed due to the impact of the global epidemic of COVID-19. However, owing to the importance of 5G communication systems by governments, it is expected that a great number of base-stations (macro & micro) and 5G mobile phones will be demanded in the coming year and also increase the need of RF components. Moreover, with the communication frequency is getting higher, the mutual interference and noise occurrence become frequently, the high accuracy of the capacitance is more necessary to apply as well.
- High voltage : Due to the energy-saving concept of lighting, the demand for LED lighting is expected to increase. The demand of related high-voltage capacitors will also be increased.

(b) Chip-R products

- Chip-R has requirements for anti-sulfurization and high-power resistance in applications, therefore, the product development is carried out for use in more severe operating environments. At present, the main suppliers of such products are Japanese manufacturers.
- Due to the high precision and long-term stability of thin-film resistors, the demand will be expected to grow in the coming years.

(C) RF components

- In response to 5G smartphones moving towards multi-mode, multi-frequency and carrier aggregation designs, the demand has increased for antenna switches, low loss filters, multiplexers and other electronic components. And the demand of integrated modules will increase significantly.
- There are several reasons for demand increasing of antenna switch, LTCC component and SAW component as following : 5G smartphones will have a substantial growth in the year 2021, WiFi 6E high-end product are launched to market, UWB indoor positioning applications, popularity of TWS, the growth of NB-IoT applications, etc.

5. Countermeasures of the market trend

(a) To develop the following capacitor products in response to market demand, there are:

- High-capacitance: high volumetric capacitance (>20uF/mm³).
- Miniaturization: 01005 sized chip MLCCs are mass-produced gradually and new specifications with different temperature coefficients are continuously developed.
- High-frequency: microwave MLCCs for ultra-high frequency (5G), IOT and V2X applications.
- High-reliability : AEC-Q200 compliant automotive MLCCs development and create robust MLCC product series that can withstand more severe operational conditions. Developing and promoting the miniaturized safety capacitors for the problem of insufficient space on circuit board.
- High-voltage: To enrich high-voltage capacitor series (4KV), keep expanding the production of disk capacitors to supply server, industrial computers, robots, lighting market and fast-charging mobile phone market and so on.

(b) Emphasizing the sales of special resistor products, focusing on promoting automotive resistor, anti-sulfur resistor, high-power resistor, lead-free resistor, low-resistance resistor, high-voltage resistor, high-precision resistor and 0201-sized R-array.

(c) Antenna switches, LTCC components and SAW products continue to be approved by IC design house, and to develop and mass-produce automotive products for internet of vehicles (IOV) and internet of thing (IOT) application.

5.1.3 Technologies and R&D Overview

1. R&D expenditures in the most recent year and as of March 31, 2021

Unit: NT\$ thousands

Item	2020	Current Year up to March 31, 2021
R&D Expenditures	863,275	253,803
Revenue ratio(%)	2.42%	2.42%

2. Successfully developed technologies or products in 2020

In order to enhance independent R&D capabilities and competitive advantages, WTC persists in a long-term strategy of intellectual properties. In 2020, there are 5 domestic and foreign patents issued, and applied several new important technical patents. Approved patents are included multilayer electronic ceramic components and pressureless co-firing method, low-temperature co-firing ceramic materials, packaging structure of RF module, etc.

WTC has successfully developed and released plenty of products in 2020, including: high-capacity X5R/X7R MLCCs, automotive X7R/NPO MLCCs, automotive microwave MLCCs, Feedthrough MLCCs, miniaturized (01005-size) X5R/NPO capacitors, high voltage X7R MLCCs, etc. ; as well as the chip resistors for high-power vehicles, high-power current sensing resistors, high-precision, anti-sulfuration, lead-free automotive chip resistor, etc., and also released 5G NR RF receiving modules, WiFi 6E filters, UWB filters, IPD integrated modules and so on.

3. R&D plan in next year:

A lot of new products are planned to develop in WTC in the coming year , included

high-capacitance X5R/X7R MLCCs, Feedthrough MLCCs, miniaturized X5R/NPO/RF MLCCs, High reliability MLCCs with soft terminations, high-voltage & safty MLCCs, automotive X7R/NPO MLCCs, high temperature MLCCs, automotive anti-sulfurization current- detection chip resistor, automotive high-power anti-sulfurization chip resistor, automotive anti-surge & anti-sulfurization chip resistor, automotive high-voltage anti-sulfurization chip resistor, automotive high-precision resistance anti-sulfurization chip resistors, lead-free automotive anti-sulfurization chip resistors, miniaturized anti-surge chip resistors, automotive precision thin-film chip resistors; and thin-film chip resistors, LTCC filter, RF switch module and other product series.

4.Short/Long Term Business Development Plan

Short Term Business Plan

- (1) Leverage Walsin Technology Corporation's sales platform in Japan and proactively focus on Japan's key account penetration.
- (2) Take advantage of the fact of being the few suppliers in the industry with volume supply capacity for automotive-grade MLCC and Chip Resistor and continue expanding the production capacity of automotive-grade product from the company's dedicated manufacturing line to keep up with the constant growing demand
- (3) Product research and development focus on miniaturization, integration, high-temperature, high voltage, and high stability to address product requirements of 5G and automotive application
- (4) Engage customers with need in high-capacitance and thin film and low resistance resistors

Mid-to-Long Term Business Plan

- (1) To ensure the company's product development keep up with the 5G infrastructure deployment, the company has been focused its product development on high Q low ESR MLCC, high precision and anti-sulfur resistor, high-power, anti-surge resistor, and LTCC filters to address demands from the sub 6GHz and customized full bank antenna to address needs from base stations, antenna, server, switch routers and PBX customers.
- (2) Make good use of the company's self-reliant powder supply and expand MLCC production capacity while adjusting the product mix with high margin products enlarged.
- (3) Continue to focus product development on high-capacitance, high-frequency, high-power, thin-film, low ohm, and other high precision products.
- (4) To further develop business in Europe and North America regions.
- (5) To further improve upon the company's profitability by expanding high margin product production capacity to fulfill demands from high-unit-price and high-margin customers.
- (6) To expand customer base through merge and alliance.

5.2 Business Overview

5.2.1 Market, Production and Sales Overview

1. Market Analysis

Sales Region

Sales region(s) of main products for Year 2020

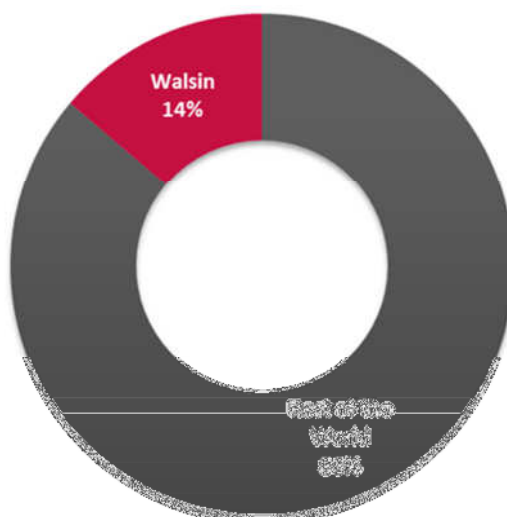
Unit:NT thousnads

Region(s)	Revenue Amount	%
Asia	32,853,372	92.29%
Americas	1,277,234	3.59%
Europe	1,468,643	4.12%
Total	35,599,249	100%

2. Shipment Quantities & Market Share of MLCC and Chip Resistor

Multilayer ceramic capacitors (MLCCs) are generally the capacitor of choice for applications such as telecom, PC&P, and consumer electronics because of their compact size, better high-frequency performance compared to aluminum electrolytic capacitors, and better stability over temperature, depending on the temperature coefficient. MLCC shipment of Walsin Technology accounts for approximately 14% of the entire MLCC market in 2020.

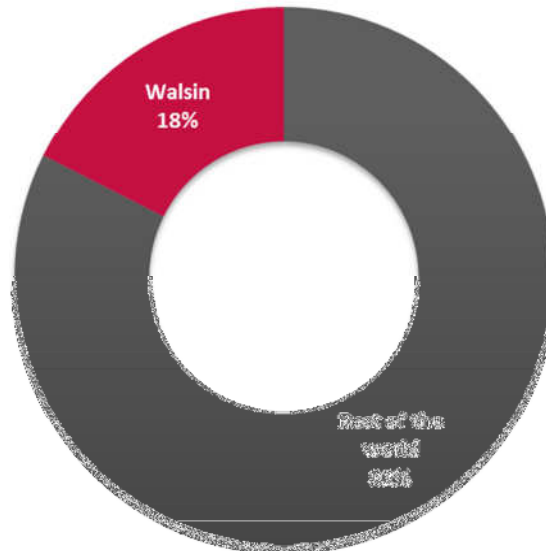
Market share of Walsin Technology's MLCC for 2020



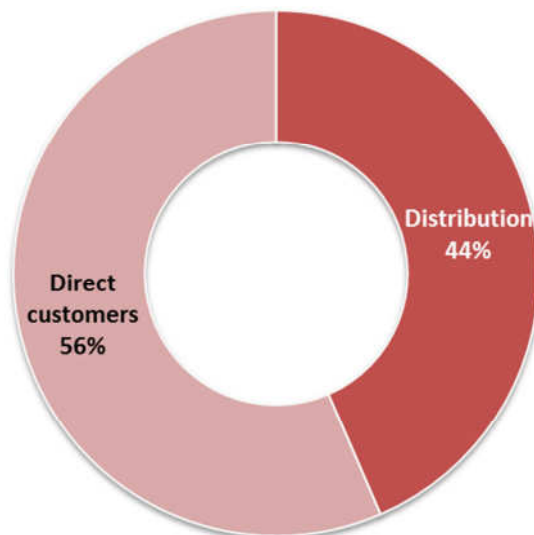
Walsin Technology has been proactively developing small-sized chip resistor, array, anti-surge, anti-sulfur, current-sensing metal plate, thin-film high precision, and other specialty products to address the latest evolution in consumer electronics, automotive application, etc.

Chip resistor shipment of Walsin Technology accounts for approximately 18.1% of the entire Chip Resistor market in 2020.

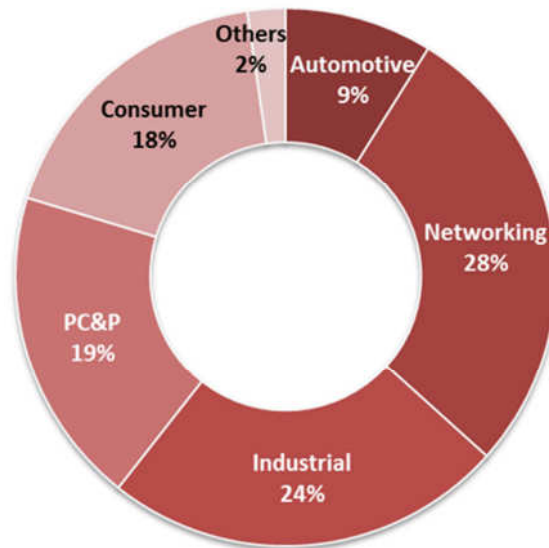
Market share of Walsin Technology's Chip Resistor for 2020



2020 Walsin Technology Revenues Breakdown by Channel



2020 Walsin Technology Revenues Breakdown by End-use Application Segment



3. Supply and Demand Status and Development Trend of the Product End-Use Applications

a. Market Demand Analysis

The overall market outlook for 2021 remains robust due to high dollar value growth opportunities in automotive electronics, telecommunications infrastructure and 5G handsets. Meanwhile, stable environments in computers, gaming and home theater electronics are also expected to support an overall positive market environment, with growth rates further stimulated by global economies emerging from pandemic into a “revenge economy”

For full-year 2021, expect market drivers for capacitors, resistors and inductors to include:

- 5G infrastructure deployment
- Battery electric vehicle production, automotive telematics and driver-assist technology
- Solid-state drives for cloud storage, higher-performance computing and devices for the Internet of Things
- The August 2021 Olympics in Japan
- Smartphones, desktop and notebook personal computers, and game consoles to support the continuing remote working and learning trends worldwide

The rise in remote work and increased interest in health monitoring during the COVID-19 pandemic significantly drive the wearable market growth. According to Gartner, worldwide end-user spending on wearable devices will total \$81.5 billion in 2021, an 18.1% increase from \$69 billion in 2020. [Data source: Gartner]

b. Market Supply Analysis

The passive component industry has been facing challenging times with successive waves of part shortages, price increase, and lead time extensions since late 2017. In 2018, Japanese and Korean manufacturers adjusted their product mix and shifted their focus to high capacitance, miniaturized products, and the automotive market. Yet, output on the other hand was constrained because of the pollution restriction orders implemented in China and limited production capacities from capable makers.

The surge in demand on one side and the parts and materials shortages on the other strained the passive component vendors' capabilities to meet demand.

Throughout 2019, the component supply status improved steadily as suppliers expand their capacities and OEMs adopt multi-source strategies to lower the supply risk. There were no major supply shortages in 2019, and the passive components market was relatively balanced.

Then, the market capacity shrunk significantly when the COVID-19 pandemic hit in 2020, incidents of lockdown and quarantine were reported constantly among suppliers. When suppliers couldn't produce or ship parts, the downstream OEMs could not manufacture their products either.

4. Competitive Advantages

- Professional management team with extensive industry experience. The company fully authorizes one according to one's position in the corporate hierarchy to ensure an effective and prompt decision-making process.
- A healthy and transparent financial status to shareholders and the public.
- Led by industry experts, the company's R&D centers are established around the Asia Pacific with state-of-the-art equipment. The company proactively co-works with colleges and universities to recruit talented students.
- From capacitors, resistors, inductors, RF devices, antenna, to protective components, the company provides customers one-stop-shop convenience for passive components.
- The company's sales and distribution channels are well established across the globe to ensure prompt and localized services.
- Through merge and alliance, not only the constant expanding alliance improves its operation efficiency, but also leverage individual member company's strength and connections to enhance its product offerings and expand business effectively.

5. Positive and Negative Factors Affecting the Company's Development and Coping Strategies

Positive Factors

- The booming demand for electric cars, deployment of the 5G network, and the post-pandemic demand for portable devices, and the launch of the new 5G smartphone all contribute to a promising industry outlook.
- The company's strong commitment to R&D and continuous investment in the research and development of the company's product and equipment.
- Industry-leading research team, self-reliant raw material supply, and ability of manufacturing machinery and process optimization.

Negative Factors

- The rising costs in labor and stricter pollution emission control.
- The uncertainty posted by the intensifying trade and tech war between China and the United States.
- The supply restrictions by the possible outbreak of the COVID-19 or its variant.

Coping Strategies

- Multi-location manufacturing facilities to minimize the possible impact caused by lockdown and transport restrictions and avoid high tariff zones.

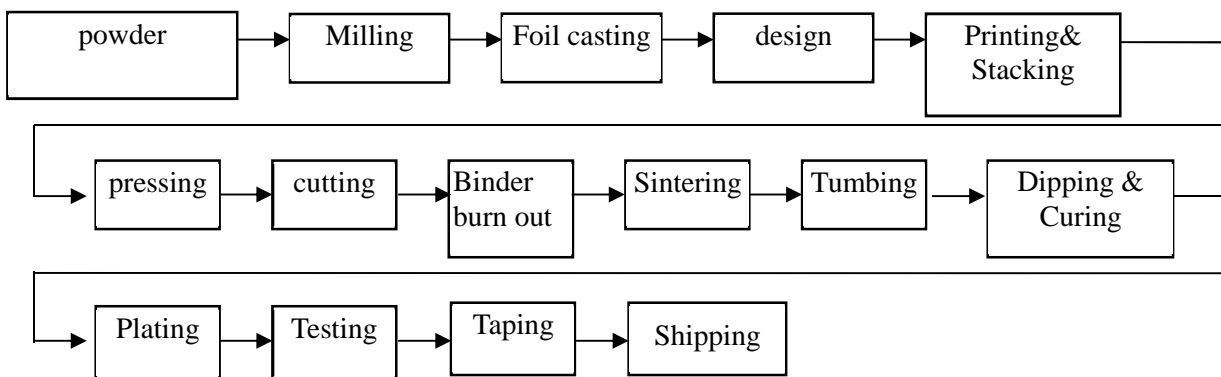
- Automate those labor-intensive processes.
- Industry-competitive compensation and reward program and employee self-fulfillment support.
- To alleviate the potential risks caused by regional political or trade model changes by leveraging the distribution network.

5.2.2 Usage and Manufacturing Processes for the Main Products

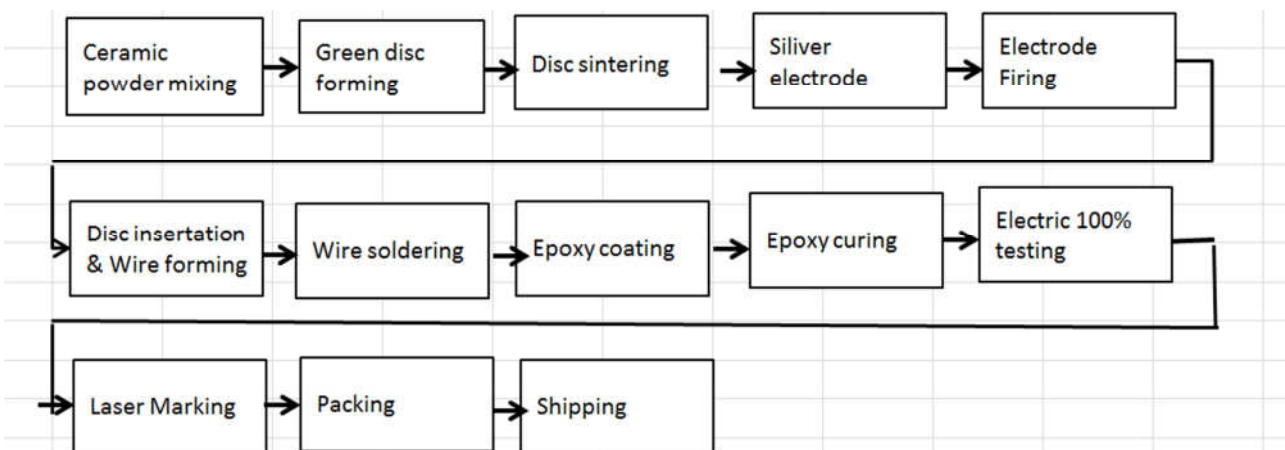
Main Products	The main purpose
MLCC	Used for the energy storage, bypass, smoothing, coupling, filtering, resonance, impedance-matching circuits, and applied to computer peripherals, communications products and consumer electronics, industrial/automotive electronics, household/Medical electronics, etc.
DISC	Applied to monitors, power supplies, LCD, TV, measuring instruments, car stereos, household appliances
Chip-R	Used for DC step-down converter, DC voltage divider, and applied to consumer electronic products such as computer peripherals and information appliances
RF Components	Applied to wireless communication products, bluetooth communication, mobile phones, PND, eBook, wireless networks, set-top-box

◆ Manufacturing Processes:

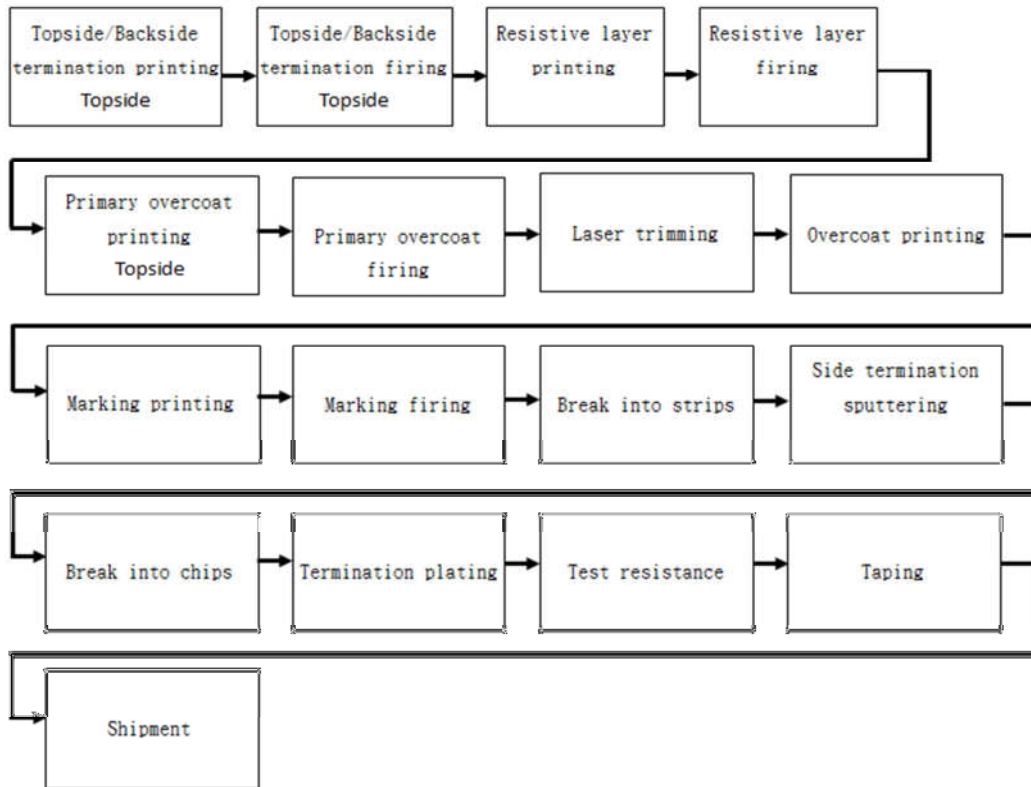
1. MLCC



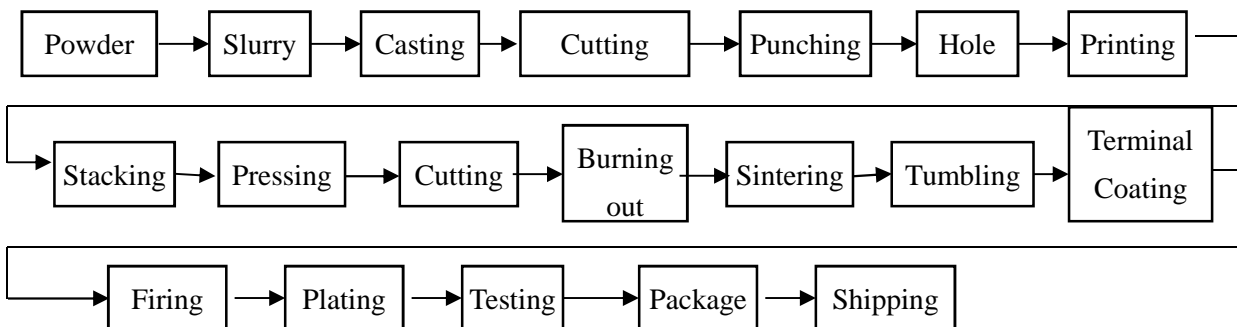
2. Disc



3. Chip-R



4. RF Components



5.2.3 Main raw materials supply

Ceramic powder, internal electrodes, external electrodes and aluminium oxide substrate are the main raw materials.

Since the impact of the COVID-19, the international raw materials and foreign exchange are continued to be fluctuated in 2021.

The Company comprehensively takes into account raw materials, exchange rate trends, funds and risks to build a safety-stock.

In order to keep a stable procurement and cost reduction, the Company not only establishes more than two qualified suppliers for each main raw material with a long-term close cooperation relationship but improves existed raw materials and develops the new.

Meanwhile, the Company reduces the impact of rising cost by continuously introducing new suppliers and self-developed critical materials.

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

1. Major supplier information for the last two years

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

2. Major customer information for the last two years

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

5.2.5 Output volume and value for the last two years

Unit : Kpcs ; Kgs ; NT\$ thousands

Year/ Output volume and value/ Main Products		2019			2020		
		Capacity	Output volume	Value	Capacity	Output volume	Value
MLCC	Kpcs	544,781,600	310,122,553	15,173,308	564,412,700	495,662,463	17,280,722
Chip-R	Kpcs	638,912,000	367,106,913	5,667,626	601,824,000	499,398,766	6,345,565
RF	Kpcs	1,800,000	1,333,348	855,758	2,760,000	2,624,514	3,285,754
Protection components	Kpcs	0	0	0	11,100,000	9,571,946	1,092,417
Powder	Kgs	4,554,000	3,497,456	1,090,405	4,554,000	4,460,588	1,380,743
Others	Kpcs	812,600	482,617	935,173	571,600	464,677	691,996
Total	Kpcs	1,186,306,200	679,045,431	22,631,865	1,180,668,300	1,007,722,366	28,696,454
	Kgs	4,554,000	3,497,456	1,090,405	4,554,000	4,460,588	1,380,743

5.2.6 Sales volume and value for the last two years

Unit : Kpcs ; Kgs ; NT\$ thousands

Year/ Sales volume and value/ Main Products		Unit		2019				2020			
				Domestic Sales		Exports		Domestic Sales		Exports	
				Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
MLCC	Kpcs	19,408,253	2,013,346	315,451,379	17,577,937	32,322,839	1,934,526	450,224,202	19,339,437		
Chip-R	Kpcs	16,279,436	455,717	353,634,658	6,305,965	26,724,614	608,892	450,034,495	7,040,773		
RF	Kpcs	51,455	69,978	1,579,116	1,878,596	89,499	360,710	2,294,434	3,240,254		
Protection components	Kpcs	0	0	0	0	876,466	264,803	8,425,417	1,686,648		
Powder	Kgs	557,836	185,145	1,619,330	458,484	461,192	163,454	1,070,887	266,522		
Others	Kpcs	205,536	226,812	659,102	962,200	24,170	11,529	249,940	681,701		
Total	Kpcs	35,944,680	2,950,998	671,324,255	27,183,182	60,037,588	3,343,914	911,228,488	32,255,335		
	Kgs	557,836		1,619,330		461,192		1,070,887			

5.3 Workforce Structure

Workforce Structure from the last two years and up to the date of publication of the annual report:
Employee Information

Fiscal Year		2019	2020	2021 up to March 31
Number of employees	Director Employee	6980	10375	10004
	Indirector Employee	2404	3162	3188
	Total	9384	13537	13192
Average age		31.5	31.4	32.5
Average years of service		4.9	4.4	4.6
Education background (%)	Ph.D	0.23%	0.21%	0.21%
	Master's	2.83%	2.89%	3.05%
	University/College	26.46%	27.25%	28.46%
	Senior High School	38.77%	36.01%	28.41%
	Senior High School and below	31.72%	33.65%	39.86%

5.4 Environmental protection expenses information

5.4.1 In the most recent year and as of the publication date of the public prospectus. The company's losses due to environmental pollution (including violations of environmental protection laws and regulations, compensation dates, scale of sanctions, violations of laws and regulations, violations of laws and regulations, sanctions compensation and environmental protection audit results), including current and future estimated amounts and Countermeasures. If it cannot be reasonably estimated, the facts that it cannot be reasonably estimated shall be stated:

1. In the most recent year and as of the publication date of the public prospectus. The company's losses due to environmental pollution, and disclosed the estimated amount and corresponding measures that may occur at present and in the future: None.

2. In the most recent year and as of the publication date of the annual report, the company has caused losses due to environmental protection audits in violation of environmental protection laws and regulations, and disclosed the estimated amount and corresponding measures that may occur at present and in the future:

Unit : NT\$K

Type of pollution \ Year	2020	End of April,2021
Failing to meet Air Pollution Control Act \ Water Pollution Control Act	-	-
Failing to meet Toxic and Concerned Chemical Substances Control Act)	-	-
Failing to meet Waste Disposal Act or others.	6	-
Sum	6	-

Year 2020:

The Southern District Environmental Inspection Brigade of the Environmental Protection Department of the Executive Yuan conducted an inspection on November 25, 108, and found that our company's process produced waste electronic components, scraps and defective products (E-0217). The storage location and facilities were not Marking the name of the waste in Chinese in an obvious place violates the first paragraph of Article 36 of the Waste Disposal Act and the provisions of Article 6, Paragraph 1, Paragraph 4 of the Standard for Storage and Disposal of Industrial Waste and Facilities. The penalty was NT\$ 6000.

→Corrective actions: Environmental safety department provides labels, Posted by the General Affairs Department. The corrective action was completed on 108.11.28.

3.In order to improve environmental pollution, the company has the following plans for pollution prevention measures: :

- (1) Be a Responsible Citizen on Green Earth 、 Strive for Excellence 、 Value Employees and Stakeholders' Rights were set as Annual Policy. And review the implementation effect of the project launched every month in the senior executive meeting.
- (2) The company deeply recognizes the importance of environmental protection/occupational safety and health and compliance with the electronic industry code of conduct. All factories around the world have established ISO 14001 Environmental management systems to properly handle environmental issues arising from activities, services and products. The system has effectively fulfilled the requirements of environmental protection responsibility. All factories around the world have also established an ISO45001 Occupational safety and health management system. Comprehensively identifies the hazards inside and outside the factory, assesses its risks, and then gives effective control to reduce the occurrence of occupational accidents. The establishment and maintenance of this system have met safety and health requirements.
- (3) In order to comply with the European Union's Prohibited Substances Directive (RoHS) and Waste Electrical and Electronic Equipment (WEEE) Directives, the company has actively developed and launched green components, especially the lead content of capacitors has been lower than 100 mg/kg, and the lead content lower than 100 mg /kg resistors products have also been developed one after another. They can be converted as soon as the order arrives. They are in line with the market trend and leading the industry. At the same time, the company has obtained the green partner certification of all on-site audit customers, which shows that the company's efforts in environmental protection are highly recognized by customers.
- (4) In order to continuously and effectively manage RoHS and related prohibited substances, the company has established a QC080000 Hazardous substance process management system and passed the DQS certification on October 13, 2010. The last three-year review is valid until October 12, 2022.
<http://www.passivecomponent.com/zh-hant/about/quality-certificates/#>
- (5) The RoHS exemption 7C-1 was originally scheduled to expire on July 21, 2021, but on December 19, 2019, the RoHS Umbrella Industry Project team submitted an application for extension. Our company will keep a close attention on the development of the event.

Ensure that the product can meet the new deadline.

- (6) The company recognizes the importance of employee health and environmental protection, and has set the following goals:
- ① Compliance with regulations, Zero penalty.
 - ② Reduce occupational hazards, implement a zero-accident campaign in the workplace, and zero-accident cumulative man-hour goals: 1 million man-hours at Yangmei Plant/Guangzhou Plant; 3 million man-hours at Kaohsiung Plant/Dalang Plant; 800,000 man-hours at Suzhou Plant.
 - ③ All products do not contain environmentally prohibited substances or are below the regulated limit.
- (7) Continuously implement waste recycling and save resources °
Pollution prevention and control expenses

Unit : NT\$ thousands

Year Type	2019	2020
Additional purchase, maintenance of pollution prevention equipment, wastewater treatment dosing and environmental testing	107,819	190,296
Costs for entrusted disposal of waste	59,529	53,858
Sum	167,348	244,154

5.5 Labor Relations

5.5.1 List of employee benefits, in-service training, internal training, retirements system, and implementation status. As well as employer-employee agreements and protection measures for employee entitlements:

(1) Employee welfare measures

Employee welfare planning is an important factor in maintaining labor relations. Since the establishment of the Employee Welfare Committee on April 26, 1983, the company has planned various welfare measures (including festivals vouchers, birthday vouchers, company trip, wedding and funeral celebration subsidies, appointed stores, movie tickets, restaurant meal vouchers, and club subsidies, etc.) The company also provides rental allowances, transportation vehicles, work meal, contract medical institution discounts, contract kindergartens, regular health checks, employee education scholarships, employee emergency relief, and group insurance in the care of employees. A total of 20 events were handled and a total of 13,358 person-times participated in the company's events in 2020.

(2) Employee training and education

For the company, talent cultivation is one of the fastest and most effective ways to strengthen the personal abilities of employees and meet the current changes in talents and technology. The company's implementation is as follows:

- ① The Company has established a complete, diversified learning environment in accordance with the Education and Training Management Procedures. Human resources colleagues are responsible for the planning and implementation of the education and training of all employees and the development of human resources.
- ② There are a total of 187 training courses in 2020 (including online courses. The training totals of 62,360 person-hours (including internal and external training). The company implements the training and experience inheritance of internal lecturers through the "Internal Lecturer Selection Method". Staff and professions are strengthened. In addition, we continue to apply for funding subsidies through education and training, and invest training funds to enhance the overall competitiveness of the company.
- ③ In addition to internal training courses for colleagues to further their studies, employees are also encouraged to participate in training courses arranged by external professional organizations. The relevant information will be provided to colleagues in written or electronic files from time to time. The courses and trainings attended by each colleague are filed and managed and provided to relevant supervisors for reference. By motivating employees' growth through employee education and training and integrating their knowledge into the company's daily management and work, it can improve the performance and work quality of the company's various departments.
- ④ To encourage employers' continuing development and personal growth, in accordance with the In-service Continuing Education Regulations, we recommend that employees study for Master's or Ph.D. degrees at Ministry of Education-accredited domestic universities or approved foreign universities, and the company will subsidize relevant costs. So far, there are at least 28 employees have benefited. In addition, in order to encourage employees to improve their foreign language skills, the company also provides funding subsidies for foreign language courses.

- ⑤ The company was awarded the TTQS corporate benchmark award in 2000. The company cooperates with government policies to participate in the promotion and implementation of various employment policies. The total amount of subsidies received in the past 10 years has reached NT\$ 9.75 million. In addition, it also promotes the improvement of the company's education and training system through external evaluation and feedback.

(3) Retirement system

The company has drafted retirement regulations in line with the requirements of the Labor Standards Law and Labor Pension Act. It makes contributions to the pension reserve for its employees under the old or new pension plan. Employees under the new pension plan pursuant to the Labor Pension Act: Monthly contributions are made at 6% of the corresponding pay grade into the employees' personal pension accounts and show the amount of the allocation in the monthly payroll.

As the company has been in business for more than 45 years. In consideration of the company's sustainable operation, it has formulated preferential retirement measures for those with old retirement years, so that the company can smoothly carry out organizational inheritance and improve overall operating performance. In 2020, a total of 4 retirees will be handled, and a total of NT\$4,959,053 will be paid for the old pension.

(4) Labor-management harmony and employee rights maintenance measures

Since the establishment of the company's trade union, the company has adopted two-way communication for policy promotion, employees' voices, and counseling. Labor-management meetings and occupational safety meetings are held quarterly, and employer representatives and employee representatives face-to-face communication, and timely response to employee problems and needs. The company has conducted employee satisfaction surveys on a regular basis since 2004. To understand the satisfaction of employees in all aspects of the company in terms of organizational operations, supervisor leadership, promotion assessment, salary and benefits, working environment, education and training, and respond to the immediate needs of employees. In 2020, there will be a total of 8 labor-management meetings, 8 occupational safety meetings and 1 union member representative meeting.

5.5.2 Losses (including violations of the Labor Standards Act named in labor inspections, which should list the date, document number, article number, content of the regulations violated, and penalty description) incurred for labor disputes in last two years and up to the publication date of this annual report: none

Estimated losses due to current and possible future labor-management disputes and response measures : All the company's systems are in compliance with laws and regulations, so the risk of labor disputes is extremely low. If disputes occur in the future, they will be coordinated through the Labor Bureau or other units so that the company will not suffer losses.

For last year and up to the date of publication of the annual report, there was no loss due to labor disputes. The current labor relation is harmonious and there is no concern on labor disputes.

5.6 Material Contracts

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Loan contract	Hua Nan Bank	2019.08.28 ~ 2022.08.28	Total Credit line of NT\$1.5 billion and promissory note guarantee	Three-years period, principal repayment at maturity
Loan contract	Far Eastern International Bank	2020.10.13 ~ 2023.10.13	Total credit line of NT\$ 500 million and promissory note guarantee	Three-years period, principal repayment at maturity
Loan contract	KGI Bank	2020.01.03 ~ 2023.01.03	Total Credit line of NT\$1 billion and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	KGI Bank	2020.08.25 ~ 2022.08.25	Total Credit line of NT\$1 billion and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	Taiwan Cooperative Bank	2019.08.28 ~ 2022.08.28	Total credit line of NT\$ 500 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Taipei Fubon Bank	2020.04.21 ~ 2023.04.21	Total credit line of NT\$ 300 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Bank of Taiwan	2019.08.28 ~ 2022.08.28	Total Credit line of NT\$2 billion and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Entie Commercial Bank., Ltd.	2020.10.30 ~ 2023.02.24	Total credit line of NT\$ 300 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	E.Sun Commercial Bank, Ltd.	2021.01.19 ~ 2023.01.19	Total credit line of NT\$ 300 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	CTBC BANK	2020.07.31 ~ 2022.07.31	Total credit line of NT\$ 100 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	Taishin International Bank	2019.05.31 ~ 2022.05.31	Total credit line of NT\$ 300 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Cathay United Bank	2020.08.26 ~ 2022.08.26	Total credit line of NT\$ 200 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	Chang Hwa Commercial Bank	2020.07.24 ~ 2023.07.24	Total credit line of NT\$ 400 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Bank of Taiwan	2020.03.18 ~ 2025.03.18	Total Credit line of NT\$1 billion and promissory note guarantee	Five-year period, With principal repayment starting in the fourth year

Loan contract	E.Sun Commercial Bank	2020.04.08 2025.03.15	~ Total Credit line of NT\$1 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	First Commercial Bank	2020.04.30 2025.04.15	~ Total Credit line of NT\$2 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	Chang Hwa Commercial Bank	2020.05.08 2025.04.15	~ Total Credit line of NT\$1.7 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	Taishin International Bank	2020.06.10 2025.06.10	~ Total Credit line of NT\$1 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	Taipei Fubon Bank	2020.06.10 2025.06.10	~ Total Credit line of NT\$1 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	Bank SinoPac	2020.05.20 2025.05.15	~ Total credit line of NT\$ 800 million and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	CTBC Bank Tokyo branch, Japan (Note 1)	2020.09.25 2023.09.25	~ The total credit line of 1.5 billion yen and guarantee letter	Three-year period, principal repayment at maturity
Loan contract	E.Sun Commercial Bank, Tokyo branch, Japan (Note 2)	2020.09.25 2023.09.25	~ The total credit line of 1 billion yen and guarantee letter	Three-year period, principal repayment at maturity
Loan contract	Taishin International Bank Tokyo branch, Japan (Note 3)	2019.05.31 2022.05.31	~ The total credit line of 750 million yen and guarantee letter	Three-year period, principal repayment at maturity
Loan contract	MIZUHO Kawasaki Branch (Note 4)	2020.03.31 2026.03.31	~ Total credit line of 2 billion yen and collateral	Six-year period, the first year is a buffer period, and only interest is paid first. After that, the principal is repaid and interest is paid at 50 million yen every three months from the second year, and the remaining principal is repaid at 1.05 billion yen in the final period with interest repayment also.
Loan contract	SMBC Bank Japan Yamato Branch (Note 5)	2019.11.15 2022.11.15	~ The total credit line of 3 billion yen and guarantee letter (issued in the form of private placement corporate bonds)	Three-year period, with every 6 months as a period, a total of 5 installments to amortize the principal of 255,000 thousand yen, and the remaining

				principal will be repaid in the last installment
Loan contract	Citibank Berhad (Note 6)	2019.05.06 2021.05.05	~ The total credit line of USD5 million and guarantee letter	Two-year period, principal repayment at maturity
Loan contract	Citibank Berhad (Note 6)	2020.08.19 2022.08.18	~ The total credit line of USD5 million and guarantee letter	Two-year period, principal repayment at maturity
Loan contract	Taishin International Bank (Note 7)	2019.12.10 2024.12.10	~ Total credit line of NT\$ 600 million and promissory note guarantee	Five-year period, three-year grace period for principal repayment, principal amortized in 24 installments
Loan contract	E.Sun Commercial Bank. (Note 8)	2019.12.26 2024.12.15	~ Total credit line of NT\$ 600 million and promissory note guarantee	Five-year period, three-year grace period for principal repayment , principal amortized in 24 installments
Loan contract	First Commercial Bank (Note 9)	2020.03.02 2025.03.02	~ Total credit line of NT\$ 900 million	Five-year period, three-year grace period for principal repayment , principal amortized in 24 installments
Loan contract	E.Sun Commercial Bank. (Note 10)	2020.03.16 2025.03.15	~ Total credit line of NT\$ 500 million and promissory note guarantee	Five-year period, three-year grace period, repayment monthly on maturity
Loan contract	CTBC BANK (Note 11)	2020.08.03 2025.07.15	~ Total credit line of NT\$ 450 million and promissory note guarantee	Five-year period, three-year grace period, repayment quarterly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 12)	2020.08.24 2027.08.15	~ Total credit line of NT\$ 583.2 million	Seven-year period, three-year grace period, repayment monthly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 12)	2020.08.24 2030.08.15	~ Total credit line of NT\$ 384million	Ten-year period, Three-year grace period, repayment monthly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 12)	2021.02.20 2026.02.20	~ Total credit line of NT\$ 500 million	Five-year period, two-year grace period. Amortized evenly on a quarterly basis
Loan contract	Hua Nan Bank (Note 13)	2020.12.18 2025.12.18	~ Total credit line of NT\$ 300million	Five-year period, two-year grace period. Monthly evenly

				amortized at maturity
Loan contract	Far Eastern International Bank (Note 14)	2021.03.08 ~ 2024.03.08	Total credit line of NT\$ 500 million and promissory note guarantee	Three-year period, principal repayment at maturity.
Loan contract	KGI Bank (Note 15)	2020.11.17 ~ 2023.11.17	Total credit line of NT\$ 300 million and promissory note	Three-year period, the first installment after 18 months, and every 6 months thereafter, a total of four installments
Loan contract	Cathay United Bank Co., Ltd. (Note 16)	2020.12.29 ~ 2022.05.26	Total credit line of NT\$ 300 million and promissory note	Two-year period, repayment after 180 days .
Loan contract	Taishin International Bank (Note 17)	2021.03.10 ~ 2023.12.31	Credit facilities amounted to NT\$500 million and promissory note guarantee	Two-year period, repayment on maturity
Construction contract	ENGTOWN CONSTRUCTION CORPORATION (Note 18)	2020.09.01 ~ 2022.04.03	Construction Contract of Zhunan Plant 2	None
Real estate trading	WALTON ADVANCED ENGINEERING, INC.	2020.05.08 ~ Transfer completed	Part of A15 plant of Kaohsiung Export Processing Zone	Pay in five installments

Note 1: It was signed by Kamaya Electric Co., Ltd., a subsidiary of the company, and CTBC Bank Tokyo branch, Japan.

Note 2: It was signed by Kamaya Electric Co., Ltd., a subsidiary of the company, and E.Sun Commercial Bank, Ltd. Tokyo branch, Japan.

Note 3: The agreement was signed between Kamaya Electric Co., Ltd., a subsidiary of the company, and Taishin International Bank Tokyo branch, Japan

Note 4: It was signed by the company's subsidiary Kamaya Electric Co., Ltd. and MIZUHO Japan Kawasaki branch.

Note 5: The agreement was signed between Kamaya Electric Co., Ltd., a subsidiary of the company, and SMBC Bank Yamato branch, Japan.

Note 6: It was signed by KAMAYA ELECTRIC (M) SDN. BHD., a subsidiary of the company, and Citibank Berhad, Malaysia.

Note 7: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and Taishin International Bank .

Note 8: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and E.Sun Commercial Bank, Ltd.

Note 9: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and First Commercial Bank.

Note 10: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and E.Sun Commercial Bank, Ltd.

Note 11: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and CTBC Bank.

Note 12: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Chang Hwa Commercial Bank.

Note 13: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Hua Nan Bank.

Note 14: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Far Eastern International Bank.

Note 15: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and KGI Bank

Note 16: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Cathay United Bank Co., Ltd.

Note 17: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Taishin International Bank

Note 18: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and ENGTOWN CONSTRUCTION CORPORATION.

5.7 Employee rules of conduct

This company has drafted comprehensive rules of conduct to provide employees with standards for work ethics and conduct, protection of intellectual property rights/business secrets, and work orders. These rules, which are described below, can be viewed by employees via the document management system, announcements in relevant internal websites, or bulletin board messages:

1. Working rules: Formulate work rules in accordance with regulations and submit them to government agencies to protect the rights and interests of labor conditions.
2. Hierarchical responsibility method: to improve work efficiency and effectively regulate the power of employees at all levels.
3. Departmental duties: clearly standardize the duties and organizational functions of each unit.
4. Employee attendance regulation: improve the attendance system and establish good employee discipline.
5. Rewards and punishments: reward or punish the company's operating gains or losses caused by employee actions or actions.
6. Leave rules: in order to make employees take leave and ask for leave to be followed.
7. Counseling for new recruits: in order to eliminate the insecurities of the new environment at the time of registration, and get familiar with the working environment and personnel as soon as possible. Assist the new recruits to make arrangements in a short time, give full play to their productivity, and reduce the flow of new recruits rate.
8. Dormitory management: standardize the behaviors, rights and obligations of dormitory colleagues.
9. Employee performance appraisal: annual appraisal of the work results and performance of employees, as the basis for salary adjustment, promotion, bonus distribution and education and training courses.
10. Organization management: Advocate legitimate leisure activities, and regulate the rights and obligations of the company's internal organizations.
11. Implementation measures for prevention and treatment of sexual harassment: In order to prevent sexual harassment in the workplace, maintain gender equality at work and human dignity, and standardize the speech and behavior of employees in the workplace.
12. Intellectual property rights management measures: in order to effectively manage the company's intellectual property rights, implement the effective use of patents, ensure the company's commercial interests and competitiveness, and create the company's tangible and intangible commercial value.
13. Staff appointment management: Recruitment and appointment operations are followed.
14. Measures for the management of job secrets: In order to protect the security and confidentiality of the company's business secrets and intellectual property, strictly regulate employees not to disclose company secrets to the outside world to ensure the company's competitiveness and sustainable operation and development.

15. Employee salary distribution: to enable employees to understand the company's salary operations, payroll time and calculation methods.
16. In-service PhD/Master's Office for Employees: In order to improve the quality of the company's in-service employees, cultivate senior professionals, provide a life-long learning environment, and encourage employees to engage in work/business-related PhD/Master's degree programs
17. Selection of internal lecturers: In order to implement the inheritance of experience, cultivate talents, and effectively use the company's human capital to achieve the purpose of sharing training and development resources.
18. Recognition of long-term outstanding employees: Rewarding long-term and outstanding employees can not only stabilize morale and enhance professionalism, but also enhance corporate competitiveness.
19. Job rotation management: implement talent circulation, cultivate all-round talents, and provide colleagues to improve career development plans.
20. Social Responsibility Code of Conduct: In order to assist the company in its business process, practice good corporate citizenship and social responsibility, and follow the spirit of the Responsibility Business Alliance, RBA.
21. Code of conduct and operating procedures for the company's integrity management: In order to implement the integrity management policy and actively prevent dishonest behaviors, this code of conduct and operating procedures are formulated in accordance with the "Code of Integrity Management of Listed Companies on the OTC" to specifically regulate the company's personnel in the execution of business Things to pay attention to.
22. Code of Practice for Corporate Social Responsibility: In order to implement corporate social responsibility and promote economic, environmental and social progress to achieve the goal of sustainable development, the company refers to the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies" and considers The development trend of corporate social responsibility at home and abroad, industry characteristics and the company's overall operating activities.
23. Code of ethical conduct for employees: In order to provide all employees with guidance when performing company operations, all employees of the company, branches and subsidiaries, regardless of their position, rank, and location, should abide by this ethical standard of conduct to gain the public Trust, enhance the corporate image, and ensure the company's sustainable operation and development.
24. Complaint and report management: In order to uphold high standards of ethical behavior and the principle of good faith, the company maintains job equality and human dignity, and provides friendly workplaces to avoid improper or unfair treatment of employees or other external stakeholders, and provides complaints, Report pipeline and processing procedures.

The above regulations not only provide the code of conduct for all employees, but also have strict requirements on employee ethics. Employees are never allowed to use their duties without permission, engage in any illegal activities, or violate the scope of rights and obligations, or violate ethics.

5.8 Work environment and personal safety protection measures for employees (for example: measures to protect employees from occupational injuries, deaths or struggles)

1. Formulate a safety and health manual to stipulate safety management matters for employees to follow.

2. Occupational safety and health management entities and personnel

(1) Following the Occupational Safety and Health Act to set Occupational safety and health management entities. Appoint a first-level full-time unit supervisor as the Occupational safety and health affair managers.

(2) There are three Occupational safety management specialists or Occupational health management specialist, three Occupational safety and health management personnel and three Registered Professional Nurses.

(3) EHS management representatives submit safety, health and environmental protection performance reports in senior executive meetings every month.

(4) Implement EHS inspections every week.

3. Facility safety

(1) Production equipment is equipped with safety protection facilities; for example: ball milling machine/shield; foil casting machine, laminator/safety door; cutting machine/safety shield.

(2) Detectors were installed in the place where hydrogen is used to prevent its leakage accident.

(3) For dangerous machines and equipment (elevator), the original manufactures are entrusted with maintenance every month.

(4) The governing authority or its appointed agency conducts regular/irregular inspections of dangerous machinery (elevator) every year.

(5) When contracting the contract, the contractor were be informed in writing of the matters needing attention in safety and environmental protection.

4. Workplaces hygiene

(1) Workplaces filled with organic vapors, dust..., and other similar hazardous are equipped with local exhaust facilities to draw out hazards from the workplace.

(2) Implement the working environment monitoring every six months and make necessary improvements based on the results.

5. Fire safety

(1) Set up a complete fire fighting system in accordance with the Fire Services Act; including automatic fire alarm systems, fire water systems, escape systems, fire extinguishers, etc.

(2) Fire fighting drills are held every six months, so that employees are familiar with the use of fire fighting and escape systems.

(3) Carry out fire-fighting equipment inspections every two months to keep fire-fighting equipment in a usable condition at all times.

(4) Entrust a qualified fire protection equipment engineer or a fire protection equipment technician to conduct annuly service of the fire safety equipment.

6. Acknowledgement

(1) In the education and training of new employees, explain the prevention and precautions of hazardous substances to reduce the occurrence of accidents.

(2) SDS is placed in chemical use and storage places, and employees are taught to recognize the contents of SDS sheet.

7. Health examination

(1) New employees are required to submit a physical examination form to confirm that their health is suitable for the work style.

(2) Conduct special health examinations for those involved in tasks with special health hazards.

(3) Implement general health examination for all employees every two years. (In special circumstances, it may be postponed for one year).

8. Traffic safety

(1) Strictly require employees to wear helmets when riding motorcycles, hoping that the incidence of car accidents will be effectively reduced.

9. Recurrence prevention

(1) Investigate every injury accident and implement preventive measures; the safety department, equipment department, and production department will propose improvement measures within 24 hours for workplace accidents.

(2) Implement occupational disaster statistics monthly and report to the Ministry of Labor.

10. Group insurance

(1) The company has joined group insurance for every employee, so that when they suffer occupational injuries, they can get reasonable compensation from labor insurance and group insurance, so that employees have no worries about the future.

11. Occupational Safety and Health Management System

(1) The ISO45001 occupational safety and health management system is effectively maintained and passed the DQS traceability audit on December 13, 2020.

<http://www.passivecomponent.com/zh-hant/about/environment-and-safety/#>



5.9 Guidelines for the Adoption of Codes of Ethical Conduct for Directors and managers

1. Purpose and the scope of adoption

In recognition of the necessity to assist the companies in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and managerial officers of company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.

The director who also serves as the manager of the company, when complying with this Code, shall also apply the relevant regulations of the company's employees.

The directors mentioned in this standard apply to all directors (including independent directors) of the company.

2. Content of the code

a. Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, supervisor, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company and the aforementioned personnel or their affiliated companies' capital loans or providing guarantees and major asset transactions must be reviewed in advance by the audit committee and the board of directors, and the directors may be involved in their own interests and damage the company's interests. At the time, the directors shall abide by the system of avoiding the interests of directors as stipulated in the rules of procedure of the board of directors of the company, shall not participate in discussion and voting, shall be avoided during discussion and voting, and shall not act for other directors to exercise their voting rights. Relevant purchases (sales) of goods should be handled in consideration of the best interests of the company.

b. Minimizing incentives to pursue personal gain:

The company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.

c. Confidentiality:

The directors, supervisors, 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 the suppliers and customers.

d. Fair trade:

Directors, supervisors, and managerial officers 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.

e. Safeguarding and proper use of company assets:

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

f. Legal compliance:

The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

g. Encouraging reporting on illegal or unethical activities:

The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

h. Disciplinary measures:

When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.

3. Procedures for exemption

The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an

exemption occurs.

4. Method of disclosure

company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

5. Implementation

This standard shall be implemented after being approved by the board of directors and submitted to the shareholders' meeting report, and the same shall apply when amended.

This standard was set on November 11th, 2014. It was revised for the first time by a resolution of the board of directors on March 23, 2015. It was revised for the second time by the resolution of the board of directors on July 30, 2019.

Financial Highlights and Analysis

6.1 Financial Highlights

6.1.1 Condensed Balance Sheet & Statement of Comprehensive Income - IFRSs

◆ Condensed Balance Sheet – IFRSs (Consolidated)

Unit: NT\$ thousands

Year Item		Consolidated financial data of last 5 years (Note1)					2021Q1 (Note 3)
		2016	2017	2018	2019	2020 (Note 2)	
Current Assets		16,385,319	18,947,367	36,573,150	29,082,633	39,663,969	37,648,695
Property, Plant and Equipment		5,816,513	7,942,271	15,872,508	17,989,602	23,031,847	24,363,499
Intangible Assets		9,546	15,551	7,947	4,986	590,817	567,687
Other Asset		6,588,025	8,145,319	11,014,897	13,074,733	18,793,862	22,584,284
Total Assets		28,799,403	35,050,508	63,468,502	60,151,954	82,080,495	85,164,165
Current Liabilities	Before Distribution	8,866,424	12,219,685	21,234,642	16,322,976	19,655,382	19,829,838
	After Distribution	9,488,424	14,162,885	29,153,182	18,994,876	22,570,212	22,744,668
Noncurrent Liabilities		3,706,811	3,755,666	4,919,217	7,283,821	16,770,919	16,726,112
Total Liabilities	Before Distribution	12,573,235	15,975,351	26,153,859	23,606,797	36,426,301	36,555,950
	After Distribution	13,195,235	17,918,551	34,072,399	26,278,697	39,341,131	39,470,780
Equity Attributable to Shareholders of the Parent		14,405,774	17,054,417	34,694,408	33,829,062	38,620,462	41,294,155
Capital Stock		5,180,000	4,858,000	4,858,000	4,858,000	4,858,043	4,858,043
Capital Surplus		5,196,492	5,217,516	5,388,015	5,619,231	6,006,342	6,041,161
Retained Earnings	Before Distribution	4,264,838	6,213,164	24,091,592	22,843,141	26,686,269	28,650,020
	After Distribution	3,642,838	4,269,964	16,173,052	20,171,241	26,686,269	28,650,020
Other Equity		(164,758)	834,993	567,391	544,450	1,069,808	1,858,185
Treasury Shares		(70,798)	(69,256)	(210,590)	(35,760)	0	(113,254)
Noncontrolling Interests		1,820,394	2,020,740	2,620,235	2,716,095	7,033,732	7,314,060
Total Equity	Before Distribution	16,226,168	19,075,157	37,314,643	36,545,157	45,654,194	48,608,215
	After Distribution	15,604,168	17,131,957	29,396,103	33,873,257	42,739,364	45,693,385

Note 1: The financial data of the years from 2016 to 2020 have been audited by CPAs.

Note 2: The earnings of distribution for 2020 was resolved by the board of directors' meeting on May 3, 2021, but shall be subject to the shareholders' meeting approval.

Note 3: The financial data of the 2021Q1 has been audited by CPAs.

CPA : Chin-Chuan Shih 、 Hung-Bin Yu

Review opinion : Modified opinion

6.1.2 Condensed Balance Sheet - Unconsolidated (Based on IFRSs)

Unit: NT\$ thousands

Year		Financial Summary for the Last Five Years				
		2016	2017	2018	2019	2020
Current Assets		3,360,554	4,289,503	11,230,033	4,264,954	12,818,862
Property, Plant and Equipment		2,610,447	3,836,328	8,718,051	10,259,785	12,842,862
Intangible Assets		5,552	8,438	2,488	1,762	85,251
Other Assets		16,800,358	19,485,939	31,634,451	36,574,735	38,775,576
Total Assets		22,776,911	27,620,208	51,585,023	51,101,236	64,522,551
Current Liabilities	Before Distribution	5,095,444	7,368,750	13,576,516	12,662,499	13,570,608
	After Distribution	5,717,444	9,311,950	21,495,056	15,334,399	16,485,438
Non-current Liabilities		3,275,693	3,197,041	3,314,099	4,609,675	12,331,481
Total Liabilities	Before Distribution	8,371,137	10,565,791	16,890,615	17,272,174	25,902,089
	After Distribution	8,993,137	12,508,991	24,809,155	19,944,074	28,816,919
Capital Stock		5,180,000	4,858,000	4,858,000	4,858,000	4,858,043
Capital Surplus		5,196,492	5,217,516	5,388,015	5,619,231	6,006,342
Retained Earnings	Before Distribution	4,264,838	6,213,164	24,091,592	22,843,141	26,686,269
	After Distribution	3,642,838	4,269,964	16,173,052	20,171,241	26,686,269
Other Equity		(164,758)	834,993	567,391	544,450	1,069,808
Treasury Stock		(70,798)	(69,256)	(210,590)	(35,760)	0
Total Equity	Before Distribution	14,405,774	17,054,417	34,694,408	33,829,062	38,620,462
	After Distribution	13,783,774	15,111,217	26,775,868	31,157,162	35,705,632

4.1.3 Condensed Comprehensive Income Statement - IFRSs (Consolidated)

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

Item \ Year	Consolidated financial data of last 5 years (Note1)					2021Q1 (Note 2)
	2016	2017	2018	2019	2020	
Operating Revenue	18,490,529	21,645,214	47,755,334	30,134,180	35,599,249	10,505,914
Gross Profit (Loss)	4,369,200	5,621,985	28,846,039	10,354,117	11,243,055	3,084,394
Income (Loss) from Operations	2,299,059	3,292,817	25,201,277	7,693,709	7,913,539	2,126,789
Non-operating Income and Expenses	340,726	289,970	406,626	1,272,859	1,121,268	533,325
Profit (Loss) before Income Tax	2,639,785	3,582,787	25,607,903	8,966,568	9,034,807	2,660,114
Profit (Loss) from continuing operations	2,296,495	2,805,026	20,529,452	7,081,196	7,217,645	2,211,497
Profit (Loss) from Discontinuing Operations	0	0	0	0	0	0
Net Income (Loss)	2,296,495	2,805,026	20,529,452	7,081,196	7,217,645	2,211,497
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(707,418)	1,040,702	(449,643)	72,511	630,752	875,335
Total Comprehensive Income (Loss) for the Year	1,589,077	3,845,728	20,079,809	7,153,707	7,848,397	3,086,832
Net Income (Loss) Attributable to: Owners of the Parent Company	2,152,213	2,608,697	19,704,564	6,648,906	6,632,254	1,969,583
Net Income (Loss) Attributable to: Noncontrolling Interests	144,282	196,329	824,888	432,290	585,391	241,914
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	1,436,199	3,570,077	19,379,407	6,678,269	6,992,951	2,752,128
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	152,878	275,651	700,402	475,438	855,446	334,704
Earnings (Loss) Per Share	3.95	5.15	40.75	13.72	13.66	4.06

Note 1: The financial data of the years from 2016 to 2020 have been audited by CPAs.

Note 2: The financial data of the 2021Q1 has been audited by CPAs.

CPA : Chin-Chuan Shih 、 Hung-Bin Yu

Review opinion : Modified opinion

6.1.4 Condensed Income Statements - Unconsolidated (Based on IFRSs)

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

Items \ Year	Financial Summary for the Last Five Years				
	2016	2017	2018	2019	2020
Net Sales	9,662,398	10,925,507	26,881,744	15,253,884	17,854,068
Gross Profit	1,698,610	1,982,375	13,384,316	2,430,568	4,884,530
Operating Income	778,306	1,096,190	10,101,480	3,012,847	3,357,599
Non-operating Revenue and Expense	1,476,716	1,842,455	11,655,903	4,669,690	3,954,028
Profit before Taxes	2,255,022	2,938,645	21,757,383	7,682,537	7,311,627
Gain from Continued Operations	2,152,213	2,608,697	19,704,564	6,648,906	6,632,254
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	2,152,213	2,608,697	19,704,564	6,648,906	6,632,254
Other comprehensive income, net of income tax	(716,014)	961,380	(325,157)	29,363	360,697
Total comprehensive income for the year	1,436,199	3,570,077	19,379,407	6,678,269	6,992,951
Earnings Per Share	3.95	5.15	40.75	13.72	13.66

6.1.5 Auditors' Opinions for past 5 years

Year	2016	2017	2018	2019	2020
CPA	Ming-Yu Chiu Ker-Chang Wu	Ming-Yu Chiu Hung-Bin Yu	Ming-Yu Chiu Hung-Bin Yu	Chin-Chuan Shih Hung-Bin Yu	Chin-Chuan Shih Hung-Bin Yu
Audit opinion	Unmodified opinion with other matter section	Unmodified opinion with other matter section	Unmodified opinion	Unmodified opinion	Unmodified opinion

6.2 Financial Analysis

6.2.1 Financial Analysis - IFRSs (Consolidated)

Year Item(Note1)		Consolidated financial analysis of last 5 years (Note1)					2021Q1
		2016	2017	2018	2019	2020	
Capital Structure Analysis (%)	Debts Ratio	43.65	45.57	41.20	39.24	44.37	42.92
	Long-term Fund to Property, Plant and Equipment	342.69	287.45	266.08	243.63	271.03	268.16
Liquidity Analysis (%)	Current Ratio	184.80	155.05	172.23	178.16	201.79	189.85
	Quick Ratio	144.44	122.47	140.83	150.86	170.50	156.48
	Times Interest Earned (Times)	30.55	41.58	237.21	105.01	49.63	53.22
Operating Performance Analysis	Average Collection Turnover (Times)	3.33	3.18	4.29	2.70	3.80	3.72
	Days Sales Outstanding	110	115	85	135	96	98
	Average Inventory Turnover (Times)	4.31	4.45	3.70	3.68	4.74	4.78
	Average Payment Turnover (Times)	6.84	6.22	6.32	6.99	7.13	6.63
	Average Inventory Turnover Days	85	82	99	99	77	76
	Property, Plant and Equipment Turnover (Times)	3.25	3.14	4.01	1.77	1.73	1.77
	Total Assets Turnover (Times)	0.67	0.67	0.96	0.48	0.50	0.50
Profitability Analysis	Return on Total Assets (%)	8.61	9.01	41.85	11.56	10.35	2.69
	Return on Equity (%)	15.28	16.58	76.15	19.4	18.30	4.92
	Pre-tax Income to Paid-in Capital Ratio (%)	50.96	73.75	527.12	184.57	185.97	54.75
	Net Margin (%)	12.41	12.95	42.98	23.49	20.27	21.05
	Earnings (Loss) Per Share (NT\$)	3.95	5.15	40.75	13.72	13.66	4.06
Cash Flow	Cash Flow Ratio (%)	31.24	19.99	77.33	80.38	61.52	15.56
	Cash Flow Adequacy Ratio (%)	145.10	101.44	133.23	110.94	112.91	112.48
	Cash Flow Reinvestment Ratio (%)	5.68	4.10	22.48	7.69	10.33	3.24
Leverage	Operating Leverage	3.61	3.06	1.31	2.36	2.42	2.74
	Financial Leverage	1.04	1.02	1.00	1.01	1.02	1.02

Explanation for deviation of 2019 vs. 2018 financial ratios:

1. Decreased in Times Interest Earned (Times) : Mainly due to the issuance of convertible bonds and the increase in borrowings caused the interest expense to increase.
2. Increased in Average Collection Turnover (Times) and decreased in Days Sales Outstanding : Mainly due to the increase in sales.
3. Increased in Average Inventory Turnover (Times) and decreased in Average Inventory Turnover Days : Mainly due to the increase in sales and inventory levels maintained at a low level.
4. Decreased in Cash Flow Ratio (%) : Mainly due to the increase in sales caused the increase in current liabilities such as related accounts and expenses payables.
5. Increased in Cash Flow Reinvestment Ratio (%) : Mainly due to the decrease in cash dividends paid .

The calculation formula of financial analysis is as follows:

1. Capital Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Average Collection Turnover = Operating Revenue / Average Trade Receivables

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(5) Average Payment Turnover = Cost of Sales / Average Trade Payables

(6) Property, Plant and Equipment Turnover = Operating Revenue / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Operating Revenue / Average Total Assets

4. Profitability Analysis

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Equity

(3) Net Margin = Net Income / Operating Revenue

(4) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Operating Revenue - Variable Cost) / Income from Operations

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.2.2 Financial Analysis - Unconsolidated (Based on IFRSs)

Analysis Items		Year	Financial Analysis for the Last Five Years				
			2016	2017	2018	2019	2020
Capital structure (%)	Debt Ratio		36.75	38.25	32.74	33.80	40.14
	Ratio of Long-term Capital to Property, plant and equipment		677.33	527.89	435.97	374.65	396.73
Liquidity analysis (%)	Current Ratio		65.95	58.21	82.72	33.68	94.46
	Quick Ratio		45.99	43.56	68.12	23.47	81.90
	Interest Coverage Ratio (times)		32.37	40.63	238.77	104.41	50.82
Operating Performance	Accounts Receivable Turnover (Times)		6.30	5.47	6.05	3.65	6.07
	Average Collection Period		57	66	60	100	60
	Inventory Turnover (Times)		9.65	9.18	9.37	8.20	8.93
	Accounts Payable turnover (times)		7.30	9.00	11.87	7.55	5.86
	Average Days in Sales		37	39	38	44	41
	Property, plant and equipment Turnover (Times)		4.03	3.39	4.28	1.61	1.55
	Total Assets Turnover (Times)		0.44	0.43	0.68	0.30	0.31
Profitability analysis	Return on Total Assets (%)		10.08	10.60	49.94	13.07	11.68
	Return on Stockholders' equity (%)		15.28	16.58	76.15	19.4	18.30
	Pre-tax Income to Paid-in Capital (%)		43.53	60.49	447.87	158.14	150.51
	Profit Ratio (%)		22.27	23.88	73.30	43.59	37.15
	Earnings Per Share (NT\$)		3.95	5.15	40.75	13.72	13.66
Cash Flow (Note 2)	Cash Flow Ratio (%)		10.77	16.85	66.81	54.52	23.86
	Cash Flow Adequacy Ratio (%)		146.36	94.37	122.26	83.40	71.78
	Cash Reinvestment Ratio (%)		0.50	2.18	15.41	(2.11)	0.91
Leverage	Operating Leverage		3.33	3.01	1.54	1.83	2.24
	Financial Leverage		1.10	1.07	1.01	1.03	1.05

Analysis of deviation over 20% of 2020 vs. 2019:

- A. Increased in Current Ratio and Quick Ratio: mainly due to current assets for the year ended December 31, 2020 increased.
- B. Decreased in Interest Coverage Ratio (times): due to interest expense for the year ended December 31, 2020 increased.
- C. Increased in Accounts Receivable Turnover (Times): due to average receivable decreased and net sales increased.
- D. Decreased in Average Collection Period: due to accounts receivable turnover in 2020 show an increase.
- E. Decreased in Accounts Payable turnover (times): mainly due to average payable increased.
- F. Decreased in Cash Flow Ratio (%): mainly due to the net cash outflow from operating activities decreased.
- G. Increased in Cash Reinvestment Ratio (%): mainly due to cash dividends decreased from last year.
- H. Increased in Operating Leverage: mainly due to operating revenue increased.

Note : Financial analysis formulas see Table (1).

6.3 Audit Committee's Review Report

Audit Committee's Review Report

To: The 2021 Annual General Shareholders' Meeting of Walsin Technology Corporation

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The Financial Statements had been audited by Deloitte & Touche Certified Public Accountants, Chin-Chuan Shih and Hung-Bin Yu and has issued an audit report.

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

Walsin Technology Corporation

Chairman of the Audit Committee : Fan Po-Kang

May 5, 2021

6.4 Financial Statement for the Most Recent Fiscal Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Walsin Technology Corporation and its subsidiaries (collectively referred to as 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 (collectively referred to as the “consolidated financial statements”).

In our opinion, 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 (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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 key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

Risk of Revenue Recognition

Walsin Technology Corporation's main source of revenue comes from multi-layer ceramic capacitors (MLCC), ceramic disc capacitors, chip resistors and radio frequency devices.

Due to higher proportion of MLCC's sales revenue and gross profit margin, revenue is recognized when the Group satisfies the performance obligations in accordance with customer orders or contracts. Therefore, recognition of revenue from sales of MLCC was deemed as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020.

Our audit procedures performed in response to the abovementioned key audit matter included understanding the design and implementation of key internal controls and testing the effectiveness of relevant controls over sales revenue, and selecting samples of revenue items to verify the occurrence of transactions.

Other Matter

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

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 audits resulting in this independent auditors' report are Chin-Chuan Shih and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

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

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

WALSIN TECHNOLOGY 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 (Notes 4 and 6)	\$ 11,212,053	14	\$ 7,627,620	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,028,393	4	5,845,572	10
Financial assets at amortized cost - current (Notes 4, 8 and 30)	7,381,204	9	3,266,088	5
Notes receivable from unrelated parties (Notes 4 and 9)	560,731	1	227,388	-
Trade receivables from unrelated parties (Notes 4 and 9)	10,567,154	13	7,166,957	12
Trade receivables from related parties (Notes 4, 9 and 29)	47,867	-	155,558	-
Finance lease receivable - current (Note 4)	11,248	-	10,266	-
Other receivables from unrelated parties	397,988	-	163,781	-
Other receivables from related parties (Note 29)	13,300	-	30,922	-
Inventories (Notes 4 and 10)	5,962,754	7	4,304,414	7
Other current assets	481,277	-	284,067	1
Total current assets	39,663,969	48	29,082,633	48
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	12,957	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	4,158,977	5	2,486,813	4
Financial assets at amortized cost - non-current (Notes 4, 8 and 30)	4,097,671	5	-	-
Investments accounted for using the equity method (Notes 4 and 13)	8,779,858	11	9,331,361	16
Property, plant and equipment (Notes 4 and 14)	23,031,847	28	17,989,602	30
Right-of-use assets (Notes 4 and 15)	808,140	1	566,902	1
Investment properties (Notes 4 and 16)	119,582	-	121,485	-
Patent (Notes 4 and 17)	363,361	1	-	-
Computer software (Notes 4 and 17)	123,603	-	4,986	-
Other intangible assets (Notes 4 and 17)	103,853	-	-	-
Deferred tax assets (Notes 4 and 24)	497,170	1	313,545	1
Guarantee deposits paid (Note 30)	123,069	-	167,238	-
Finance lease receivables - non-current (Note 4)	33,088	-	48,683	-
Other non-current assets (Note 18)	163,350	-	38,706	-
Total non-current assets	42,416,526	52	31,069,321	52
TOTAL	\$ 82,080,495	100	\$ 60,151,954	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 6,002,893	7	\$ 7,029,290	12
Short-term bills payable (Note 19)	99,980	-	-	-
Notes payable to unrelated parties	58,142	-	61,112	-
Trade payables to unrelated parties	4,283,826	5	2,194,591	4
Trade payables to related parties (Note 29)	1,765	-	229,029	1
Payables for equipment (Note 29)	2,686,042	3	1,841,488	3
Other payables (Note 29)	4,441,039	6	3,657,225	6
Current tax liabilities (Notes 4 and 24)	1,303,404	2	788,015	1
Lease liabilities - current (Notes 4 and 15)	98,177	-	80,570	-
Current portion of bonds payable (Note 4 and 20)	136,396	-	137,532	-
Current portion of long-term borrowings (Note 19)	190,687	-	151,699	-
Other current liabilities	353,031	1	152,425	-
Total current liabilities	19,655,382	24	16,322,976	27
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	5,130,218	6	681,272	1
Long-term borrowings (Note 19)	9,869,946	12	5,575,113	9
Current tax liabilities - non-current (Notes 4 and 24)	67,501	-	-	-
Deferred tax liabilities (Notes 14, 16 and 24)	576,794	1	123,088	-
Lease liabilities - non-current (Notes 4 and 15)	418,028	1	273,600	1
Long-term payables	4,007	-	4,054	-
Deferred revenue - non-current (Note 4)	15,790	-	14,467	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	314,154	-	264,058	-
Guarantee deposits received	374,481	-	348,169	1
Total non-current liabilities	16,770,919	20	7,283,821	12
Total liabilities	36,426,301	44	23,606,797	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	4,858,000	6	4,858,000	8
Bond conversion entitlement certificates	43	-	-	-
Capital surplus	6,006,342	7	5,619,231	9
Retained earnings				
Legal reserve	3,286,566	4	2,619,557	4
Special reserve	1,097,541	2	1,097,541	2
Unappropriated earnings	22,302,162	27	19,126,043	32
Other equity				
Exchange differences on translating foreign operations	(2,517,167)	(3)	(2,226,191)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,586,975	4	2,770,641	5
Treasury shares	-	-	(35,760)	-
Total equity attributable to owners of the Company	38,620,462	47	33,829,062	56
NON-CONTROLLING INTERESTS (Note 22)	7,033,732	9	2,716,095	5
Total equity	45,654,194	56	36,545,157	61
TOTAL	\$ 82,080,495	100	\$ 60,151,954	100

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

WALSIN TECHNOLOGY 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	%
NET SALES (Notes 4, 29 and 36)	\$ 35,599,249	100	\$ 30,134,180	100
COST OF SALES (Notes 10 and 29)	<u>24,356,194</u>	<u>69</u>	<u>19,780,063</u>	<u>65</u>
GROSS PROFIT	<u>11,243,055</u>	<u>31</u>	<u>10,354,117</u>	<u>35</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,353,707	4	1,122,340	4
General and administrative expenses	1,112,534	3	838,425	3
Research and development expenses	<u>863,275</u>	<u>2</u>	<u>699,643</u>	<u>2</u>
Total operating expenses	<u>3,329,516</u>	<u>9</u>	<u>2,660,408</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>7,913,539</u>	<u>22</u>	<u>7,693,709</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	342,441	1	206,603	1
Rental income	27,130	-	25,937	-
Dividend income	87,482	-	123,593	-
Gain from bargain purchase (Notes 4 and 26)	52,009	-	-	-
Other income	175,317	1	141,636	-
(Loss) gain on disposal of property, plant and equipment	(18,815)	-	28,128	-
(Loss) gain on disposal of investments (Note 13)	(94,681)	-	72,842	-
Gain on financial assets at FVTPL	324,246	1	178,229	1
Foreign exchange loss, net	(191,802)	(1)	(7,891)	-
Other expenses	(88,880)	-	(34,738)	-
Interest expense	(185,765)	(1)	(86,204)	-
Share of profit of associates accounted for using the equity method (Note 13)	<u>692,586</u>	<u>2</u>	<u>624,724</u>	<u>2</u>
Total non-operating income and expenses	<u>1,121,268</u>	<u>3</u>	<u>1,272,859</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	9,034,807	25	8,966,568	30
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(1,817,162)</u>	<u>(5)</u>	<u>(1,885,372)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>7,217,645</u>	<u>20</u>	<u>7,081,196</u>	<u>24</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (50,644)	-	\$ 13,766	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	925,506	3	247,115	1
Share of the other comprehensive income of associates accounted for using the equity method	16,515	-	946,962	3
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(275,795)	(1)	(922,255)	(3)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>15,170</u>	<u>-</u>	<u>(213,077)</u>	<u>(1)</u>
Other comprehensive income for the year, net	<u>630,752</u>	<u>2</u>	<u>72,511</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 7,848,397</u>	<u>22</u>	<u>\$ 7,153,707</u>	<u>24</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,632,254	18	\$ 6,648,906	22
Non-controlling interests	<u>585,391</u>	<u>2</u>	<u>432,290</u>	<u>2</u>
	<u>\$ 7,217,645</u>	<u>20</u>	<u>\$ 7,081,196</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,992,951	20	\$ 6,678,269	22
Non-controlling interests	<u>855,446</u>	<u>2</u>	<u>475,438</u>	<u>2</u>
	<u>\$ 7,848,397</u>	<u>22</u>	<u>\$ 7,153,707</u>	<u>24</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 13.66</u>		<u>\$ 13.72</u>	
Diluted	<u>\$ 13.44</u>		<u>\$ 13.69</u>	

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

WALSIN TECHNOLOGY 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 the Company							Other Equity			Non-controlling Interests	Total Equity	
	Share Capital		Bond Conversion Entitlement Certificates	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares			Total
	Shares (Thousand)	Share Capital			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2019	485,800	\$ 4,858,000	\$ -	\$ 5,388,015	\$ 649,101	\$ 1,097,541	\$ 22,344,950	\$ (1,133,791)	\$ 1,701,182	\$ (210,590)	\$ 34,694,408	\$ 2,620,235	\$ 37,314,643
Appropriation of the 2018 earnings (Note 22)													
Legal reserve	-	-	-	-	1,970,456	-	(1,970,456)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(7,918,540)	-	-	-	(7,918,540)	-	(7,918,540)
Other changes in capital surplus													
Change in capital surplus from associates accounted for using the equity method	-	-	-	84,819	-	-	(31,121)	-	-	-	53,698	-	53,698
Changes in percentage of ownership interests in subsidiaries	-	-	-	2,267	-	-	-	-	-	-	2,267	4,168	6,435
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	6,648,906	-	-	-	6,648,906	432,290	7,081,196
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	6,648,906	-	-	-	6,648,906	432,290	7,081,196
Acquisition of treasury shares (Note 22)	-	-	-	144,130	-	-	-	-	-	174,830	318,960	-	318,960
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(383,746)	(383,746)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	35,748	-	(35,748)	-	-	-	-
BALANCE, DECEMBER 31, 2019	485,800	4,858,000	-	5,619,231	2,619,557	1,097,541	19,109,487	(1,133,791)	1,665,434	(35,760)	33,799,699	2,672,947	36,472,646
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	16,556	(1,092,400)	1,105,207	-	29,363	43,148	72,511
Appropriation of the 2019 earnings (Note 22)													
Legal reserve	-	-	-	-	667,009	-	(667,009)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,671,900)	-	-	-	(2,671,900)	-	(2,671,900)
Other changes in capital surplus (Note 22)													
Equity component of convertible bonds issued by the Company	-	-	-	253,440	-	-	-	-	-	-	253,440	-	253,440
Change in capital surplus from associates accounted for using the equity method	-	-	-	8,597	-	-	-	-	-	-	8,597	-	8,597
Actual disposal of interests in subsidiaries (Note 21)	-	-	-	(5)	-	-	13	5	(13)	-	-	-	-
Disposal of investments accounted for using the equity method (Note 13)	-	-	-	(101)	-	-	(50,092)	47,430	50,092	-	47,329	2	47,331
Changes in percentage of ownership interests in subsidiaries	-	-	-	9,612	-	-	-	-	-	-	9,612	-	9,612
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	6,632,254	-	-	-	6,632,254	585,391	7,217,645
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(30,074)	(338,411)	729,182	-	360,697	270,055	630,752
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	6,602,180	(338,411)	729,182	-	6,992,951	855,446	7,848,397
Convertible bonds converted to ordinary shares	4	-	43	911	-	-	-	-	-	-	954	-	954
Transfer of treasury shares to employees (Note 22)	-	-	-	114,657	-	-	-	-	-	35,760	150,417	-	150,417
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income (Note 22)	-	-	-	-	-	-	(37,073)	-	37,073	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,462,189	3,462,189
BALANCE, DECEMBER 31, 2020	<u>485,804</u>	<u>\$ 4,858,000</u>	<u>\$ 43</u>	<u>\$ 6,006,342</u>	<u>\$ 3,286,566</u>	<u>\$ 1,097,541</u>	<u>\$ 22,302,162</u>	<u>\$ (2,517,167)</u>	<u>\$ 3,586,975</u>	<u>\$ -</u>	<u>\$ 38,620,462</u>	<u>\$ 7,033,732</u>	<u>\$ 45,654,194</u>

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

WALSIN TECHNOLOGY 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	\$ 9,034,807	\$ 8,966,568
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	2,972	(524)
Depreciation expense	3,421,757	2,663,387
Amortization expense	64,130	26,951
Interest expense	185,765	86,204
Gain from bargain purchase	(52,009)	-
Interest income	(342,441)	(206,603)
Dividend income	(87,482)	(123,593)
Share of profit of associates accounted for using the equity method	(692,586)	(624,724)
Loss (gain) on disposal of property, plant and equipment	18,815	(28,128)
Property, plant and equipment transferred to expense	448	-
Loss on disposal of intangible assets	100	-
Net gain on financial assets at FVTPL	(324,246)	(178,229)
Loss (gain) on disposal of investments	94,681	(72,842)
Impairment (gain) loss recognized on property, plant and equipments	(10,754)	117,496
Realized gain on transactions with associates	(43,187)	-
Net gain on foreign currency exchange	(35,944)	(8,498)
Write-downs of inventories	95,679	157,149
Compensation cost of employee share options	114,765	144,654
Gain on modification of lease	(594)	(561)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,115,179	(1,373,423)
Notes receivable from unrelated parties	(228,548)	625,963
Trade receivables from unrelated parties	(2,309,411)	6,644,494
Trade receivables from related parties	363,295	(117,811)
Other receivables from unrelated parties	(80,558)	42,582
Other receivables from related parties	17,622	(25,158)
Inventories	(1,054,808)	1,967,211
Other current assets	(177,855)	159,628
Other non-current assets	(90,903)	39,760
Notes payable to unrelated parties	(2,970)	(120,866)
Trade payables to unrelated parties	1,456,458	(770,027)
Trade payables to related parties	(289,205)	226,391
Other payables	737,076	(870,588)
Other current liabilities	(109,790)	(89,605)
Other non-current liabilities	(17,330)	(29,086)
Cash generated from operations	12,772,928	17,228,172
Interest received	188,782	188,116

Dividend received	274,613	272,274
Interest paid	(133,171)	(89,449)
Income tax paid	<u>(1,009,384)</u>	<u>(4,478,180)</u>
Net cash generated from operating activities	<u>12,093,768</u>	<u>13,120,933</u> (Continued)

WALSIN TECHNOLOGY 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	\$ (797,220)	\$ (23,331)
Proceeds from financial assets at fair value through other comprehensive income	190,581	17,813
Proceeds from capital return of financial assets at fair value through other comprehensive income	2,147	1,189
Purchase of financial assets at amortized cost	(8,202,691)	(2,725,830)
Acquisition of associates	(407,766)	(601,469)
Payments for property, plant and equipment	(5,614,676)	(8,269,667)
Proceeds from disposal of property, plant and equipment	47,975	120,261
Decrease in guarantee deposits paid	52,480	16,861
Payments for intangible assets	(83,309)	(225)
Net cash inflow on acquisition of subsidiary	1,593,747	-
Decrease in finance lease receivables	<u>10,988</u>	<u>7,629</u>
Net cash used in investing activities	<u>(13,207,744)</u>	<u>(11,456,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(1,001,235)	3,261,429
Increase (decrease) in short-term bills payable	99,734	(689,842)
Proceeds from issuance of bonds payable	4,800,000	844,259
Repayment of bonds payable	(141,658)	-
Increase in long-term borrowings	4,094,397	1,711,245
Repayment of the principal portion of lease liabilities	(111,468)	(81,259)
Cash dividends	(2,671,900)	(7,918,540)
Increase (decrease) in guarantee deposits received	26,312	(150,489)
Proceeds from transfer of treasury shares to employees	35,652	174,306
Changes in non-controlling interests	(214,641)	(383,746)
Payments for transaction costs attributable to the issue of bonds	<u>(5,000)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>4,910,193</u>	<u>(3,232,637)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(211,784)</u>	<u>(575,066)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,584,433	(2,143,539)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,627,620</u>	<u>9,771,159</u>

CASH AND CASH EQUIVALENTS AT THE END OF THE
YEAR

\$ 11,212,053

\$ 7,627,620

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Walsin Technology Corporation (the “Company”) was incorporated in the Republic of China (ROC) on July 29, 1970 and is engaged in the design, development and manufacture of semiconductors and LED (light-emitting diode) chips. On July 1, 1992, the Company purchased machinery, equipment and inventory of the electronic department of Walsin Lihwa Corporation and changed its main operations to become the manufacture and sale of passive components. The Company’s ordinary shares began trading on the Taipei Exchange on November 21, 1997, and transferred listing of its shares for trading on the Taiwan Stock Exchange on September 17, 2001.

The Company’s main business location is located at No. 566-1, Gaoshi Road, Yangmei District, Taoyuan City, Taiwan, R.O.C.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 25, 2021.

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

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

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

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

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the above-mentioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the above-mentioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

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

4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a

liability for a levy has occurred at the acquisition date.

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

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

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

6) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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

7) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least

12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Table 8 and Table 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the U.S. dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

g. Inventories

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

h. Investments in associates

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

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and

continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

n. Provisions

Provisions, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of passive components. Sales of passive components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

p. Lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the COVID-19 to change the lease payments originally due by December 31, 2020, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to [all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees. The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

u. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is

provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgements

a. Significant influence over associates

- 1) The Group has significant influence over an investee even though the Group holds less than 20% of the voting rights of the investee

As stated in Note 13, Silitech Technology Corporation is an associate of the Group although the Group holds less than 21% of the voting rights. The Group has significant influence over the aforesaid company by virtue of the right to appoint and remove directors from the board of directors after consideration by the management.

- 2) The Group is the single largest shareholder with less than 50% of the voting rights in an investee, it does not have control but has significant influence over the investee

As stated in Note 13, the Group is the single largest shareholder with 21.39% of the voting rights in HannStar Board Corporation. Considering the size of the Group's holding of voting rights relative to the size and dispersion of the other shareholders, the Group cannot direct the relevant activities and does not have control over HannStar Board Corporation. Consequently, the management considered the Group as exercising significant influence over HannStar Board Corporation and, therefore, classified HannStar Board Corporation as an associate.

b. Control over subsidiaries

As stated in Note 11, Prosperity Dielectrics Co., Ltd. is a subsidiary of the Group although the Group holds less than half of the voting rights in Prosperity Dielectrics Co., Ltd. After considering the Group's absolute size of holdings in Prosperity Dielectrics Co., Ltd. and the relative size and dispersion of the other shareholders, the Group concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Prosperity Dielectrics Co., Ltd., and therefore, the Group has control over Prosperity Dielectrics Co., Ltd.

As stated in Note 11, Inpaq Technology Co., Ltd. is a subsidiary of the Group although the Group holds less than half of the voting rights in Inpaq Technology Co., Ltd. After considering the Group's absolute size of holdings in Inpaq Technology Co., Ltd. and the relative size and dispersion of the other shareholders, the Group concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Inpaq Technology Co., Ltd., and therefore, the Group has control over Inpaq Technology Co., Ltd.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 2,935	\$ 3,109
Checking accounts and demand deposits	6,448,560	5,247,319
Cash equivalents		
Time deposits with original maturity of less than 3 months	4,130,229	2,239,217
Repurchase agreements collateralized by bonds	<u>630,329</u>	<u>137,975</u>
	<u>\$ 11,212,053</u>	<u>\$ 7,627,620</u>

- a. The market rate intervals of cash in bank at the end of the reporting period were as follows (except the market rate of checking accounts was 0%):

	December 31	
	2020	2019
Bank balance	0.001%-3.00%	0.001%-3.75%
Repurchase agreements collateralized by bonds	0.22%-2.40%	0.35%-2.10%

- b. Time deposits in the amounts of \$193,188 thousand and \$125,269 thousand as of December 31, 2020 and 2019, respectively, have been provided for tariff, court, purchase of material from suppliers, purchase of oil and letter of credit. The amounts were reported under financial assets at amortized cost and guarantee deposits paid (refer to Note 30).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Overseas private placement of convertible bond	\$ 249,483	\$ -
Non-derivative financial assets		
Domestic listed shares	663,149	449,729
Foreign listed shares	106,484	74,769
Fund beneficiary certificates	2,009,277	5,256,519
Financial debentures	<u>-</u>	<u>64,555</u>
	<u>\$ 3,028,393</u>	<u>\$ 5,845,572</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Call option on domestic convertible corporate bonds	<u>\$ 12,957</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2020	2019
<u>Current</u>		
Time deposits with original maturity of more than 3 months	<u>\$ 7,381,204</u>	<u>\$ 3,266,088</u>
<u>Non-current</u>		
Time deposits with original maturity of more than 1 year	<u>\$ 4,097,671</u>	<u>\$ -</u>

The market interest rate intervals of time deposits with original maturity of more than 3 months at the end of the reporting period were as follows:

	<u>December 31</u>	
	2020	2019
Time deposits with original maturity of more than 3 months	0.700%-4.125 %	1.055%-3.192 %

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2020	2019
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Notes receivable from unrelated parties	\$ 560,731	\$ 227,388
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 560,731</u>	<u>\$ 227,388</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Trade receivables from unrelated parties	\$ 10,674,369	\$ 7,247,278
Less: Allowance for impairment loss	<u>(107,215)</u>	<u>(80,321)</u>
	<u>\$ 10,567,154</u>	<u>\$ 7,166,957</u>
<u>Trade receivables from related parties (Note 29)</u>		
At amortized cost		
Trade receivables from related parties	\$ 47,867	\$ 155,558
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 47,867</u>	<u>\$ 155,558</u>

The average credit period of sales of goods was 90 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by enterprise risk management division annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

Group A

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-4%	0%-5%	0%-10%	0%-20%	0%-50%	0%-100%	
Gross carrying amount	\$ 9,280,127	\$ 67,280	\$ 88,616	\$ 6,844	\$ 1,086	\$ 3	\$ 9,443,956
Loss allowance (Lifetime ECLs)	<u>(68,514)</u>	<u>(3,706)</u>	<u>(8,584)</u>	<u>(1,369)</u>	<u>(543)</u>	<u>(3)</u>	<u>(82,719)</u>
Amortized cost	<u>\$ 9,211,613</u>	<u>\$ 63,574</u>	<u>\$ 80,032</u>	<u>\$ 5,475</u>	<u>\$ 543</u>	<u>\$ -</u>	<u>\$ 9,361,237</u>

Group B

	Not Past Due	Up to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%	23%	100%	100%	
Gross carrying amount	\$ 1,758,781	\$ 10,236	\$ 70	\$ 22,057	\$ 1,791,144
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(2,369)</u>	<u>(70)</u>	<u>(22,057)</u>	<u>(24,496)</u>
Amortized cost	<u>\$ 1,758,781</u>	<u>\$ 7,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,766,648</u>

December 31, 2019

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 7,323,426	\$ 17,119	\$ 111,339	\$ 6,564	\$ 16,218	\$ -	\$ 7,474,666
Loss allowance (Lifetime ECL)	<u>(58,909)</u>	<u>(856)</u>	<u>(11,134)</u>	<u>(1,313)</u>	<u>(8,109)</u>	<u>-</u>	<u>(80,321)</u>
Amortized cost	<u>\$ 7,264,517</u>	<u>\$ 16,263</u>	<u>\$ 100,205</u>	<u>\$ 5,251</u>	<u>\$ 8,109</u>	<u>\$ -</u>	<u>\$ 7,394,345</u>

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

	December 31	
	2020	2019
Balance at January 1	\$ 80,321	\$ 81,620
Add: Acquisitions through business combinations	23,681	-
Add: Amounts recognition	2,972	-
Add: Reclassification of loss allowance for overdue receivables	668	1,018
Foreign exchange differences	(201)	(1,785)
Less: Amounts reversed	-	(524)
Less: Amounts written off	<u>(226)</u>	<u>(8)</u>
Balance at December 31	<u>\$ 107,215</u>	<u>\$ 80,321</u>

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	\$ 1,789,204	\$ 1,239,963
Supplies	162,546	123,471
Work in progress	1,321,000	916,839
Semi-finished goods	837,569	647,550
Finished goods	1,654,648	1,248,695
Inventory in transit	<u>197,787</u>	<u>127,896</u>
	<u>\$ 5,962,754</u>	<u>\$ 4,304,414</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	\$ 24,260,515	\$ 19,622,914
Inventory write-downs	<u>95,679</u>	<u>157,149</u>
	<u>\$ 24,356,194</u>	<u>\$ 19,780,063</u>

11. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			2020	2019	
The Company	Prosperity Dielectrics Co., Ltd. ("PDC")	Manufacturing, processing and selling of chip capacitors, chip resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.	43.13	43.13	a
	Inpaq Technology Co., Ltd. ("INPAQ")	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	33.02	-	b
GDL	Pan Overseas (B.V.I.) Investments Co., Ltd. ("POE-BVI")	Investment holding	100.00	100.00	
	Gallatown Developments Limited ("GDL")	Investment holding	89.27	89.54	
	Walsin Technology Corporation (HK) Limited ("WTC (HK)")	Selling of passive electronic components	100.00	100.00	
	Walsin Technology Holding Corporation (HK) Limited ("WTHC-HK")	Investment holding	100.00	100.00	
	Walsin Electronics (S) Pte. Ltd. ("WES")	Marketing service	100.00	100.00	
	Walsin Technology Corporation U.S.A. ("WTCA")	Marketing service	100.00	100.00	
	Walsin Passive Component (H.K.) Limited ("WPC")	Selling of passive electronic components	100.00	100.00	
	Kamaya Electric Co., Ltd. ("Kamaya")	Manufacturing and selling of high level electric chip resistors	99.99	99.99	
WTHC-HK	Walsin International Management (HK) Limited	Investment holding	100.00	100.00	
	Walsin Electronics India Private Ltd. ("WEI")	Manufacturing and selling of electric capacitors and resistors, etc.	0.10	0.10	
	Dongguan Walsin Technology Electronics Co., Ltd. ("DG")	Manufacturing and selling of passive electronic components	100.00	100.00	
	Suzhou Walsin Technology Electronics Co., Ltd. ("SZ")	Manufacturing and selling of passive electronic components	100.00	100.00	
	Dongguan Huafai Trading Co., Ltd. ("Huafai")	Trading of electronic parts, warehousing and commission agency	100.00	100.00	
	Pan Overseas (Guangzhou) Electronic Co., Ltd. ("POE-GZ")	Manufacturing and selling of passive electronic components	100.00	100.00	
	Walsin Electronics India Private Ltd. ("WEI")	Manufacturing and selling of electric capacitors and resistors, etc.	99.90	99.90	
	POE-BVI	GDL	Investment holding	4.79	4.67
FB	Fine Bright Technology Limited ("FB")	Investment holding	100.00	100.00	
	GDL	Investment holding	5.94	5.79	
Kamaya	Kamaya Electric (M) Sdn. Bhd. ("KM")	Manufacturing and selling of high level electric chip resistors	100.00	100.00	
	Kamaya Electric (HK) Limited	Selling of passive electronic components	100.00	100.00	
PDC	Kamaya, Inc. ("KI")	Selling of passive electronic components	100.00	100.00	
	Nitsuko Electronics Corporation ("NTK")	Manufacturing and selling of film capacitors	70.00	70.00	
	PDC Prime Holdings Limited ("PDC Holdings")	Investment holding	100.00	100.00	
	Frontec International Corporation	Overseas investment	100.00	100.00	
PDC Holdings	INPAQ	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	-	-	b, c
	PDC Success Investments Ltd.	Investment holding	100.00	100.00	
	Frontier Components Co., Ltd.	International trade	100.00	100.00	
PDC Success Investments Ltd.	Prosperity International Development (HK) Co., Limited	Investment holding	100.00	100.00	
	PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic parts and ceramic components	100.00	100.00	
Frontec International Corporation	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic component	100.00	100.00	
	Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode	70.00	70.00	
Frontier Components Co., Ltd.	Dongguan Frontier Electronic Co., Ltd.	Selling of transformer, coils and rectifier diode	100.00	100.00	
INPAQ	Inpaq (BVI) Ltd.	Investment holding	100.00	-	b
	Canfield Limited	Selling of electronic components, computers and peripherals, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	-	b
	Inpaq Technology USA, Inc.	Selling of electronic components, computers and peripherals, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	-	b

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			2020	2019	
Inpaq (BVI) Ltd.	Inpaq (Cayman Islands) Ltd.	Investment holding	100.00	-	b
Inpaq (BVI) Ltd.	Inpaq (HK) Co., Limited.	Investment holding	100.00	-	b
Inpaq (Cayman Islands) Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	Manufacturing and selling of new type of high frequency components, power electronic components, photoelectric device, sensor device and other ancillary products.	100.00	-	b
Inpaq (Cayman Islands) Ltd.	Inpaq Technology (China) Co., Ltd.	Developing, manufacturing and selling of new type of components, chip components, sensitive components, sensors, power electronic components and new type of electromechanical components.	100.00	-	b
Inpaq (HK) Co., Limited.	Inpaq Trading (Suzhou) Co., Ltd.	Selling of electronic components, computers and peripherals, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	-	b
Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	Selling of electronic components, computers and peripherals, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	-	b
Holypaq (HK) Co., Limited	Holypaq (HK) Co., Limited	Investment holding	100.00	-	b
	Taiwan Inpaq electronic Co., Ltd.	Manufacturing, wholesaling and retailing of electronic components.	100.00	-	b

(Concluded)

Note a: Refer to Note 5(b) for the information.

Note b: It has been recognized as a subsidiary since June 2020, please refer to Note 5(b).

Note c: It has been recognized as a subsidiary since June 2020, the original shareholding of 0.05% was disposed of in July 2020.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 3,974,871	\$ 2,486,813
Investments in debt instruments at FVTOCI	<u>184,106</u>	<u>-</u>
	<u>\$ 4,158,977</u>	<u>\$ 2,486,813</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2020	2019
<u>Non-current</u>		
Domestic investments		
Listed shares		
Walton Advanced Engineering Inc.	\$ 880,241	\$ 743,103
Gigabyte Technology Co., Ltd.	668,302	426,923
Walsin Lihwa Corporation	1,023,209	692,507
Singatron Enterprise Co., Ltd.	246,717	147,309
APAQ Technology Co., Ltd.	308,858	-
King Polytechnic Engineering Co., Ltd.	1,679	-
TECO Electric and Machinery Co., Ltd.	137,808	-
Silitech Technology Corporation	Note	-
Unlisted shares		
Chin-Xin Investment Co., Ltd.	425,771	311,484
Euroc Venture Capital Corp.	1,006	1,525
Phoenix Innovation Venture Capital Co., Ltd.	31,860	-
Yuanrong Venture Capital Co., Ltd.	7,733	-
AICP Technology Corporation	13,344	-
Foreign investments		
Listed shares		
Sony Corporation	171,287	124,724
Murata Manufacturing Co., Ltd.	24,387	17,862
Unlisted shares		
SAWNICS INC.	12,113	12,113
UNION TECHNOLOGY CORP.	18,997	6,921
Suzaka Spa Corporation	99	116
Hokko Denshi Kogyo Corporation	<u>1,460</u>	<u>2,226</u>
	<u>\$ 3,974,871</u>	<u>\$ 2,486,813</u>

Note: The Group is able to exercise significant influence since August 31, 2020. Refer to Note 5(a).

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31	
	2020	2019
<u>Non-current</u>		
Foreign investments		
Corporate bonds - Apple Inc.	\$ 102,059	\$ -
Corporate bonds - Amazon.com, Inc.	55,904	-
Corporate bonds - Microsoft Corporation	<u>26,143</u>	<u>-</u>

\$ 184,106 \$ -

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Associates	December 31	
	2020	2019
<u>Material associates</u>		
HannStar Board Corp. (“HannStar”)	\$ 6,071,615	\$ 5,205,778
<u>Associates that are not individually material</u>		
Inpaq Technology Co., Ltd. (“INPAQ”)	-	1,766,511
Suzhou Walsin Color Trading Co., Ltd. (“Walsin Color-SZ”)	129,770	129,981
Walsin Color Corporation (“WC”)	999,807	912,222
Falcon Automation Equipment Corporation (“Falcon”)	66,416	44,153
Chongqing Ruishuang Technology Co., Ltd. (“Ruishuang”)	32,938	34,495
Chongqing Xincheng Electronic Co., Ltd. (“Xincheng”)	25,641	26,856
Chongqing Shuohong Investment Co., Ltd. (“Shuohong”)	997,209	1,008,072
GHPW Enterprise Corp. (HK), Ltd. (“GHPW”)	200,688	203,293
Silitech Technology Corporation (“Silitech”)	245,228	-
Others	10,546	-
	<u>\$ 8,779,858</u>	<u>\$ 9,331,361</u>

Share of profit (loss) of associates for the years ended December 31, 2020 and 2019 was summarized as follows:

	2020	2019
HannStar	\$ 642,215	\$ 599,705
INPAQ	22,549	31,159
Walsin Color-SZ	(456)	(1,167)
WC	16,327	13,430
Falcon	23,043	1,083
Ruishuang	(1,610)	(2,322)
Xincheng	(1,265)	(1,807)
Shuohong	(12,798)	(10,502)
GHPW	(2,292)	(4,855)
Silitech	5,674	-
Others	1,199	-
	<u>\$ 692,586</u>	<u>\$ 624,724</u>

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31	
	2020	2019
HannStar	21.39%	20.70%
INPAQ	Note	33.07%
Walsin Color-SZ	39.32%	39.32%
WC	29.98%	29.98%
Falcon	43.90%	43.90%
Ruishuang	34.54%	34.54%
Xincheng	13.04%	13.04%
Shuohong	46.08%	46.08%
GHPW	35.00%	35.00%
Silitech	15.00%	-

Note: Inpaq Technology Co., Ltd. is a subsidiary of the Group Since June 2020, refer to Note 5(b). It was remeasured to fair value and \$47,087 thousand of loss on disposal of investment was incurred. The other comprehensive income and capital surplus of \$47,331 thousand was transferred to loss on disposal of investment. Unrealized loss on financial assets at FVTOCI of \$50,092 thousand was reclassified as reduction in retained earnings.

Refer to Table 8 “Information on Investments” and Table 9 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

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

Name of Associate	December 31	
	2020	2019
HannStar	<u>\$ 4,900,689</u>	<u>\$ 4,465,618</u>
INPAQ	<u>\$ -</u>	<u>\$ 1,766,353</u>
Silitech	<u>\$ 300,150</u>	<u>\$ -</u>

The share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the years ended December 31, 2020 and 2019 were based on the associates’ audited financial statements for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 561,168	\$ 7,489,790	\$ 24,398,619	\$ 2,785,307	\$ 2,806,948	\$ 38,041,832
Additions	50	985	60,980	109,900	3,882,571	4,054,486
Disposals	-	(101,335)	(456,802)	(229,550)	(15,936)	(803,623)
Reclassified	1,449,154	456,214	3,619,100	(41,433)	(4,379,998)	1,103,037
Effect of foreign currency exchange differences	<u>(6,304)</u>	<u>(118,237)</u>	<u>(393,898)</u>	<u>(61,957)</u>	<u>(16,044)</u>	<u>(596,440)</u>
Balance at December 31, 2019	<u>\$ 2,004,068</u>	<u>\$ 7,727,417</u>	<u>\$ 27,227,999</u>	<u>\$ 2,562,267</u>	<u>\$ 2,277,541</u>	<u>\$ 41,799,292</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ 64,331	\$ 4,387,639	\$ 15,463,739	\$ 2,253,615	\$ -	\$ 22,169,324
Disposals	-	(87,008)	(386,821)	(171,730)	-	(645,559)
Reclassified	-	86,590	4,574	(54,373)	-	36,791
(Reversal of) impairment losses recognized in profit or loss	-	(6,011)	123,507	-	-	117,496
Depreciation expense	-	282,297	2,101,561	185,408	-	2,569,266
Effect of foreign currency exchange differences	<u>(849)</u>	<u>(80,928)</u>	<u>(301,088)</u>	<u>(54,763)</u>	<u>-</u>	<u>(437,628)</u>
Balance at December 31, 2019	<u>\$ 63,482</u>	<u>\$ 4,582,579</u>	<u>\$ 17,005,472</u>	<u>\$ 2,158,157</u>	<u>\$ -</u>	<u>\$ 23,809,690</u>
Carrying amounts at December 31, 2019	<u>\$ 1,940,586</u>	<u>\$ 3,144,838</u>	<u>\$ 10,222,527</u>	<u>\$ 404,110</u>	<u>\$ 2,277,541</u>	<u>\$ 17,989,602</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 2,004,068	\$ 7,727,417	\$ 27,227,999	\$ 2,562,267	\$ 2,277,541	\$ 41,799,292
Additions	591	21,261	175,246	77,526	6,111,965	6,386,589
Acquisitions through business combinations	470,563	729,396	2,214,601	703,412	114,756	4,232,728
Disposals	-	(21,703)	(514,593)	(95,103)	(34,799)	(666,198)
Reclassified	4,368	1,564,881	3,166,138	302,536	(4,927,935)	109,988
Effect of foreign currency exchange differences	<u>(6,620)</u>	<u>(14,860)</u>	<u>(91,056)</u>	<u>8,478</u>	<u>(6,009)</u>	<u>(110,067)</u>
Balance at December 31, 2020	<u>\$ 2,472,970</u>	<u>\$ 10,006,392</u>	<u>\$ 32,178,335</u>	<u>\$ 3,559,116</u>	<u>\$ 3,535,519</u>	<u>\$ 51,752,332</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ 63,482	\$ 4,582,579	\$ 17,005,472	\$ 2,158,157	\$ -	\$ 23,809,690
Acquisitions through business combinations	-	278,375	1,361,861	426,067	-	2,066,303
Disposals	-	(16,563)	(490,869)	(91,976)	-	(599,408)
Reclassified	-	-	124,265	25,532	-	149,797
(Reversal of) impairment losses recognized in profit or loss	-	(6,011)	(4,743)	-	-	(10,754)
Depreciation expense	-	382,012	2,733,036	202,930	-	3,317,978
Effect of foreign currency exchange differences	<u>(747)</u>	<u>(227)</u>	<u>(18,226)</u>	<u>6,079</u>	<u>-</u>	<u>(13,121)</u>
Balance at December 31, 2020	<u>\$ 62,735</u>	<u>\$ 5,220,165</u>	<u>\$ 20,710,796</u>	<u>\$ 2,726,789</u>	<u>\$ -</u>	<u>\$ 28,720,485</u>
Carrying amounts at December 31, 2020	<u>\$ 2,410,235</u>	<u>\$ 4,786,227</u>	<u>\$ 11,467,539</u>	<u>\$ 832,327</u>	<u>\$ 3,535,519</u>	<u>\$ 23,031,847</u>

- a. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Electrical mechanical and power equipment	2-21 years
Engineering system	2-25 years
Others	2-35 years
Machinery and equipment	1-15 years
Other equipment	1-10 years

- b. Refer to Note 29 for property transactions with related parties.
- c. Refer to Note 30 for information on land and buildings pledged as collateral.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 640,138	\$ 434,462
Buildings	139,208	103,102
Office equipment	379	765
Transportation equipment	22,374	19,715
Other equipment	<u>6,041</u>	<u>8,858</u>
	<u>\$ 808,140</u>	<u>\$ 566,902</u>
	For the Year Ended December	
	31	
	2020	2019
Additions to right-of-use assets	<u>\$ 227,914</u>	<u>\$ 40,481</u>
Depreciation charge for right-of-use assets		
Land	\$ 30,235	\$ 30,424
Buildings	54,080	45,814
Office equipment	388	557
Transportation equipment	14,357	13,475
Other equipment	<u>2,816</u>	<u>1,947</u>
	<u>\$ 101,876</u>	<u>\$ 92,217</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 98,177</u>	<u>\$ 80,570</u>
Non-current	<u>\$ 418,028</u>	<u>\$ 273,600</u>

Range of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land	1%-1.33%	1%-1.33%
Buildings	1%-1.61%	1%-1.33%
Office equipment	0.98%-1.15%	0.98%-1.15%
Transportation equipment	0.98%-4.93%	0.98%-4.93%
Other equipment	0.98%	0.98%

c. Material leasing activities and terms

Because the market conditions are severely affected by COVID-19 in 2020, the Group negotiated with Kaohsiung Branch of Export Processing Zone Administration, MOEA for land lease concessions. Kaohsiung Branch of Export Processing Zone Administration, MOEA agreed to provide unconditional rent reduction of 20% from July 1 to December 31, 2020. The Group recognized the impact of rent concession in profit or loss, of which operating cost and operating expense amounted to \$423 thousand and \$28 thousand, respectively, for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31, 2020
Expenses relating to short-term leases	<u>\$ 169,481</u>
Expenses relating to low-value asset leases	<u>\$ 1,081</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 746</u>
Total cash outflow for leases	<u>\$(282,776)</u>

16. INVESTMENT PROPERTIES

	December 31	
	2020	2019
Cost	\$ 246,299	\$ 246,299
Accumulated depreciation	(52,000)	(50,097)
Accumulated impairment	<u>(74,717)</u>	<u>(74,717)</u>
	<u>\$ 119,582</u>	<u>\$ 121,485</u>

The investment properties held by the Group are depreciated over their estimated useful lives of 14 to 45 years using the straight-line method.

Management was unable to reliably measure the fair value of investment properties located in Tainan because the properties are not located in industrial zone with favorable conditions and the market for comparable properties is inactive and alternative reliable measurements of fair value are not available.

The Group's land revaluation increments as of December 31, 2020 and 2019 were both NT\$22,804 thousand.

17. OTHER INTANGIBLE ASSETS

	Patents	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ -	\$ 29,480	\$ -	\$ 29,480
Additions	-	83,309	-	83,309
Acquisitions through business combinations	398,766	145,155	113,806	657,727
Disposals	-	(100)	-	(100)
Reclassified	-	18,377	(327)	18,050
Effect of foreign currency exchange differences	<u>-</u>	<u>782</u>	<u>242</u>	<u>1,024</u>
Balance at December 31, 2020	<u>\$ 398,766</u>	<u>\$ 277,003</u>	<u>\$ 113,721</u>	<u>\$ 789,490</u>
Accumulated amortization and impairment				
Balance at January 1, 2020	\$ -	\$ 24,494	\$ -	\$ 24,494
Acquisitions through business combinations	3,682	109,303	5,313	118,298
Amortization expenses	31,723	18,633	4,509	54,865
Reclassified	-	652	-	652
Effect of foreign currency exchange differences	<u>-</u>	<u>318</u>	<u>46</u>	<u>364</u>
Balance at December 31, 2020	<u>\$ 35,405</u>	<u>\$ 153,400</u>	<u>\$ 9,868</u>	<u>\$ 198,673</u>
Carrying amount at December 31, 2020	<u>\$ 363,361</u>	<u>\$ 123,603</u>	<u>\$ 103,853</u>	<u>\$ 590,817</u>
<u>Cost</u>				
Balance at January 1, 2019	\$ -	\$ 28,445	\$ -	\$ 28,445
Additions	-	225	-	225
Disposals	-	(4,675)	-	(4,675)
Reclassified	-	5,643	-	5,643
Effect of foreign currency exchange differences	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>(158)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 29,480</u>	<u>\$ -</u>	<u>\$ 29,480</u>

(Continued)

	Patents	Computer Software	Others	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2019	\$ -	\$ 20,498	\$ -	\$ 20,498
Amortization expenses	-	3,634	-	3,634
Disposals	-	(935)	-	(935)
Reclassified	-	935	-	935
Effect of foreign currency exchange differences	<u>-</u>	<u>362</u>	<u>-</u>	<u>362</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 24,494</u>	<u>\$ -</u>	<u>\$ 24,494</u>
Carrying amount at December 31, 2019	<u>\$ -</u>	<u>\$ 4,986</u>	<u>\$ -</u>	<u>\$ 4,986</u> (Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	6-8 years
Computer software	1-10 years
Others	3-13 years

18. OTHER NON-CURRENT ASSETS

	<u>December 31</u>	
	2020	2019
Long-term period expenses	\$ 30,164	\$ 37,521
Prepaid income tax	9,474	31
Others	<u>123,712</u>	<u>1,154</u>
	<u>\$ 163,350</u>	<u>\$ 38,706</u>

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>			
	<u>2020</u>		<u>2019</u>	
	Interest Rate	Amount	Interest Rate	Amount
Secured borrowings				
Bank loan	-	\$ -	0.88%	\$ 137,908
Unsecured borrowings				
Line of credit borrowings	0.65%-1.00%	<u>6,002,893</u>	0.88%-1.10%	<u>6,891,382</u>
		<u>\$ 6,002,893</u>		<u>\$ 7,029,290</u>

On December 20, 2019, Kamaya obtained one-year and three-month secured loan from SMBC. Refer to Note 30 for the details on assets pledged as collateral or for security.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 100,000	\$ -
Less: Unamortized discount on bills payable	<u>(20)</u>	<u>-</u>
	<u>\$ 99,980</u>	<u>\$ -</u>

The annual effective interest rate of the above-mentioned commercial paper for the year ended December 31, 2020 was 0.828%.

c. Long-term borrowings

	December 31	
	2020	2019
First Bank		
Unsecured loan; loan period is from April 30, 2020 to April 15, 2025. The principal is repayable on May 15, 2023.	\$ 340,000	\$ -
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable on May 15, 2023.	160,000	-
Taipei Fubon Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023.	10,000	-
Hua Nan Commercial Bank		
Unsecured loan; loan period is from August 28, 2019 to August 28, 2022. The principal is repayable in full upon maturity.	600,000	600,000
Unsecured loan; loan period is from November 30, 2020 to August 28, 2022. The principal is repayable in full upon maturity.	400,000	-
Hua Tai Bank		
Unsecured loan; loan period is from August 29, 2018 to February 28, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	300,000
KGI Bank		
Unsecured loan; loan period is from February 17, 2020 to January 3, 2023. The principal is repayable in full upon maturity.	990,000	-
Unsecured loan; loan period is from August 25, 2020 to August 25, 2022. The principal is repayable in full upon maturity.	1,000,000	-
Chang Hwa Bank		
Unsecured loan; loan period is from August 20, 2020 to July 24, 2023. The principal is repayable on January 24, 2023.	300,000	-
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable on May 15, 2023.	10,000	-
Unsecured loan; loan period is from July 24, 2020 to July 24, 2023. The principal is repayable on January 24, 2023.	100,000	-

(Continued)

	December 31	
	2020	2019
SinoPac Bank		
Unsecured loan; loan period is from May 20, 2020 to May 15, 2025. The principal is repayable on June 15, 2023.	\$ 10,000	\$ -
Taiwan Cooperative Bank		
Unsecured loan; loan period is from August 28, 2019 to August 28, 2022. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from December 19, 2019 to August 28, 2022. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	400,000
Entie Bank		
Unsecured loan; loan period is from October 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity.	100,000	-
Unsecured loan; loan period is from August 28, 2019 to February 9, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	300,000
Unsecured loan; loan period is from November 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity.	200,000	-
Taishin Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023.	10,000	-
Unsecured loan; loan period is from May 31, 2019 to May 31, 2022. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	200,000
E.SUN Bank		
Unsecured loan; loan period is from August 28, 2019 to August 27, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	300,000
Unsecured loan; loan period is from April 8, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	600,000	-
Unsecured loan; loan period is from April 20, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	400,000	-
Unsecured loan; loan period is from December 24, 2020 to December 23, 2022. The principal is repayable in full upon maturity.	100,000	-
Bank of Taiwan		
Unsecured loan; loan period is from March 18, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	32,703	-
Unsecured loan; loan period is from April 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	43,445	-

(Continued)

	December 31	
	2020	2019
Unsecured loan; loan period is from May 7, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	\$ 44,320	\$ -
Unsecured loan; loan period is from August 28, 2020 to August 28, 2022. The principal is repayable in full upon maturity.	1,200,000	2,000,000
Unsecured loan; loan period is from July 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	17,490	-
Unsecured loan; loan period is from July 20, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	5,280	-
Unsecured loan; loan period is from August 10, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	61,470	-
Unsecured loan; loan period is from September 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	68,630	-
Unsecured loan; loan period is from October 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	66,390	-
Unsecured loan; loan period is from November 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	67,160	-
Unsecured loan; loan period is from December 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	57,860	-
Cathay Bank		
Unsecured loan; loan period is from August 28, 2019 to August 28, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	200,000
Unsecured loan; loan period is from August 26, 2020 to August 26, 2022. The principal is repayable in full upon maturity.	200,000	-
Chinatrust Commercial Bank Tokyo Branch		
Unsecured loan; loan period is from August 31, 2017 to July 31, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	206,862
Unsecured loan; loan period is from September 25, 2020 to September 25, 2023. The principal is repayable in full upon maturity.	408,855	-
Citibank Tokyo Branch		
Unsecured loan; loan period is from March 30, 2018 to March 27, 2020. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	151,699
Unsecured loan; loan period is from June 22, 2020 to June 22, 2022. The principal is repayable in full upon maturity.	149,913	-

(Continued)

	December 31	
	2020	2019
E.SUN Bank Tokyo Branch		
Unsecured loan; loan period is from April 13, 2018 to April 13, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	\$ -	\$ 275,816
Unsecured loan; loan period is from September 25, 2020 to September 25, 2023. The principal is repayable in full upon maturity.	272,570	-
Mizuho Bank Kawasaki Branch		
Secured loan; loan period is from June 15, 2020 to March 31, 2026. The principal is repayable in 20 periods after one year.	272,570	-
Taishin Bank Tokyo Branch		
Unsecured loan; loan period is from May 31, 2019 to May 31, 2022. The principal is repayable in full upon maturity.	204,427	206,862
SMBC Yamato Branch		
Secured loan; loan period is from July 23, 2018 to July 23, 2028. The principal is repayable at JPY5,000 thousand every 3 months, and 40 periods in total. As of December 31, 2020, the principal has been repaid in full in advance.	-	48,268
CITIBANK BERHAD		
Unsecured loan; loan period is from May 6, 2019 to May 5, 2021. The principal is repayable in full upon maturity.	149,802	151,772
Unsecured loan; loan period is from September 1, 2020 to August 18, 2022. The principal is repayable in full upon maturity.	140,537	-
Taishin Bank		
Unsecured loan; loan period is from December 10, 2019 to December 10, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	98,546	94,802
Unsecured loan; loan period is from April 29, 2020 to December 10, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	98,546	-
E.SUN Bank		
Unsecured loan; loan period is from December 26, 2019 to December 15, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	197,005	190,731
Unsecured loan; loan period is from April 9, 2020 to December 15, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	98,502	-
Unsecured loan; loan period is from July 9, 2020 to June 15, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	78,608	-

(Continued)

	December 31	
	2020	2019
Unsecured loan; loan period is from August 7, 2020 to June 15, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	\$ 98,260	\$ -
First Commercial Bank		
Unsecured loan; loan period is from March 2, 2020 to March 2, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	93,502	-
Hua Nan Bank		
Unsecured loan; loan period is from December 18, 2020 to December 18, 2025. The principal is repayable every month in average from December 18, 2022, and 36 periods in total.	300,000	-
E.SUN Bank		
Unsecured loan; loan period is from March 16, 2020 to March 15, 2025. Monthly interest payment, the principal is repayable every month in average, repayment grace period of 3 years.	200,194	-
Chang Hwa Commercial Bank		
Unsecured loan; loan period is from August 24, 2020 to August 15, 2027. Monthly interest payment, the principal is repayable every month in average, repayment grace period of 3 years.	4,048	-
	10,060,633	5,726,812
Less: Current portion	<u>(190,687)</u>	<u>(151,699)</u>
Long-term borrowings total	<u>\$ 9,869,946</u>	<u>\$ 5,575,113</u> (Concluded)

The annual effective interest rate intervals of the above-mentioned borrowings for the years ended December 31, 2020 and 2019 were 0.45%-1.54% and 0.70%-1.39%, respectively.

The Group should maintain certain financial ratios in its annual and semiannual consolidated financial statements during the loan term.

The long-term loans of Kamaya and KM are endorsed and guaranteed by the Company. Refer to Table 2 for details.

Land and buildings used by Kamaya and pledged as collateral for bank borrowings are set out in Note 30.

20. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured domestic convertible bonds	\$ 4,593,360	\$ -
Unsecured overseas bonds	673,254	818,804
Less: Current portions	<u>(136,396)</u>	<u>(137,532)</u>
	<u>\$ 5,130,218</u>	<u>\$ 681,272</u>

- a. On April 29, 2020, the Company issued the first four-year unsecured convertible bonds in Taiwan, with a total amount NT\$4,800,000 thousand, face value of NT\$100 thousand and coupon rate of 0%. Besides, the terms and conditions of the bonds are as follows:

- 1) Conversion period: Between July 30, 2020 and April 29, 2024.
- 2) Conversion price: The initial conversion price was NT\$240 per share. Afterwards, there was subsequent change in share capital (i.e., issuance of share dividends, free allotment of shares, and cash capital increase, etc.). The conversion price shall be adjusted according to the prescribed calculation. The conversion price on December 31, 2020 was \$232.6 per share.
- 3) Redemption:
 - a) Redeem the bonds upon maturity: The principal is fully redeemed upon maturity.
 - b) Redeem the bonds in advance: The Company may redeem the bonds, in whole or in part at face value from the date following 3 months of the expiry of the issuance to the 40th day of the expiry of the issuance period, if the closing price of the ordinary shares on the TWSE, for a period of 30 consecutive trading days, exceeds the conversion price by 30% (inclusive).

The Company may redeem the bonds at face value from the day following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period if the bonds outstanding balance is lower than 10% of the total issuance amount.

- 4) The convertible bonds contain both liability and equity components. The equity component was presented in equity under capital surplus - options. The effective interest rate of the liability component was 1.318% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,000 thousand)	\$ 4,795,000
Equity component	<u>(253,440)</u>
Liability component at the date of issue	4,541,560
FVTPL	12,000
Interest charged at an effective interest rate of 1.318%	40,757
Convertible bonds converted into ordinary shares	<u>(957)</u>
 Liability component at December 31, 2020	 <u>\$ 4,593,360</u>

- b. On November 15, 2019, Kamaya issued three-year JPY denominated unsecured bonds to SMBC with an aggregate principal amount of JPY3,000,000 thousand and interest rate of 0.15%. The principal is repayable every 6 months, in which JPY255,000 thousand will be paid each period, and the residual balance is repayable upon maturity.

The bonds payable are endorsed and guaranteed by the Company, refer to Table 2.

The effective interest rate of the liability component on initial recognition was 0.8464% per annum.

21. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

WTC, PDC and INPAQ of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, WTC, PDC and INPAQ make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by WTC, PDC and INPAQ of the Group are in accordance with the Labor Standards Law and are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. WTC, PDC and INPAQ contribute amounts based on total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

NTK and Kamaya both have a defined benefit plan and a defined contribution plan in compliance with their local laws. The subsidiaries in the PRC and the subsidiary KM have their defined contribution plans in compliance with their local laws.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 644,724	\$ 554,602
Fair value of plan assets	<u>(330,570)</u>	<u>(290,554)</u>
Deficit	<u>314,154</u>	<u>264,058</u>
Net defined benefit liabilities	<u>\$ 314,154</u>	<u>\$ 264,058</u>

Movements in net defined benefit obligations (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	<u>\$ 568,930</u>	<u>\$ (275,841)</u>	<u>\$ 293,089</u>
Service cost			
Current service cost	14,876	-	14,876
Net interest expense (income)	<u>4,798</u>	<u>(3,159)</u>	<u>1,639</u>
Recognized in profit or loss	<u>19,674</u>	<u>(3,159)</u>	<u>16,515</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	4,503	-	4,503
Actuarial loss - changes in financial assumptions	17,265	-	17,265
Actuarial loss - experience adjustments	(25,935)	-	(25,935)
Return on the plan assets	<u>-</u>	<u>(9,599)</u>	<u>(9,599)</u>
Recognized in other comprehensive income	<u>(4,167)</u>	<u>(9,599)</u>	<u>(13,766)</u>
Contributions from the employer	<u>-</u>	<u>(9,172)</u>	<u>(9,172)</u>
Benefits paid from the plan assets	<u>(27,623)</u>	<u>7,227</u>	<u>(20,396)</u>
Effect of exchange rate changes	<u>(2,212)</u>	<u>-</u>	<u>(2,212)</u>
Balance at December 31, 2019	<u>554,602</u>	<u>(290,544)</u>	<u>264,058</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 14,045	\$ -	\$ 14,045
Effect of transfer in	1,942	-	1,942
Past service cost	533	-	533
Net interest expense (income)	<u>3,506</u>	<u>(2,495)</u>	<u>1,011</u>
Recognized in profit or loss	<u>20,026</u>	<u>(2,495)</u>	<u>17,531</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	1,001	-	1,001
Actuarial loss - changes in financial assumptions	16,175	-	16,175
Actuarial loss - experience adjustments	44,096	-	44,096
Return on the plan assets	<u>-</u>	<u>(10,628)</u>	<u>(10,628)</u>
Recognized in other comprehensive income	<u>61,272</u>	<u>(10,628)</u>	<u>50,644</u>
Contributions from the employer	<u>-</u>	<u>(11,022)</u>	<u>(11,022)</u>
Benefits paid from the plan assets	<u>(31,294)</u>	<u>20,733</u>	<u>(10,561)</u>
	47,263	(36,614)	10,649
Effect of exchange rate changes	<u>(7,145)</u>	<u>-</u>	<u>(7,145)</u>
Balance at December 31, 2020	<u>\$ 644,724</u>	<u>\$(330,570)</u>	<u>\$ 314,154</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

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

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

	December 31	
	2020	2019
Discount rates	0.32%-0.50%	0.75%
Expected rates of salary increase	2.00%-3.00%	2.00%-2.50%

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

	December 31	
	2020	2019
Discount rate		
0.25% increase	<u>\$(14,057)</u>	<u>\$(11,672)</u>
0.25% decrease	<u>\$ 14,608</u>	<u>\$ 12,135</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 14,075</u>	<u>\$ 11,734</u>
0.25% decrease	<u>\$(13,620)</u>	<u>\$(11,348)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 11,148</u>	<u>\$ 12,802</u>
The average duration of the defined benefit obligation	10.3-14 years	10.9-11.2 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>485,800</u>	<u>485,800</u>
Shares issued	<u>\$ 4,858,000</u>	<u>\$ 4,858,000</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Convertible bonds were converted into ordinary shares of the Company, which amounted to NT\$43 thousand as per the terms of conversion during the fourth quarter of 2020. The record date of capital increase was January 28, 2021. Since the registration procedures have not been completed yet, the shares are temporarily recorded in Bond Conversion Entitlement Certificates.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	\$ 3,607,639	\$ 3,607,639
Arising from conversion of bonds	1,428,808	1,427,844
Arising from treasury share transactions	555,353	440,696
<u>May be used to offset a deficit only</u>		
Arising from share of changes in capital surplus of associates	137,011	128,515
Arising from changes in percentage of ownership interest in subsidiaries (2)	24,144	14,537
<u>Not for other usage</u>		
Share warrants	<u>253,387</u>	<u>-</u>
	<u>\$ 6,006,342</u>	<u>\$ 5,619,231</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors in the Articles, refer to employees' compensation and remuneration of directors and supervisors in Note 23(b).

the Company's Articles of Incorporation also provide that the profit of the Company may be distributed in the form of either cash or share dividends, but the total share dividends distributed shall not exceed 50% of the total dividends distributed. However, should the Company obtain sufficient funds to meet the year's funding requirements, the cash distribution ratio can be raised to 100%. The Company should decide on the most appropriate dividend distribution policy based on the current year's actual operating condition and the following year's capital budget.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the

Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on June 15, 2020 and June 19, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	\$ 667,009	\$ 1,970,456	\$ -	\$ -
Cash dividends	2,671,900	7,918,540	5.5	16.3

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	<u>\$ 1,097,541</u>	<u>\$ 1,097,541</u>
Balance at December 31	<u>\$ 1,097,541</u>	<u>\$ 1,097,541</u>

As the increase in retained earnings of \$1,098,575 thousand generated from the initial application of IFRSs was insufficient for appropriation as dividends, it was appropriated to a special reserve. As the special reserve appropriated by foreign operations (including subsidiaries) due to the exchange differences upon translation of their financial statements was reversed in proportion to the Company's disposal of the foreign operations; upon the Company's loss of significant influence, the entire special reserve relating to exchange differences arising from those foreign operations will be reversed.

Due to the disposal of subsidiaries in 2013, the Company reversed \$1,034 thousand from the special reserve. The special reserve was \$1,097,541 thousand as of December 31, 2020 and 2019.

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (2,226,191)	\$ (1,133,791)
Exchange differences arising on translation of the financial statements of foreign operations	(304,163)	(880,317)
Share from associates accounted for using the equity method	(34,248)	(212,083)
Disposal of subsidiaries	5	-
Disposal of associates accounted for using the equity method	<u>47,430</u>	<u>-</u>
Balance at December 31	<u>\$ (2,517,167)</u>	<u>\$ (2,226,191)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December	
	31	
	2020	2019
Balance at January 1	\$ 2,770,641	\$ 1,701,182
Unrealized gain on investments in equity instruments at FVTOCI	674,416	172,530
Share of other comprehensive income from associates accounted for using the equity method	54,766	932,677
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	37,073	(35,748)
Disposal of subsidiaries	(13)	-
Disposal of associates accounted for using the equity method	<u>50,092</u>	<u>-</u>
Balance at December 31	<u>\$ 3,586,975</u>	<u>\$ 2,770,641</u>

f. Non-controlling interests

	For the Year Ended December	
	31	
	2020	2019
Balance at January 1	\$ 2,716,095	\$ 2,620,235
Share in profit for the year	585,391	432,290
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign entities	30,355	(42,932)
Unrealized gain/(loss) on financial assets at FVTOCI	251,091	74,585
Remeasurement of defined benefit plans	(16,371)	(288)
Share of other comprehensive income of associates accounted for using the equity method	4,980	11,783
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	19,501	4,168
Non-controlling interests from acquisition of subsidiaries (see Note 26)	3,662,575	-
Acquisition of non-controlling interests in subsidiaries	-	36,852
Partial disposal of subsidiaries	2,977	-
Cash dividends distributed by the subsidiary	<u>(222,862)</u>	<u>(420,598)</u>
Balance at December 31	<u>\$ 7,033,732</u>	<u>\$ 2,716,095</u>

g. Treasury shares

Treasury shares transactions were summarized as follows:

Unit: Shares

Purpose of Acquisition	For the Year Ended December 31, 2020			Treasury Shares Held as of December 31, 2020
	Treasury Shares Held as of January 1, 2020	Increase During the Year	Decrease During the Year	
Treasury shares granted to employees	<u>937,838</u>	<u>-</u>	<u>(937,838)</u>	<u>-</u>

For the Year Ended December 31, 2019

Purpose of Acquisition	Treasury Shares Held as of January 1, 2019	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2019
Treasury shares granted to employees	<u>2,661,838</u>	<u>-</u>	<u>(1,724,000)</u>	<u>937,838</u>

In the first quarter of 2019, the Company's board of directors passed a resolution to transfer 1,724,000 shares for employees' subscription which amounted to \$174,306 thousand. Based on the fair value at the grant date, \$144,654 thousand was accounted for as compensation costs and \$144,130 thousand was accounted for as capital surplus - treasury share transactions.

In the first quarter of 2020, the Company's board of directors passed a resolution to transfer 937,838 shares for employees' subscription which amounted to \$35,652 thousand. Based on the fair value at the grant date, \$114,765 thousand was accounted for as compensation costs and \$114,657 thousand was accounted for as capital surplus - treasury share transactions. (conversion date of the treasury shares was on April 13, 2020.)

Pursuant to the Securities and Exchange Act of the ROC, the treasury shares held by the Company should not be pledged as collateral, are not eligible for dividends and do not have voting rights.

23. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Main categories of expenses

	For the Year Ended December 31					
	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits	\$ 4,398,284	\$ 1,656,255	\$ 6,054,539	\$ 3,233,208	\$ 1,382,846	\$ 4,616,054
Post-employment benefits	\$ 93,584	\$ 49,600	\$ 143,184	\$ 53,635	\$ 35,748	\$ 89,383
Depreciation	\$ 3,225,542	\$ 196,215	\$ 3,421,757	\$ 2,515,965	\$ 147,422	\$ 2,663,387
Amortization	\$ 9,784	\$ 54,346	\$ 64,130	\$ 22,875	\$ 4,076	\$ 26,951

b. Employees' compensation and remuneration of directors and supervisors

The Company accrues employees' compensation and remuneration of directors and supervisors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 which had been approved by the Company's board of directors on February 25, 2021 and February 26, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
<u>Accrual rate</u>		
Employees' compensation	2.25%	2.25%
Remuneration of directors and supervisors	0.90%	0.90%

Cash	
For the Year Ended December	
31	
2020	2019

Amounts

Employees' compensation	<u>\$ 169,862</u>	<u>\$ 178,479</u>
Remuneration of directors and supervisors	<u>\$ 67,945</u>	<u>\$ 71,392</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of income tax expense were as follows:

		For the Year Ended December	
		31	
		2020	2019
Current tax			
In respect of the current period	\$ 1,739,916	\$ 1,691,822	
Income tax on unappropriated earnings	166,559	427,601	
Adjustments for prior periods	(176,290)	(11,291)	
Others	<u>(2,229)</u>	<u>-</u>	
	<u>1,727,956</u>	<u>2,108,132</u>	
Deferred tax			
In respect of the current period	<u>89,206</u>	<u>(222,760)</u>	
Income tax expense recognized in profit or loss	<u>\$ 1,817,162</u>	<u>\$ 1,885,372</u>	

- b. The reconciliation of accounting profit and taxable income was as follows:

		For the Year Ended December	
		31	
		2020	2019
Income tax expense calculated at the statutory rate	\$ 2,591,116	\$ 2,626,662	
Nondeductible in determining taxable income	(851,200)	(934,840)	
Recognition and reversal of temporary differences	89,206	(222,760)	
Income tax on unappropriated earnings	166,559	427,601	
Adjustments for prior periods	(176,290)	(11,291)	
Others	<u>(2,229)</u>	<u>-</u>	
Income tax expense recognized in profit or loss	<u>\$ 1,817,162</u>	<u>\$ 1,885,372</u>	

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

c. The components of deferred income tax assets were as follows:

	December 31	
	2020	2019
Deferred income tax assets		
Tax losses	\$ 116,414	\$ -
Allowance for inventories loss	97,197	104,390
Unrealized sales gross profit	99,000	32,000
Property, plant and equipment	53,627	69,150
Others	<u>130,932</u>	<u>108,005</u>
	<u>\$ 497,170</u>	<u>\$ 313,545</u>
Deferred income tax liabilities		
Defined benefit obligation	\$ (19,000)	\$ (18,000)
Property, plant and equipment	(27,598)	-
Unrealized gain from financial investments	(49,587)	(74,013)
Reserve for land value increment tax	(31,075)	(31,075)
Appropriations of earnings of subsidiaries	(90,000)	-
Share of profits of subsidiaries of using the equity method	(209,439)	-
Others	<u>(150,095)</u>	<u>-</u>
	<u>\$(576,794)</u>	<u>\$(123,088)</u>

d. Income tax returns of the Company, PDC and INPAQ through 2018 had been assessed by the tax authorities.

25. EARNINGS PER SHARE

Earnings per share were calculated as follows:

	For the Year Ended December 31, 2020		
	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Owners of the Company)		After Income Tax (Attributable to Owners of the Company)
Basic earnings per share - ordinary shares	\$ 6,632,254	485,536	<u>\$ 13.66</u>
Compensation of employees	-	847	

Interest on convertible bonds (after tax)	<u>20,231</u>	<u>8,626</u>	
Diluted earnings per share - ordinary shares	<u>\$ 6,652,485</u>	<u>495,009</u>	<u>\$ 13.44</u>

For the Year Ended December 31, 2019

	Amount (In Thousands) After Income Tax (Attributable to Owners of the Company)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share - ordinary shares	\$ 6,648,906	484,542	<u>\$ 13.72</u>
Compensation of employees	<u>-</u>	<u>1,183</u>	
Diluted earnings per share - ordinary shares	<u>\$ 6,648,906</u>	<u>485,725</u>	<u>\$ 13.69</u>

If the Company offered to settle the compensation of employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
INPAQ	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	June 2020	33.07	<u>\$ -</u>

b. Assets acquired and liabilities assumed at the date of acquisition

	INPAQ
Current assets	
Cash and cash equivalents	\$ 1,593,747
Trade and other receivables	1,473,099

Other financial assets - current	18,475
Inventories	565,572
Other current assets	102,982
Non-current assets	
Financial asset at fair value through other comprehensive income	415,008
Property, plant and equipment	2,166,425
Patent	395,061
Others	539,646
	(Continued)

	INPAQ
Current liabilities	
Current portion of long-term borrowings	\$ (88,464)
Trade and other payables	(847,437)
Others	(319,547)
Non-current liabilities	
Long-term borrowings	(259,466)
Others	<u>(282,665)</u>
	<u>\$ 5,472,436</u>
	(Concluded)

The acquisition - date fair value of the receivables is equal to the book value. The receivables are expected to be recoverable.

c. Gain from bargain purchase recognized on acquisitions

	INPAQ
Consideration transferred	\$ -
Plus: Non-controlling interests (66.93% in Inpaq)	3,662,575
Plus: Fair value of previously held rights on acquisitions	1,757,852
Less: Fair value of identifiable net assets acquired	<u>(5,472,436)</u>
Gain from bargain purchase recognized on acquisitions	<u>\$ (52,009)</u>

d. Net cash inflow on the acquisition of subsidiaries

	INPAQ
Consideration paid in cash	\$ -
Less: Cash and cash equivalents acquired	<u>(1,593,747)</u>
	<u>\$ (1,593,747)</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	INPAQ
Revenue	<u>\$ 3,523,183</u>
Profit	<u>\$ 259,523</u>

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$37,323,388 thousand, and the profit would have been \$7,319,571 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate the fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2020 and 2019.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 663,149	\$ -	\$ -	\$ 663,149
Foreign listed shares	106,484	-	-	106,484
Mutual funds	2,009,277	-	-	2,009,277
Foreign financial debentures	-	249,483	-	249,483
Domestic convertible bonds call option	-	12,957	-	12,957
	<u>\$ 2,778,910</u>	<u>\$ 262,440</u>	<u>\$ -</u>	<u>\$ 3,041,350</u>
Financial assets at fair value through other comprehensive income				
Domestic listed shares	\$ 3,266,814	\$ -	\$ -	\$ 3,266,814
Domestic unlisted shares	-	426,777	52,937	479,714
Foreign listed shares	195,674	-	-	195,674
Foreign unlisted shares	-	-	32,669	32,669
Debt securities	184,106	-	-	184,106
	<u>\$ 3,646,594</u>	<u>\$ 426,777</u>	<u>\$ 85,606</u>	<u>\$ 4,158,977</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 449,729	\$ -	\$ -	\$ 449,729
Foreign listed shares	74,769	-	-	74,769
Mutual funds	5,256,519	-	-	5,256,519
Foreign financial debentures	-	64,555	-	64,555
	<u>\$ 5,370,511</u>	<u>\$ 64,555</u>	<u>\$ -</u>	<u>\$ 5,845,572</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic listed shares	\$ 2,009,842	\$ -	\$ -	\$ 2,009,842
Domestic unlisted shares	-	313,009	-	313,009
Foreign listed shares	142,586	-	-	142,586
Foreign unlisted shares	-	-	21,376	21,376
	<u>\$ 2,152,428</u>	<u>\$ 313,009</u>	<u>\$ 21,376</u>	<u>\$ 2,486,813</u>
				(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - Convertible bonds call option and private placement convertible bonds of foreign listed company	Evaluated by the binary tree method of convertible bonds evaluation model, based on the volatility of the conversion price, the risk-free rate of interest, risk discount rate, and the number of remaining years
Domestic unlisted equity securities	Evaluated by asset-based approach to determine the value of the equity securities

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach or asset-based approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio and value of net assets. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 11,212,053	\$ 7,627,620
Financial assets at amortized cost (current and non-current)	11,478,875	3,266,088
Notes receivables from unrelated parties	560,731	227,388
Trade receivables from unrelated parties	10,567,154	7,166,957
Trade receivables from related parties	47,867	155,558
Finance lease receivables (current and non-current)	44,336	58,949
Other receivables from unrelated parties	397,988	163,781
Other receivables from related parties	13,300	30,922
Guarantee deposits paid	123,069	167,238
Financial assets at FVTPL (current and non-current)	3,041,350	5,845,572
Financial assets at FVTOCI - non-current	4,158,977	2,486,813
		(Continued)

	December 31	
	2020	2019
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 6,002,893	\$ 7,029,290
Short-term bills payable	99,980	-
Notes payable to unrelated parties	58,142	61,112
Trade payables to unrelated parties	4,283,826	2,194,591
Trade payables to related parties	1,765	229,029
Payables for equipment	2,686,042	1,841,488
Other payables	4,441,039	3,657,225
Current portion of long-term borrowings and bonds payable	327,083	289,231
Bonds payable	5,130,218	681,272
Long-term borrowings	9,869,946	5,575,113
Long-term payables	4,007	4,054
Guarantee deposits received	374,481	348,169
		(Concluded)

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function manages its exposure to market risk (including foreign currency risk and interest risk), credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

1) Market risk

The Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group's transactions were denominated in different foreign currencies at the same time that have natural offsetting effect; thus, the related risks are reduced.

To protect against reductions in value of foreign assets and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes short-term borrowings and derivative financial instruments, including currency forward contracts to hedge its currency exposure.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period.

	<u>USD Impact</u>		<u>JPY Impact</u>		<u>RMB Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>		<u>December 31</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss	<u>\$ 28,522</u>	<u>\$ 43,544</u>	<u>\$ 2,553</u>	<u>\$ (5,345)</u>	<u>\$ 35,967</u>	<u>\$ 24,760</u>

b) Interest rate risk

The Group was exposed to interest rate risk arising from fixed-income investments and borrowings at floating interest rates.

The Group's sensitivity analysis of interest rate risk mainly focuses on changes in fair value of the financial assets and liabilities at fixed interest rate at the end of the reporting period.

The sensitivity analysis below was determined based on the fluctuations in fair value of the Group's variable-rate borrowings and assets at the end of the reporting period. If interest rates had been higher/lower by one percentage, the Group's cash flows for the years ended December 31, 2020 and 2019 would have decreased/increased by \$11,382 thousand and \$27,485 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily deposits, fixed-income investments and other financial instruments with banks.

In order to maintain the quality of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The credit risks of bank deposits, fixed-income investments and other financial instruments from investing activities are considered insignificant because the counterparties were all banks with high credit ratings and it is expected that the counterparties will not break the contracts above.

3) Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements associated with existing operations. The Group manages its liquidity risk by maintaining adequate fixed-income investments and banking facilities.

Liquidity and interest rate tables for non-derivative financial liabilities

December 31, 2020

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 6,193,580	\$ 9,869,946	\$ 16,063,526
Fixed interest rate liabilities	236,376	536,858	773,234
Lease liabilities	<u>98,177</u>	<u>418,028</u>	<u>516,205</u>
	<u>\$ 6,528,133</u>	<u>\$ 10,824,832</u>	<u>\$ 17,352,965</u>

December 31, 2019

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 7,180,989	\$ 5,575,113	\$ 12,756,102
Fixed interest rate liabilities	137,532	681,272	818,804
Lease liabilities	<u>80,570</u>	<u>273,600</u>	<u>354,170</u>
	<u>\$ 7,399,091</u>	<u>\$ 6,529,985</u>	<u>\$ 13,929,076</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Lihwa Corporation	Investor that exercises significant influence over the Group
Global Brands Manufacture Ltd.	Associate
CMK Global Brands Manufacture Ltd.	Associate
Kunshan Yuansong Electronic Science And Technology Co., Ltd.	Associate
DongGuan Jin Cheng Electronics Technology Co., Ltd.	Associate
DongGuan Yujia Electronics Technology Co., Ltd.	Associate
Falcon Automation Equipment Corporation	Associate
HannStar Board Corporation	Associate
Walsin Color Corporation	Associate
Chongqing Songjia Property Co., Ltd.	Associate
VVG Inc.	Associate
Suzhou Walsin Color Trading Co., Ltd.	Associate
Inpaq Technology Co., Ltd.	Associate (before June 2020)
Inpaq Technology (China) Co., Ltd.	Associate (before June 2020)
Inpaq Technology (Suzhou) Co., Ltd.	Associate (before June 2020)
ELNA Printed Circuits Co., Ltd.	Associate
Walsin Technology Charitable Group	Other related party
Info-Tek Electronics (Suzhou) Co., Ltd.	Other related party
Info-Tek Corporation	Other related party
Walton Advanced Engineering Inc.	Other related party
PSA Charitable Foundation	Other related party
Hannspree Shanghai Inc.	Other related party
Kamaya Life Co., Ltd.	Other related party
PSA VVG Culture and Arts Foundation	Other related party
Inpaq Korea Co., Ltd (Inpaq Korea)	Associate (after June 2020)
Inpaq Europe GmbH	Associate (after June 2020)
APAQ Technology Co., Ltd.	Other related party

Winbond Electronics Corp.
 Callisto Holding Limited
 Chin-Xin Investment Co., Ltd.

Other related party
 Other related party
 Other related party

b. Sales of goods

	For the Year Ended December 31	
	2020	2019
Associates	\$ 133,240	\$ 462,980
Other related parties	<u>17,852</u>	<u>12,318</u>
	<u>\$ 151,092</u>	<u>\$ 475,298</u>

Price and terms were determined in accordance with mutual agreements.

c. Purchases of goods

	For the Year Ended December 31	
	2020	2019
Associates	<u>\$ 251,076</u>	<u>\$ 533,222</u>

Price and terms were determined in accordance with mutual agreements.

d. The outstanding balances at the end of the reporting period were as follows:

	Trade Receivables from Related Parties	
	December 31	
	2020	2019
Associates	\$ 36,656	\$ 149,724
Other related parties	<u>11,211</u>	<u>5,834</u>
	<u>\$ 47,867</u>	<u>\$ 155,558</u>

	Other Receivables from Related Parties	
	December 31	
	2020	2019
Associates	\$ 10,212	\$ 30,269
Other related parties	<u>3,088</u>	<u>653</u>
	<u>\$ 13,300</u>	<u>\$ 30,922</u>

	Trade Payables to Related Parties	
	December 31	
	2020	2019
Associates	<u>\$ 1,765</u>	<u>\$ 229,029</u>

	Payables for Equipment and Other Payables	
	December 31	
	2020	2019
Investors that exercise significant influence over the Group	\$ 8,498	\$ 8,052
Associates	188,226	22,867
Other related parties	<u>8,736</u>	<u>4,745</u>
	<u>\$ 205,460</u>	<u>\$ 35,664</u>

Other receivables include receivables from the sale of equipment and receipts under custody.

Other payables mainly refer to payables for rent and collection and payment on behalf of another party, etc.

The outstanding trade receivables from related parties are unsecured. No allowance was recognized for impairment of trade receivables with respect to the amounts owed by related parties for the years ended December 31, 2020 and 2019.

e. Acquisition of property, plant and equipment

		Purchase Price	
		For the Year Ended December	
		31	
Related Party Categories	Item	2020	2019
Investors that exercise significant influence over the Group	Land, buildings, machinery and office equipment	\$ 295	\$ 278,246
Associates	Machinery and prepayments for equipment	334,512	15,328
Others	Buildings, equipment and right-of-use asset	82,766	-
Others	Other equipment	<u>16</u>	<u>38</u>
		<u>\$ 417,589</u>	<u>\$ 293,612</u>

Purchase prices of land and buildings were based on valuation report by professionals.

Purchase prices of equipment were based on carrying value and market price.

f. Disposal of property, plant and equipment

Related Party Category	Item	Disposal Price		Gain (Loss) on Disposal	
		For the Year Ended December 31		For the Year Ended December 31	
		2020	2019	2020	2019
Associates	Machinery, other equipment, construction in progress and prepayments for equipment.	\$ 100	\$ 237,093	\$ 100	\$ 163,558 *
Investors that exercise significant influence over the Group	Right-of-use asset	-	8,006	-	118
		<u>\$ 100</u>	<u>\$ 245,099</u>	<u>\$ 100</u>	<u>\$ 163,676</u>

* The gain on disposal included the unrealized gain of NT\$53,936 thousand from the transactions of affiliates that had been recognized as deduction in long-term investments, and the amortization over the remaining life of the assets had been accounted for as realized gain. However, some of the affiliates have gained control in June 2020, so the unrealized gain of NT\$43,187 thousand in deferred credits was fully realized; refer to Note 13(c).

g. Lease arrangements

Item	Related Party Category	December 31	
		2020	2019
Lease liabilities	Investors that exercise significant influence over the Group	\$ 31,462	\$ 60,077
Lease liabilities	Other related parties	<u>13,777</u>	<u>-</u>
		<u>\$ 45,239</u>	<u>\$ 60,077</u>
Item	Related Party Category	For the Year Ended December 31	
		2020	2019
Interest expense	Investors that exercise significant influence over the Group	\$ 695	\$ 1,392
	Other related parties	<u>61</u>	<u>-</u>
		<u>\$ 756</u>	<u>\$ 1,392</u>
Rental expense	Investors that exercise significant influence over the Group	\$ 535	\$ 38,894
	Other related parties	<u>71,858</u>	<u>72,100</u>
		<u>\$ 72,393</u>	<u>\$ 110,994</u>

h. Dividends income

	For the Year Ended December 31	
	2020	2019
Walsin Lihwa Corporation	\$ 22,758	\$ 53,962
APAQ Technology Co., Ltd.	13,016	-
Walton Advanced Engineering Inc.	-	19,136
Golden Prosperity Investment Co., Ltd.	<u>6,266</u>	<u>3,760</u>
	<u>\$ 42,040</u>	<u>\$ 76,858</u>

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 177,318	\$ 299,744
Post-employment benefits	291	333
Share-based payments	<u>32,618</u>	<u>11,766</u>
	<u>\$ 210,227</u>	<u>\$ 311,843</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as collateral or for security were as follows:

	December 31	
	2020	2019
Pledged deposits (classified as financial assets at amortized cost)	\$ 187,596	\$ -
Pledged deposits (classified as guarantee deposits paid)	5,592	125,269
Land	299,053	302,615
Buildings (net)	<u>44,083</u>	<u>44,818</u>
	<u>\$ 536,324</u>	<u>\$ 472,702</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of December 31, 2020 and 2019 were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	<u>\$ 5,071,136</u>	<u>\$ 2,421,336</u>

b. Contingencies

As of December 31, 2020 and 2019, the Group's outstanding letters of credit were summarized as follows:

Unit: Dollars

December 31			
2020		2019	
Currency	Carrying Value	Currency	Carrying Value
USD	US\$ 390,000	USD	US\$ 551,400
JPY	JPY 1,023,946,000	JPY	JPY 1,763,705,820
EUR	EUR 117,600	EUR	EUR 354,000

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. On November 30, 2020, the board of directors of the Company resolved a tender offer to purchase securities of a Japanese listed company, Soshin Electric Co., Ltd., through its subsidiary, Kamaya Electric Co., Ltd., and acquired 6,254,800 shares (40.1% equity) before the expiration date on January 4, 2021. The purpose of this acquisition is to expand the operations and strengthen the cooperation.
- b. On February 25, 2021, the board of directors of the Company resolved to acquire buildings and facilities in the amount of \$103,268 thousand from other related party, Walton Advanced Engineering Inc. The purchase price was determined by an independent qualified professional valuer. The purpose of this acquisition is to expand the operations.

33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's operating sites have temporarily suspended operations. However, the operations of the Group are gradually return to normal.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 441,124	28.1000	\$ 12,395,587
JPY	5,014,510	0.2725	1,366,454
RMB	1,351,863	4.3131	5,830,720
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 30,087	4.3131	\$ 129,770
<u>Financial liabilities</u>			
Monetary items			
USD	339,620	28.1000	9,543,322
JPY	4,077,559	0.2725	1,111,135
RMB	517,955	4.3131	2,233,992
			(Concluded)

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 405,436	29.98	\$ 12,154,971
JPY	3,015,521	0.2760	832,284
RMB	820,130	4.3039	3,529,758
Non-monetary items			
Investments accounted for using the equity method			
RMB	30,201	4.3039	129,981
<u>Financial liabilities</u>			
Monetary items			
USD	260,194	29.98	7,800,616
JPY	4,952,165	0.2760	1,366,798
RMB	244,828	4.3039	1,053,715

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20%

of the paid-in capital (None)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 9) Trading in derivative instruments (Note 7 and Note 28)
 - 10) Intercompany relationships and significant intercompany transactions (Table 7)
 - 11) Information on investees (Table 8)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Segment A - passive components
 Segment B - passive components
 Segment C - passive components

a. Segment revenue and results

The analysis of the Group's revenue and results from continuing operations by reportable segment was as follows:

The Group's operating segment information for the years ended December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31, 2020				
	A Segment	B Segment	C Segment	Adjustments and Eliminations	Total
Net sales	\$ 29,723,242	\$ 5,207,861	\$ 5,247,322	\$ (4,579,176)	\$ 35,599,249
Cost of sales	<u>(20,750,105)</u>	<u>(3,901,196)</u>	<u>(3,845,752)</u>	<u>4,140,859</u>	<u>(24,356,194)</u>
Gross profit	8,973,137	1,306,665	1,401,570	(438,317)	11,243,055
Operating expenses	<u>(2,350,464)</u>	<u>(398,712)</u>	<u>(873,541)</u>	<u>293,201</u>	<u>(3,329,516)</u>
Operating income	6,622,673	907,953	528,029	(145,116)	7,913,539
Nonoperating income and expenses	<u>1,499,045</u>	<u>83,971</u>	<u>(43,520)</u>	<u>(418,228)</u>	<u>1,121,268</u>
Income before income tax	<u>\$ 8,121,718</u>	<u>\$ 991,924</u>	<u>\$ 484,509</u>	<u>\$ (563,344)</u>	<u>\$ 9,034,807</u>

	For the Year Ended December 31, 2019			
	A Segment	B Segment	Eliminations	Total
Net sales	\$ 27,199,121	\$ 4,356,398	\$ (1,421,339)	\$ 30,134,180
Cost of sales	<u>(18,123,814)</u>	<u>(3,099,210)</u>	<u>1,442,961</u>	<u>(19,780,063)</u>
Gross profit	9,075,307	1,257,188	21,622	10,354,117
Operating expenses	<u>(2,300,224)</u>	<u>(363,399)</u>	<u>3,215</u>	<u>(2,660,408)</u>
Operating income	6,775,083	893,789	24,837	7,693,709
Nonoperating income and expenses	<u>1,538,885</u>	<u>87,223</u>	<u>(353,249)</u>	<u>1,272,859</u>
Income before income tax	<u>\$ 8,313,968</u>	<u>\$ 981,012</u>	<u>\$ (328,412)</u>	<u>\$ 8,966,568</u>

All intercompany transactions had been eliminated upon consolidation.

b. Segment assets and liabilities

Segment assets

	December 31, 2020				
	A Segment	B Segment	C Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 8,596,356	\$ 1,223,228	\$ 1,392,469	\$ -	\$ 11,212,053
Notes and trade receivables	9,035,377	1,046,775	2,039,035	(945,435)	11,175,752
Inventories	4,694,008	638,864	657,447	(27,565)	5,962,754
Other current assets	<u>10,272,230</u>	<u>766,377</u>	<u>328,557</u>	<u>(53,754)</u>	<u>11,313,410</u>
Total current assets	32,597,971	3,675,244	4,417,508	(1,026,754)	39,663,969
Financial assets at fair value through other comprehensive income - non-current	2,651,239	1,247,264	506,196	(245,722)	4,158,977
Investments accounted for using the equity method	12,044,099	637,274	10,546	(3,912,061)	8,779,858
Property, plant and equipment	18,615,735	2,000,351	2,070,321	345,440	23,031,847
Other non-current assets	<u>5,162,901</u>	<u>413,656</u>	<u>497,136</u>	<u>372,151</u>	<u>6,445,844</u>
Total assets	<u>\$ 71,071,945</u>	<u>\$ 7,973,789</u>	<u>\$ 7,501,707</u>	<u>\$ (4,466,946)</u>	<u>\$ 82,080,495</u>

	December 31, 2019				
	A Segment	B Segment	Eliminations	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 6,840,601	\$ 787,019	\$ -	\$ -	\$ 7,627,620
Notes and trade receivables	6,894,782	824,981	(169,860)	(169,860)	7,549,903
Inventories	3,876,179	458,045	(29,810)	(29,810)	4,304,414
Other current assets	<u>8,930,527</u>	<u>708,841</u>	<u>(38,672)</u>	<u>(38,672)</u>	<u>9,600,696</u>
Total current assets	26,542,089	2,778,886	(238,342)	(238,342)	29,082,633
Financial assets at fair value through other comprehensive income - non-current	1,765,976	831,322	(110,485)	(110,485)	2,486,813
Investments accounted for using the equity method	10,813,510	636,724	(2,118,873)	(2,118,873)	9,331,361
Property, plant and equipment	16,219,099	1,775,007	(4,504)	(4,504)	17,989,602
Other non-current assets	<u>1,003,097</u>	<u>271,326</u>	<u>(12,878)</u>	<u>(12,878)</u>	<u>1,269,617</u>
Total assets	<u>\$ 56,343,771</u>	<u>\$ 6,293,265</u>	<u>\$ (2,485,082)</u>	<u>\$ (2,485,082)</u>	<u>\$ 60,151,954</u>

Segment liabilities

	December 31, 2020				
	A Segment	B Segment	C Segment	Adjustments and Eliminations	Total
Short-term borrowings	\$ 6,082,873	\$ 20,000	\$ -	\$ -	\$ 6,102,873
Notes and trade payables	3,528,031	758,220	1,003,147	(945,665)	4,343,733
Current tax liabilities	1,205,662	76,853	20,889	-	1,303,404
Other payables and payables on equipment	5,956,660	694,627	532,122	(56,328)	7,127,081
Other current liabilities	<u>677,945</u>	<u>60,131</u>	<u>40,215</u>	<u>-</u>	<u>778,291</u>
Total current liabilities	17,451,171	1,609,831	1,596,373	(1,001,993)	19,655,382
Non-current liabilities	<u>14,855,200</u>	<u>1,111,779</u>	<u>783,139</u>	<u>20,801</u>	<u>16,770,919</u>
Total liabilities	<u>\$ 32,306,371</u>	<u>\$ 2,721,610</u>	<u>\$ 2,379,512</u>	<u>\$ (981,192)</u>	<u>\$ 36,426,301</u>

	December 31, 2019				
	A Segment	B Segment	Eliminations	Total	
Short-term borrowings	\$ 6,952,290	\$ 77,000	\$ -	\$ 7,029,290	
Notes and trade payables	2,222,733	431,225	(169,226)	2,484,732	
Current tax liabilities	704,945	83,070	-	788,015	
Other payables and payables on equipment	4,956,204	574,706	(32,197)	5,498,713	
Other current liabilities	<u>477,007</u>	<u>53,459</u>	<u>(8,240)</u>	<u>522,226</u>	
Total current liabilities	15,313,179	1,219,460	(209,663)	16,322,976	
Non-current liabilities	<u>6,731,485</u>	<u>560,337</u>	<u>(8,001)</u>	<u>7,283,821</u>	
Total liabilities	<u>\$ 22,044,664</u>	<u>\$ 1,779,797</u>	<u>\$ (217,664)</u>	<u>\$ 23,606,797</u>	

All intercompany transactions had been eliminated upon consolidation.

c. Revenue from major products and services

The following was an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2020	2019
Multi-layer ceramic capacitors	\$ 20,412,074	\$ 18,740,827
Chip resistors	7,649,665	6,761,682
Radio frequency devices	3,600,964	1,948,574
Others	<u>3,936,546</u>	<u>2,683,097</u>
	<u>\$ 35,599,249</u>	<u>\$ 30,134,180</u>

d. Geographical information

The Group operates in two principal geographical areas - Asia and America.

The Group's revenue from continuing operations unit of external customers by location of operations and its non-current assets by locations were detailed as below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Asia	\$ 32,853,372	\$ 26,203,261	\$ 24,869,854	\$ 18,717,849
America	1,277,234	1,942,084	39	3,832
Europe	<u>1,468,643</u>	<u>1,988,835</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,599,249</u>	<u>\$ 30,134,180</u>	<u>\$ 24,869,893</u>	<u>\$ 18,721,681</u>

Non-current assets excluded non-current assets classified as financial instruments and deferred tax assets.

e. Information about major customers

There was no single customer which accounted for more than 10% of total consolidated revenue for the years ended December 31, 2020 and 2019.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	\$ 817,710 (JPY 3,000,000,000)	\$ 817,710 (JPY 3,000,000,000)	\$ 817,710 (JPY 3,000,000,000)	1.00	Short-term financing	\$ -	Operating turnover	\$ -	Promissory note	\$ 817,710 (JPY 3,000,000,000)	\$ 15,448,185 (Note 5)	\$ 23,172,278 (Note 6)
2	Walsin Technology Holding Corporation (HK) Limited	Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	576,050 (US\$ 20,500,000)	140,500 (US\$ 5,000,000)	140,500 (US\$ 5,000,000)	1.05	Short-term financing	-	Operating turnover	-	Promissory note	140,500 (US\$ 5,000,000)	8,311,553 (Note 5)	12,467,330 (Note 6)
3	Walsin Technology Holding Corporation (HK) Limited	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	910,887 (JPY 1,847,000,000) (US\$ 14,500,000)	531,512 (JPY 1,950,000,000) (US\$ -)	531,512 (JPY 1,950,000,000) (US\$ -)	1.05	Short-term financing	-	Operating turnover	-	Promissory note	531,512 (JPY 1,950,000,000) (US\$ -)	8,311,553 (Note 5)	12,467,330 (Note 6)
4	Walsin Technology Corporation (HK) Ltd.	Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	435,550 (US\$ 15,500,000)	435,550 (US\$ 15,500,000)	435,550 (US\$ 15,500,000)	1.05	Short-term financing	-	Operating turnover	-	Promissory note	435,550 (US\$ 15,500,000)	626,288 (Note 5)	939,432 (Note 6)
5	Walsin Technology Corporation (HK) Ltd.	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	375,978 (US\$ 9,500,000) (JPY 400,000,000)	375,978 (US\$ 9,500,000) (JPY 400,000,000)	375,978 (US\$ 9,500,000) (JPY 400,000,000)	1.00	Short-term financing	-	Operating turnover	-	Promissory note	375,978 (US\$ 9,500,000) (JPY 400,000,000)	626,288 (Note 5)	939,432 (Note 6)
6	Nitsuko Electronics Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	163,542 (JPY 600,000,000)	163,542 (JPY 600,000,000)	163,542 (JPY 600,000,000)	1.00-1.10	Short-term financing	-	Operating turnover	-	Promissory note	163,542 (JPY 600,000,000)	193,236 (Note 5)	289,854 (Note 6)
7	Frontier Components Co., Limited	Prosperity Frontier electronics (Shenzhen) Co., Ltd.	-	Yes	30,250 (US\$ 1,000,000)	-	-	2.00	Short-term financing	-	Operating turnover	-	Promissory note	-	117,557 (Note 2)	235,114 (Note 2)
8	Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	-	Yes	180,000	180,000	-	-	Short-term financing	-	Operating turnover	-	None	-	1,286,080 (Note 3)	2,057,728 (Note 3)
9	Inpaq Technology Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	-	Yes	180,000	180,000	-	-	Short-term financing	-	Operating turnover	-	None	-	1,286,080 (Note 3)	2,057,728 (Note 3)
10	Inpaq Technology Co., Ltd.	Taiwan Inpaq Electronics Co., Ltd.	Receivables from related parties	Yes	500,000	350,000	318,000	2.616	Short-term financing	-	Operating turnover	-	None	-	1,286,080 (Note 3)	2,057,728 (Note 3)
11	Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Technology (China) Co., Ltd.	Receivables from related parties	Yes	218,980	218,240	218,240	4.35	Short-term financing	-	Operating turnover	-	None	-	616,874 (Note 3)	616,874 (Note 3)

Note 1: According to Walsin Technology Corporation's financing procedure, total endorsement/guarantee and financing amount that can be made is 100% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The total financing amount that can be made is 60% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The financing limit amount of each borrower according to reasons for financing are as follows:

1. With business relationship: In the most recent year or the current year as of the time the funds are loaned, and the loan is not more than the higher of the borrowing Company's purchase or sales amount from loan company.
2. With the need of short-term financing: Individual financing amounts must not exceed 40% of each borrowing company's net worth presented in the latest financial statements audited or reviewed by auditors.
3. The financing amount between company's directly and indirectly holding 100% shares foreign companies is not subject the limit of point 2 above. However, the loan period shall not exceed 3 years.

The individual financing limit amount between company's directly and indirectly holding 100% shares foreign companies is 100% of each lender's net worth presented in the latest financial statements.

Note 2: The maximum financing limit amount of Frontier Components Co., Limited is 40% of its net worth presented in the latest financial statements audited or reviewed by auditors. If with the need of short-term financing, the individual financing limit amount can not exceed 20% of its net worth presented in the latest financial statements audited or reviewed by auditors. The financing between company's directly and indirectly holding 100% shares foreign companies is not subject the limit mentioned above.

Note 3: The total financing amount of Inpaq Technology Co., Ltd. shall not exceed 40% of the net value of Inpaq Technology Co., Ltd.; The Company that has short-term financing necessary;

1. Companies that are held by Inpaq Technology Co., Ltd. with more than 50% of its shares shall not exceed 25% of the net value of Inpaq Technology Co., Ltd.
2. Other company and other fund loans approved by the board of directors of Inpaq Technology Co., Ltd., shall not exceed 10% of the net value of Inpaq Technology Co., Ltd.

Note 4: Exchange rate as of December 31, 2020

USD:NTD = 1:28.10
RMB:USD = 1:0.1535
JPY:USD = 1:0.0097

Note 5: It is 40% of the shareholders' equity of the loan company.

Note 6: It is 60% of the shareholders' equity of the loan company.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	2	\$ 9,070,529 (Note 1)	\$ 2,330,474 (JPY 8,550,000,000)	\$ 1,853,476 (JPY 6,800,000,000)	\$ 1,853,476 (JPY 6,800,000,000)	\$ -	4.80	\$ 19,310,231 (Note 3)	Y	-	-
		Kamaya Electric (M) Sdn. Bhd.	2	14,931,620 (Note 1)	463,650 (US\$ 16,500,000)	463,650 (US\$ 16,500,000)	281,000 (US\$ 10,000,000)	-	1.20	19,310,231 (Note 3)	Y	-	-
		Walsin Technology Corporation	4	19,310,231 (Note 8)	116,000	116,000	83,000	65,000	0.30	19,310,231 (Note 3)	-	-	-
1	Dongguan Walsin Technology Electronics Co., Ltd.	Dongguan Walsin Technology Electronics Co., Ltd.	4	12,390,734 (Note 8)	690 (RMB 159,873)	690 (RMB 159,873)	690 (RMB 159,873)	690 (RMB 159,873)	-	12,390,734 (Note 8)	-	-	Y
2	Dongguan Huafai Trading Co., Ltd.	Dongguan Huafai Trading Co., Ltd.	4	2,090,939 (Note 8)	129,832 (RMB 30,100,096)	129,832 (RMB 30,100,096)	121,616 (RMB 28,195,246)	129,832 (RMB 30,100,096)	0.34	2,090,939 (Note 8)	-	-	Y
3	Kamaya Electric (M) Sdn. Bhd.	Kamaya Electric (M) Sdn. Bhd.	4	2,488,603 (Note 8)	8,359 (MYR 1,200,000)	8,359 (MYR 1,200,000)	8,359 (MYR 1,200,000)	8,359 (MYR 1,200,000)	0.02	2,488,603 (Note 8)	-	-	-
4	Inpaq Technology Co., Ltd.	Inpaq Technology Co., Ltd.	4	1,028,864 (Note 2)	2,100	2,100	2,100	2,100	0.04	2,057,728 (Note 4)	-	-	-
		Taiwan Inpaq Electronics Co., Ltd.	2	1,028,864 (Note 2)	907,500	854,400	-	-	16.61	2,057,728 (Note 4)	Y	-	-
		Inpaq Technology (Suzhou) Co., Ltd.	2	1,028,864 (Note 2)	338,470	313,280	-	-	6.09	2,057,728 (Note 4)	Y	-	Y
		Inpaq Technology (China) Co., Ltd.	2	1,028,864 (Note 2)	430,780	398,720	-	-	7.75	2,057,728 (Note 4)	Y	-	Y
5	Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	2	308,437 (Note 2)	8,759	8,730	8,730	-	0.57	616,874 (Note 4)	-	-	Y
6	Inpaq Technology (China) Co., Ltd.	Inpaq Technology (China) Co., Ltd.	2	141,756 (Note 2)	3,504	3,492	3,492	3,492	0.49	283,511 (Note 4)	-	-	Y

Note 1: The maximum limit for each guaranteed company is limited to 100% of its net worth presented in the latest financial statements. The maximum limit for company's actual holds more than two-thirds of the guaranteed company is limited to six times of its (guaranteed company) net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 2: The limit of the endorsement guarantee for a single enterprise is limited to 20% of the latest financial statements of the Company audited and verified by CPA.

Note 3: The maximum endorsements/guarantees amount allowed for the Company is not equal or exceed 50% of its net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 4: The total accumulated external endorsement guarantee is limited to 40% of the latest financial statements of the Company audited and verified by CPA.

Note 5: Need enter "Y" if: Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries, Given by Subsidiaries on Behalf of Parent, Given on Behalf of Companies in Mainland China.

Note 6: Exchange rate as of December 31, 2020

USD:NTD = 1:28.10
RMB:USD = 1:0.1535
JPY:USD = 1:0.0097

Note 7: Endorsement guarantee objects:

- Subsidiaries that directly hold more than 50% of ordinary shares.
- Subsidiaries where parent company and subsidiaries hold more than 50% of the ordinary shares.
- Companies with business relations.
- The company with business relations.

Note 8: The Company guarantees its own tariffs on itself and its subsidiaries, in accordance with the Company's endorsement and guarantee operating procedures.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Technology Corporation	<u>Share</u>							
	Taiwan Mobile Company Limited	None	Financial assets at fair value through profit or loss - current	100,000	\$ 9,890	-	\$ 9,890	
	Taiwan Semiconductor Manufacturing Company Limited	"	"	190,000	100,700	-	100,700	
	Chunghwa Telecom Company Limited	"	"	200,000	21,800	-	21,800	
	APAQ Technology Co., Ltd.	Substantive related party	"	2,960,000	165,760	3.50	165,760	
	TECO Electronic and Machinery Co., Ltd.	None	"	1,800,000	49,770	0.09	49,770	
	<u>Share</u>							
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at fair value through other comprehensive income - non-current	31,870,087	439,807	6.29	439,807	
	Walsin Lihwa Corporation	Investment company evaluated by the equity method of the Company	"	46,016,000	888,109	1.43	888,109	
	TECO Electronic and Machinery Co., Ltd.	None	"	4,984,000	137,808	0.25	137,808	
	Gigabyte Technology Co., Ltd.	"	"	8,590,000	668,302	1.35	668,302	
	Elcon International Co., Ltd.	"	"	1,879,028	-	9.40	-	
	Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	"	9,032,056	306,861	1.86	306,861	
Euroc Venture Capital Corp.	None	"	77,962	1,006	2.50	1,006		
SAWNICS INC.	"	"	102,667	12,113	4.81	12,113		

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nitsuko Electrics Corporation	<u>Share</u> Suzaka Spa Corporation	None	Financial assets at fair value through other comprehensive income - non-current	90	\$ 99	0.33	\$ 99	
Kamaya Electric Co., Ltd.	<u>Share</u> Taiyo Yuden Co., Ltd.	None	Financial assets at fair value through profit or loss - current	80,800	106,484	-	106,484	
	Sony Corporation	"	Financial assets at fair value through other comprehensive income - non-current	61,100	171,287	-	171,287	
	Murata Manufacturing Co., Ltd.	"	"	9,600	24,387	-	24,387	
	Hokko Denshi Kogyo Corporation	"	"	7,000	1,460	14.00	1,460	
	<u>Foreign convertible bonds</u> Soshin Electric Co., Ltd	None	Financial assets at fair value through profit or loss - current	9	249,483	-	249,483	
Dongguan Walsin Technology Electronics Co., Ltd.	<u>Fund</u> ICBC Credit Suisse Money Market Fund	None	Financial assets at fair value through profit or loss - current	10,000,000	45,893	-	45,893	
	Ccb Principal Asset Management Cash Money Market Fund	"	"	50,000,000	230,858	-	230,858	
	Pingan Money Market Fund A	"	"	50,000,000	227,199	-	227,199	
	China Universal Hejubao Cash Money Market Fund	"	"	50,000,000	227,451	-	227,451	
	Rongtong Treasure Pot Money Market Fund B	"	"	50,000,000	228,439	-	228,439	
	E Fund Day Wealth Management Money Market Fund B	"	"	50,000,000	227,085	-	227,085	
	AXA SPDB Money Market Fund B	"	"	50,000,000	226,072	-	226,072	
	AIFMC Money Market Fund B	"	"	20,000,000	88,943	-	88,943	
	YinHua Huoqianbao Money Market Fund F	"	"	50,000,000	221,991	-	221,991	
	ABC Bonus Daily Settlement Money Market	"	"	30,000,000	131,537	-	131,537	

Fund B Fullgoal Income Trading Money Market Fund B	"	"	20,000,000	87,720	-	87,720
Western Lead Increase Value Money Market Fund B	"	"	10,000,000	43,969	-	43,969

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Pan Overseas (Guangzhou) Electronics Co., Ltd.	<u>Fund</u> AIFMC Money Market Fund B	None	Financial assets at fair value through profit or loss - current	5,000,000	\$ 22,120	-	\$ 22,120	
Prosperity Dielectrics Co., Ltd.	<u>Listed Share</u> Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at fair value through other comprehensive income - non-current	31,915,536	440,434	6.30	440,434	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company	"	7,000,000	135,100	0.22	135,100	
	Singatron Enterprise Co., Ltd.	None	"	10,301,314	246,717	8.12	246,717	
	APAQ Technology Co., Ltd.	Substantive related party	"	739,000	41,384	0.87	41,384	
	APAQ Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - current	4,541,000	254,296	5.37	254,296	
	Singatron Enterprise Co., Ltd.	None	"	723,717	17,333	0.57	17,333	
	Chunghwa Telecom Company Limited	"	"	400,000	43,600	0.01	43,600	
	<u>Share</u> Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	Financial assets at fair value through other comprehensive income - non-current	3,500,000	118,910	0.72	118,910	
	UNION TECHNOLOGY CORP.	None	"	71,409	18,997	10.32	18,997	
	Inpaq Technology Co., Ltd.	<u>Share</u> KING Polytechnic Engineering Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	143,000	1,679	0.21	1,679
APAQ Technology Co., Ltd.		Substantive related party	"	4,776,000	267,474	5.65	267,474	
Phoenix Innovation Venture Capital Co., Ltd.		None	"	3,000,000	31,860	9.38	31,860	
Yuanrong Venture Capital Co., Ltd.		"	"	922,000	7,733	10.00	7,733	
AICP Technology Corporation		"	"	600,000	13,344	8.00	13,344	
<u>Corporate bonds</u> Apple Inc.		"	"	8,000	25,744	-	25,744	
Apple Inc.		"	"	20,000	76,315	-	76,315	
Amazon.com, Inc.		"	"	15,000	55,904	-	55,904	
Microsoft Corporation		"	"	8,000	26,143	-	26,143	

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Walsin Technology Corporation	Property, plant and equipment	2020.09.08	\$ 861,521	\$ 861,521	Taiwan Ciaotou District Court (Note 4)	Not related party	Not applicable	Not applicable	Not applicable	\$ -	Refer to the real estate market in the neighborhood and the lowest auction price in the court	Operational requirements	None
	Prepayments for building and construction (including factory facilities and equipment)	2020.05.04	668,000	66,800	Walton Advanced Engineering Inc.	Related party	HannStar Display Corporation	The chairman of the securities issuer is the second degree of kinship of the Company and Walton Advanced Engineering Inc.	2015.2.12	1,050,000	Refer to the appraisal report issued by the professional real estate appraiser firm	Operational requirements	“
Inpaq Technology Co., Ltd.	New construction of Zhunan second factory	2020.08.21	475,000	23,750	Engtown Construction Corporation	Not related party	Not applicable	Not applicable	Not applicable	-	Bidding method	Operational requirements	“

Note 1: If the acquired assets meet the requirements and should be evaluated, the evaluation result should be indicated in the “Reference Basis for Price Decision”.

Note 2: The paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 3: The occurrence date refers to the transaction signing date, the payment date, the entrusted transaction date, the account transfer date, the board resolution date, or the date when the transaction object and transaction amount are fully determined, whichever is earlier.

Note 4: The owner of the building and construction (including factory facilities and equipment) is Green Energy Technology Co., Ltd.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	\$ (7,234,112)	(41)	No significant difference with third parties	-	-	\$ 1,731,027	42	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(2,371,803)	(13)	"	-	-	679,825	17	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(743,277)	(4)	"	-	-	226,950	6	
	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	(681,876)	(4)	"	-	-	245,316	6	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(360,776)	(2)	"	-	-	39,276	1	
Walsin Technology Corporation (HK) Ltd.	Walsin Technology Corporation	Parent company	Sale	(2,395,348)	(16)	"	-	-	531,392	14	
	Dongguan Huafai Trading Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(8,653,889)	(58)	"	-	-	2,192,625	56	
	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Sale	(109,849)	(1)	"	-	-	24,826	1	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(289,344)	(2)	"	-	-	128,098	3	
Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(1,167,136)	(22)	"	-	-	106,731	6	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(235,225)	(4)	"	-	-	73,528	4	
Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation	Parent company	Sale	(231,381)	(1)	"	-	-	51,039	1	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(1,374,591)	(9)	"	-	-	132,252	4	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(12,687,259)	(79)	"	-	-	2,702,289	75	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(362,338)	(2)	"	-	-	121,458	3	
	Kamaya Electric (HK) Limited	99.99% indirectly owned subsidiary by parent company	Sale	(252,201)	(2)	"	-	-	63,155	2	
	Frontec International Corporation	100% owned subsidiary by PDC	Sale	(549,049)	(3)	"	-	-	274,280	8	
Dongguan Huafai Trading Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(113,497)	(1)	"	-	-	40,306	1	
Pan Overseas (Guangzhou) Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(705,837)	(79)	"	-	-	240,659	78	
Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(1,174,760)	(38)	"	-	-	153,877	19	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Parent company	Sale	\$ (382,959)	(21)	No significant difference with third parties	-	-	\$ 94,626	21	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(312,085)	(17)	"	-	-	45,833	10	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(149,165)	(8)	"	-	-	32,025	7	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(166,463)	(9)	"	-	-	46,381	10	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(100,050)	(6)	"	-	-	38,815	9	
Kamaya Electric (M) Sdn. Bhd.	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Sale	(913,109)	(39)	"	-	-	178,176	39	
	Kamaya Electric (HK) Limited	99.99% indirectly owned subsidiary by parent company	Sale	(126,834)	(5)	"	-	-	24,662	5	
	Kamaya Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(111,512)	(5)	"	-	-	30,843	7	
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation	Parent company	Sale	(650,952)	(15)	"	-	-	-	-	
	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(1,058,621)	(25)	"	-	-	87,619	13	
Frontier Components Co., Ltd.	Dongguan Frontier Electronic Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(1,040,144)	(58)	"	-	-	248,718	59	
	Dongguan Walsin Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(419,070)	(24)	"	-	-	97,481	23	
Hunan Frontier Electronics Co., Ltd.	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	(209,931)	(67)	"	-	-	84,432	79	
	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(103,470)	(33)	"	-	-	21,584	20	
Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(645,354)	(12)	"	-	-	232,768	11	
	Inpaq Technology Co., Ltd.	33.02% owned subsidiary	Sale	(315,454)	(6)	"	-	-	-	-	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology Co., Ltd.	33.02% owned subsidiary	Sale	(307,772)	(6)	"	-	-	82,416	-	
Inpaq Technology Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by Inpaq	Sale	(223,993)	(4)	"	-	-	79,896	-	
	Inpaq Technology (China) Co., Ltd.	100% indirectly owned subsidiary by Inpaq	Sale	(178,365)	(3)	"	-	-	-	-	

Note: Purchase and sales transactions and accounts receivables/payable between merged entities have been eliminated.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable \$ 1,731,027	5.90	\$ -	-	\$ 673,448	\$ -
	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Accounts receivable 245,316	4.10	-	-	86,795	-
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 226,950	3.71	-	-	66,460	-
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 679,825	5.68	-	-	329,453	-
	Pan Overseas (B.V.I.) Investments Co., Ltd. Gallatown Developments Ltd.	100% owned subsidiary 100% indirectly owned subsidiary by parent company	Other receivables 193,537 Other receivables 1,614,011	- -	- -	- -	193,537 1,614,011	- -
Walsin Technology Corporation (HK) Ltd.	Dongguan Huafai Trading Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 2,192,625	3.48	-	-	994,818	-
	Walsin Technology Corporation	Parent company	Accounts receivable 531,392	2.68	-	-	76,157	-
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Accounts receivable 128,098	3.37	-	-	33,937	-
Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 2,702,289	5.16	-	-	1,479,252	-
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Accounts receivable 132,252	8.19	-	-	-	-
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Accounts receivable 121,458	3.58	-	-	24,292	-
	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Accounts receivable 274,280	3.73	-	-	55,745	-

Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Accounts receivable 106,731	10.94			-	-
Pan Overseas (Guangzhou) Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 240,659	2.94	-	-	64,416	-
Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 153,877	11.27	-	-	-	-
Kamaya Electric (M) Sdn. Bhd.	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Accounts receivable 178,176	8.73	-	-	80,796	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Frontier Components Co., Ltd.	Dongguan Frontier Electronic Co., Ltd.	100% indirectly owned subsidiary by PDC	Accounts receivable \$ 248,718	5.44	\$ -	-	\$ 113,054	\$ -
Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 232,768	-	-	-	-	-

Note: Purchase and sales transactions and accounts receivables/payable between consolidated entities have been eliminated.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	Parent company to subsidiary	Sales	\$ 7,234,112	No significant difference with third parties	20
		"	"	Accounts receivable	1,731,027		2
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	2,371,803		7
		"	"	Accounts receivable	679,825		1
		Walsin Technology Corporation (HK) Ltd.	"	Sales	743,277		2
		"	"	Accounts receivable	226,950		-
		Prosperity Dielectrics Co., Ltd.	"	Sales	681,876		2
		"	"	Accounts receivable	245,316		-
1	Walsin Technology Corporation (HK) Ltd.	Walsin Technology Corporation	Subsidiary to parent company	Sales	2,395,348	"	7
		"	"	Accounts receivable	531,392	"	1
		Dongguan Huafai Trading Co., Ltd.	Subsidiary to subsidiary	Sales	8,653,889	"	24
		"	"	Accounts receivable	2,192,625	"	3
		Kamaya Electric (M) Sdn. Bhd.	"	Sales	289,344	"	1
		"	"	Accounts receivable	128,098	"	-
		Kamaya Electric Co., Ltd.	"	Sales	109,849	"	-
		"	"	Accounts receivable	24,826	"	-
2	Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Passive Component (H.K.) Limited	Subsidiary to subsidiary	Sales	1,167,136	"	3
		"	"	Accounts receivable	106,731	"	-
		Walsin Technology Corporation (HK) Ltd.	"	Sales	235,225	"	1
		"	"	Accounts receivable	73,528	"	-
3	Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation	Subsidiary to parent company	Sales	231,381	"	1
		"	"	Accounts receivable	51,039	"	-
		Walsin Passive Component (H.K.) Limited	Subsidiary to subsidiary	Sales	1,374,591	"	4
		"	"	Accounts receivable	132,252	"	-
		Walsin Technology Corporation (HK) Ltd.	"	Sales	12,687,259	"	36

		"	"	Accounts receivable	2,702,289	"	3
		Kamaya Electric (M) Sdn. Bhd.	"	Sales	362,338	"	1
		"	"	Accounts receivable	121,458	"	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
3	Dongguan Walsin Technology Electronics Co., Ltd.	Frontier Components Co., Ltd.	Subsidiary to subsidiary	Sales	\$ 549,049	No significant difference with third parties	2
		"	"	Accounts receivable	274,280		-
		Kamaya Electric (HK) Limited	"	Sales	252,201		1
		"	"	Accounts receivable	63,155		-
4	Dongguan Huafai Trading Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	113,497	"	-
		"	"	Accounts receivable	40,306	"	-
5	Pan Overseas (Guangzhou) Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	"	Sales	705,837	"	2
		"	"	Accounts receivable	240,659	"	-
6	Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	1,174,760	"	3
		"	"	Accounts receivable	153,877	"	-
7	Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Subsidiary to parent company	Sales	382,959	"	1
		"	"	Accounts receivable	94,626	"	-
		Dongguan Walsin Technology Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	312,085	"	1
		"	"	Accounts receivable	45,833	"	-
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	149,165	"	-
		"	"	Accounts receivable	32,025	"	-
		Kamaya Electric (M) Sdn. Bhd.	"	Sales	166,463	"	-
		"	"	Accounts receivable	46,381	"	-
8	Kamaya Electric (M) Sdn. Bhd.	Walsin Passive Component (H.K.) Limited	"	Sales	100,050	"	-
		"	"	Accounts receivable	38,815	"	-
		Kamaya Electric Co., Ltd.	"	Sales	913,109	"	3
		"	"	Accounts receivable	178,176	"	-
		Kamaya Electric (HK) Limited	"	Sales	126,834	"	-
9	Prosperity Dielectrics Co., Ltd.	"	"	Accounts receivable	24,662	"	-
		Kamaya Inc.	"	Sales	111,512	"	-
		"	"	Accounts receivable	30,843	"	-
		Frontier Components Co., Ltd.	"	Sales	1,058,621	"	3
10	Hunan Frontier Electronics Co., Ltd.	"	"	Accounts receivable	87,619	"	-
		Walsin Technology Corporation	Subsidiary to parent company	Sales	650,952	"	2
		"	"	Accounts receivable	-	"	-
		Prosperity Dielectrics Co., Ltd.	Subsidiary to subsidiary	Sales	209,931	"	1

		"	"	Accounts receivable	84,432	"	-
		Frontier Components Co., Ltd.	"	Sales	103,470	"	-
		"	"	Accounts receivable	21,584	"	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
11	Frontier Components Co., Ltd.	Dongguan Frontier Electronic Co., Ltd.	Subsidiary to subsidiary	Sales	\$ 1,040,144	No significant difference with third parties	3
		"	"	Accounts receivable	248,718		-
		Dongguan Walsin Technology Electronics Co., Ltd.	"	Sales	419,070		1
		"	"	Accounts receivable	97,481		-
12	Inpaq Technology Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	"	Sales	223,993	"	1
		"	"	Accounts receivable	79,896	"	-
		Inpaq Technology (China) Co., Ltd.	"	Sales	178,365	"	1
		"	"	Accounts receivable	-	"	-
13	Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	645,354	"	2
		"	"	Accounts receivable	232,768	"	-
		Inpaq Technology Co., Ltd.	"	Sales	315,454	"	1
		"	"	Accounts receivable	-	"	-
14	Inpaq Technology (China) Co., Ltd.	Inpaq Technology Co., Ltd.	"	Sales	307,772	"	1
		"	"	Accounts receivable	82,416	"	-

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	Taiwan	Manufacturing, processing and selling of chip capacitors, chip resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.	\$ 655,664	\$ 655,664	74,186,468	43.13	\$ 2,238,446	\$ 791,318	\$ 347,849	
	HannStar Board Corporation	Taiwan	Production and sale of printed circuit boards	2,018,888	1,724,578	107,381,026	20.32	5,825,893	3,163,613	642,215	
	Pan Overseas (B.V.I.) Investments Co., Ltd.	British Virgin Islands	Investment holding	879,837	879,837	28,400,000	100.00	2,059,992	304,011	309,470	
	Gallatown Developments Ltd.	Cayman Islands	Investment holding	8,054,061	8,935,359	103,088,547	89.27	22,341,052	2,882,473	2,624,305	
	Walsin Color Corporation	Taiwan	Investment holdings and management of group companies	411,330	411,330	39,052,142	26.62	887,637	54,447	14,495	
	Falcon Automation Equipment Corporation	Taiwan	Mechanical equipment manufacturing	9,000	9,000	2,160,000	43.90	66,416	52,487	23,043	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	1,806,881	1,904,872	46,284,950	33.02	1,916,246	361,449	87,574	
	Silitech Technology Corporation	Taiwan	Keypads and module products Mechanical integration	243,000	-	9,000,000	15.00	245,228	(366,258)	5,674	
Gallatown Developments Ltd.	Walsin Technology Corporation (HK) Ltd.	Hong Kong	Selling of passive electronic components	269,066 (Note 3)	269,066 (Note 3)	1,953	100.00	1,565,721	566,610	566,610	
	Walsin Technology Holding Corporation (HK) Ltd.	Hong Kong	Investment holding	6,726,790 (Note 3)	7,640,040 (Note 3)	185,837,562	100.00	20,778,883	2,189,324	2,189,324	
	Walsin Electronics (S) Pte. Ltd.	Singapore	Marketing service	4,761 (Note 3)	4,761 (Note 3)	607,025	100.00	6,736	2,928	2,928	
	Walsin Technology Corporation U.S.A.	USA	Marketing service	24,267 (Note 3)	24,267 (Note 3)	7,000,000	100.00	14,675	2,895	2,895	
	Walsin Passive Component (H.K.) Limited	Hong Kong	Selling of passive electronic components	84,300 (Note 3)	84,300 (Note 3)	23,400,100	100.00	679,108	102,101	102,101	
	Kamaya Electric Co., Ltd.	Japan	Manufacturing and selling of high level electric chip resistors	1,288,253 (Note 3)	1,288,253 (Note 3)	357,996,992	99.99	1,565,949	64,955	64,948	
	Walsin International Management (HK) Ltd.	Hong Kong	Investment holding	168,600 (Note 3)	168,600 (Note 3)	600,001	100.00	143,413	(1,629)	(1,629)	
	Walsin Electronics India Private Ltd.	India	Manufacturing and selling of passive electronic components	- (Note 3)	- (Note 3)	1	0.10	-	-	-	
Walsin International Management (HK) Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Holding company	168,600 (Note 3)	168,600 (Note 3)	6,000,000	25.00	143,349	(6,552)	(1,637)	
Pan Overseas (B.V.I.) Investments Co., Ltd.	Gallatown Developments Ltd.	Cayman Islands	Investment holding	200,960 (Note 3)	200,960 (Note 3)	5,531,611	4.79	908,902	2,882,473	135,937	
	Fine Bright Technology Ltd.	Hong Kong	Investment holding	424,346 (Note 3)	424,346 (Note 3)	40,783,927	100.00	1,073,533	168,626	168,626	
Fine Bright Technology Ltd.	Gallatown Developments Ltd.	Cayman Islands	Investment holding	192,815 (Note 3)	192,815 (Note 3)	6,861,747	5.94	1,073,167	2,882,473	168,625	
Walsin Technology Holding Corporation (HK) Ltd.	Walsin Electronics India Private Ltd.	India	Manufacturing and selling of passive electronic components	404 (Note 3)	404 (Note 3)	999	99.90	381	(3)	(3)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Kamaya Electric Co., Ltd.	Kamaya Electric (M) Sdn. Bhd.	Malaysia	Manufacturing and selling of high level electric chip resistors	\$ 1,889,294 (Note 3)	\$ 1,889,294 (Note 3)	242,125,250	100.00	\$ 2,489,578	\$ 16,387	\$ 16,387	
	Kamaya Electric (HK) Limited	Hong Kong	Selling of passive electronic components	5,703 (Note 3)	48,477 (Note 3)	2,000,000	100.00	23,629	11,776	11,776	
	Kamaya, Inc.	USA	Selling of passive electronic components	27,525 (Note 3)	27,525 (Note 3)	699	100.00	77,137	16,589	16,589	
	Nitsuko Electronics Corporation	Japan	Manufacturing and selling of film capacitors	386,321 (Note 3)	386,321 (Note 3)	37,333	70.00	338,163	(1,511)	(1,058)	
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Holding company	728,456	728,456	23,464,538	100.00	1,313,574	192,688	192,688	
	Frontec International Corporation	British Virgin Islands	Overseas investment	695,113	695,113	21,679,182	100.00	454,858	(9,870)	(9,870)	
	Walsin Color Corporation	Taiwan	Holding company	51,928	51,928	4,934,995	3.36	112,170	54,447	1,832	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	-	4,096	-	-	-	361,449	(460)	
HannStar Board Corporation	HannStar Board Corporation	Taiwan	Manufacturing and selling of printed circuit board.	152,212	38,755	5,668,332	1.07	245,722	3,163,613	-	
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Republic of Mauritius	Holding company	387,932	387,932	12,009,000	100.00	670,436	23,812	23,812	
	Frontier Components Co., Ltd.	Hong Kong	International trade	252,928 (Note 2)	252,928 (Note 2)	70,036,752	100.00	587,785	173,211	173,211	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Holding company	67,468 (Note 2)	67,468 (Note 2)	2,401,000	100.00	57,362	(655)	(655)	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Holding company	67,440 (Note 2)	67,440 (Note 2)	2,400,000	10.00	57,339	(6,552)	(655)	
Inpaq Technology Co., Ltd.	Inpaq BVI	BVI	Holding company	1,119,361	1,119,361	34,908,842	100.00	2,275,535	353,556	356,207	
	Inpaq Korea	Korea	Sales	12,864	12,864	76,828	44.77	7,396	7,854	3,516	
	Inpaq USA	USA	Sales	15,315	15,315	5,000,000	100.00	14,496	258	258	
	Inpaq Europe GmbH	Germany	Sales	1,273	-	38,000	19.00	1,293	(198)	(38)	
	Canfield	Samoa	Sales	14,823	14,823	600,000	100.00	19,515	3,188	3,188	
	Yangtze Energy Technologies, Inc.	Taiwan	Manufacturing and selling of electronic products	7,000	7,000	700,000	26.02	1,857	775	202	
Inpaq BVI	Inpaq Cayman	Cayman Islands	Holding company	863,615	852,223	27,150,000	100.00	2,274,263	353,153	353,153	
	Inpaq (HK) Co., Limited	Hong Kong	Holding company	277,988	277,988	66,857,629	100.00	2,641	9	9	
Inpaq Technology (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	Hong Kong	Holding company	122,240	122,240	4,000,000	100.00	(45,710)	(103,000)	(103,000)	
Holypaq (HK) Co., Limited	Taiwan Inpaq Electronic Co., Ltd.	Taiwan	Manufacturing and selling of electronic products	122,240	122,240	-	100.00	(45,710)	(103,000)	(103,000)	

Note 1: The share of the profit or loss of associates and joint ventures accounted for using the equity method of each company included in the consolidated financial statements, the investments accounted for using the equity method in the investees, and the net equity of investees have been fully offset.

Note 2: Information on investments in mainland China please refer to Table 9.

Note 3: The average exchange rate as of December 31, 2020 is used to convert the foreign currencies into Taiwan dollars.

The average exchange rate as of December 31, 2020 is USD to NTD = 1:28.10.
The average exchange rate as of December 31, 2020 is JPY to USD = 1:0.0097.
The average exchange rate as of December 31, 2020 is SGD to USD = 1:0.7557.
The average exchange rate as of December 31, 2020 is HKD to USD = 1:0.1290.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Dongguan Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	\$ 3,608,040 (US\$ 128,400,000)	Note 1	\$ 2,557,100 (US\$ 91,000,000)	\$ -	\$ -	\$ 2,557,100 (US\$ 91,000,000)	\$ 1,451,015	100.00	\$ 1,451,015	\$ 12,390,734	\$ 68,340 (US\$ 2,432,032)
Suzhou Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	1,938,900 (US\$ 69,000,000)	Note 1	1,938,900 (US\$ 69,000,000)	-	-	1,938,900 (US\$ 69,000,000)	366,948	100.00	366,948	4,775,417	45,473 (US\$ 1,618,250)
Dongguan Huafai Trading Co., Ltd.	Trading of electronic parts, warehousing and commission agency	56,200 (US\$ 2,000,000)	Note 1	56,200 (US\$ 2,000,000)	-	-	56,200 (US\$ 2,000,000)	355,170	100.00	355,170	2,090,939	-
Pan Overseas (Guangzhou) Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	463,650 (US\$ 16,500,000)	Note 1	359,960 (US\$ 12,809,965)	-	-	359,960 (US\$ 12,809,965)	104,542	100.00	104,542	956,928	216,852 (US\$ 7,717,169)
GHPW Enterprise Corporation (Chongqing) Limited.	Business consultations, business management, consultation services and property management	674,400 (US\$ 24,000,000)	Note 1	168,600 (US\$ 6,000,000)	-	-	168,600 (US\$ 6,000,000)	(6,390)	25.00	(1,598)	143,126	-
Suzhou Walsin Color Trading Co., Ltd.	Trading of electronic parts and commission agency	455,220 (US\$ 16,200,000)	Note 1	216,370 (US\$ 7,700,016)	-	-	216,370 (US\$ 7,700,016)	(1,160)	39.32	(456)	129,770	10,582 (US\$ 376,582)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,285,943 (RMB 530,000,000) (Note 3)	Note 1	-	-	-	-	(27,768)	25.65	(7,123)	555,085	-
Chongqing Ruishuang Technology Co., Ltd.	Selling of electronic components, real estate investment and leasing	113,124 (RMB 26,228,000) (Note 4)	Note 1	-	-	-	-	(4,661)	34.54	(1,610)	32,938	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company audited by the attesting CPA of the Taiwan parent company.

Note 3: It was invested RMB135,960,000 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

Note 4: It was invested RMB8,605,548.46 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

(Continued)

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$4,983,085 (US\$177,333,969) (Note 2)	\$5,085,333 (US\$180,972,706) (Note 2)	(Note)

Note: In accordance with Article 3 of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" on August 29, 2008, enterprises within the scope of operations of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs are exempt. The Company is an enterprise that has been recognized as the operational headquarters of the said Regulations. The validity period is from June 28, 2018 to June 27, 2021, so there is no upper limit on the amount of Mainland China Investments.

3. Significant transactions with investee companies in mainland china, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

Investee Company	Transaction Type	Relationship	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Dongguan Walsin Technology Electronics Co., Ltd	Sub-subsiary	Sales	\$ 7,234,112	No significant difference with normal transactions	90-120 days T/T	No significant difference	\$ 1,731,027	42	\$ 337,711
		Purchases	2,532,092	"	"	"	(560,862)	2	-
Suzhou Walsin Technology Electronics Co., Ltd.	Sub-subsiary	Sales	2,371,803	No significant difference with normal transactions	90-120 days T/T	No significant difference	679,825	17	148,214

Note 1: The average exchange rate as of December 31, 2020 was US\$ to NT\$= 1:28.10.

The yearly average exchange rate of 2020 was US\$ to NT\$= 1:29.5490.

4. Circumstances in which mainland investment companies provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.
5. Circumstances of financing provided with mainland investment companies directly or indirectly through a third region: Detailed attached Table 1.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic parts and ceramic components	\$ 337,200 (US\$ 12,000,000)	Note 1	\$ 337,200 (US\$ 12,000,000)	\$ -	\$ -	\$ 337,200 (US\$ 12,000,000)	\$ 23,829	100.00	\$ 23,829	\$ 670,181	\$ 71,294 (US\$ 2,537,141)
Dongguan Frontier Electronic Co., Ltd.	Selling of transformer, coils and rectifier diode	171,410 (US\$ 6,100,000)	Note 1	171,410 (US\$ 6,100,000)	-	-	171,410 (US\$ 6,100,000)	92,519	100.00	92,519	310,289	92,145 (US\$ 3,279,186)
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic component	449,600 (US\$ 16,000,000)	Note 1	449,600 (US\$ 16,000,000)	-	-	449,600 (US\$ 16,000,000)	(1,491)	100.00	(1,491)	364,674	-
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,285,943 (RMB 530,000,000) (Note 5)		-	-	-	-	(27,775)	20.43	(5,675)	442,124	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	233,434 (RMB 54,122,000) (Note 6)	Note 1	-	-	-	-	(9,641)	13.04	(1,265)	25,641	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	674,400 (US\$ 24,000,000)	Note 1	67,440 (US\$ 2,400,000)	-	-	67,440 (US\$ 2,400,000)	(6,392)	10.00	(639)	57,250	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode	168,600 (US\$ 6,000,000)	Note 1	118,020 (US\$ 4,200,000)	-	-	118,020 (US\$ 4,200,000)	(11,956)	70.00	(8,369)	94,675	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company audited by the attesting CPA of the Taiwan parent company.

Note 3: The average exchange rate as of December 31, 2020 is used to convert the foreign currencies into Taiwan dollars except for the investment gains and losses of the current period (converted at yearly average exchange rate of year 2020) if the relevant figures in this table involve foreign currencies.

Note 4: It was invested RMB108,290,000 with the own funds of PDC Electronics (Suzhou) Co., Ltd.

Note 5: It was invested RMB7,055,500 with the own funds of Frontier Electronic (Chong Qing) Co., Ltd., which has been transferred to Dongguan Frontier Electronic Co., Ltd. in December 2017.

(Continued)

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,277,913 US\$45,477,329	\$1,426,258 US\$50,756,516	(Note 2)

Note 1: The average exchange rates as of December 31, 2020 are as follows:

USD to NTD = 1:28.10
RMB to NTD = 1:4.3131

The yearly average exchange rates of year 2020 are as follows:

USD to NTD = 1:29.5490
RMB to NTD = 1:4.2827

Note 2: In accordance with Article 3 of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" on August 29, 2008, enterprises within the scope of operations of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs are exempt. The Company is an enterprise that has been recognized as the operational headquarters of the said Regulations. The validity period is from July 17, 2018 to July 16, 2021, so there is no upper limit on the amount of Investments in mainland China.

3. Significant transactions with investee companies in mainland china, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

Investee Company	Transaction Type	Relationship	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Hunan Frontier Electronics Co., Ltd.	Subsidiary	Purchase	\$ 209,931	No significant difference with normal transactions	T/T	No significant difference	\$ (84,432)	(16)	\$ -

4. Circumstances in which mainland investment companies provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.

5. Circumstances of financing provided with mainland investment companies directly or indirectly through a third region: Detailed attached Table 1.

6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF xxx
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Inpaq Technology (Suzhou) Co., Ltd.	Manufacturing and selling of passive electronic components, etc.	\$ 360,643	Note 1	\$ 360,643	\$ -	\$ -	\$ 360,643	\$ 298,500	100	\$ 298,500 (Note 2)	\$ 1,542,193	\$ 361,325
Inpaq Trading (Suzhou) Co., Ltd.	Selling of passive electronic components	23,179	Note 1	23,179	-	-	23,179	95	100	95 (Note 2)	134	-
Inpaq Technology (China) Co., Ltd.	Manufacturing and selling of passive electronic components, etc.	755,545	Note 1	744,153	11,392	-	755,545	52,666	100	52,666 (Note 2)	708,781	-
Inpaq Trading (Suzhou) Co., Ltd.	Selling of passive electronic components	9,463	Note 5	-	-	-	-	1,598	100	1,598 (Note 2)	22,338	-

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,139,367	\$1,139,367	\$3,086,591

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company audited by the attesting CPA of the Taiwan parent company.

Note 3: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", the Company's accumulated investment in the Mainland China does not exceed the upper limit of the investment amount or proportion set by the competent authority.

Note 4: Related transactions and the ending balance have been eliminated in the consolidated report.

Note 5: It was invested by Inpaq Technology (Suzhou) Co., Ltd. with its own funds, so it is excluded from the calculation of the investment quota.

WALSIN TECHNOLOGY CORPORATION**INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Walsin Lihwa Corporation	88,902,325	18.30%
HannStar Board Corporation	36,267,115	7.46%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

6.5 A Parent Company Only Financial Statement for the Most Recent Fiscal Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

We have audited the accompanying financial statements of Walsin Technology 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements 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 key audit matter of the Company's financial statements for the year ended December 31, 2020 is described as follows:

Risk of Revenue Recognition

Walsin Technology Corporation's main source of revenue comes from multi-layer ceramic capacitors (MLCC), ceramic disc capacitors, chip resistors and radio frequency devices.

Due to higher proportion of MLCC's sales revenue and gross profit margin, revenue is recognized when the Company satisfies the performance obligations in accordance with the customer orders or contracts. Therefore, recognition of revenue from sales of MLCC was deemed as a key audit matter of the Company's financial statements for the year ended December 31, 2020.

Our audit procedures performed in response to the abovementioned key audit matter included understanding the design and implementation of key internal controls and testing the effectiveness of relevant controls over sales revenue, and selecting samples of revenue items to verify the occurrence of transactions.

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 the 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 audits resulting in this independent auditors' report are Chin-Chuan Shih and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

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

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

WALSIN TECHNOLOGY 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 (Notes 4 and 6)	\$ 775,955	1	\$ 805,133	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	347,920	-	214,194	-
Financial assets at amortized cost - current (Notes 4, 9 and 27)	2,941,109	5	-	-
Notes receivable from unrelated parties (Notes 4 and 10)	19,900	-	17,070	-
Trade receivables from unrelated parties (Notes 4 and 10)	1,074,490	2	838,036	2
Trade receivables from related parties (Notes 4, 10 and 26)	2,995,986	5	933,057	2
Finance lease receivable - current (Note 4)	17,862	-	15,716	-
Other receivables	72,352	-	95,396	-
Other receivables from related parties (Notes 4 and 26)	2,792,546	4	42,630	-
Inventories (Notes 4 and 11)	1,661,109	3	1,243,664	2
Other current assets	119,633	-	60,058	-
Total current assets	<u>12,818,862</u>	<u>20</u>	<u>4,264,954</u>	<u>8</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	12,957	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,454,006	4	1,621,048	3
Investments accounted for using the equity method (Notes 4 and 12)	35,580,910	55	34,390,451	68
Property, plant and equipment (Notes 4 and 13)	12,842,862	20	10,259,785	20
Right-of-use assets (Notes 4 and 14)	258,220	1	101,543	-
Investment properties (Notes 4 and 15)	119,582	-	121,485	-
Computer software (Note 4)	85,251	-	1,762	-
Deferred tax assets (Notes 4 and 21)	239,000	-	226,992	1
Guarantee deposits paid (Note 27)	31,929	-	55,174	-
Finance lease receivables - non-current (Note 4)	35,858	-	56,755	-
Other non-current assets	43,114	-	1,287	-
Total non-current assets	<u>51,703,689</u>	<u>80</u>	<u>46,836,282</u>	<u>92</u>
TOTAL	<u>\$ 64,522,551</u>	<u>100</u>	<u>\$ 51,101,236</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 5,867,081	9	\$ 6,445,000	13
Short-term bills payable (Note 16)	99,980	-	-	-
Trade payables to unrelated parties	1,386,009	2	634,486	1
Trade payables to related parties (Notes 4 and 26)	888,048	2	1,519,994	3
Payables for equipment (Note 26)	2,122,104	3	1,446,898	3
Other payables (Notes 4 and 26)	2,282,253	4	2,189,708	4
Lease liabilities - current (Notes 4 and 14)	50,043	-	40,320	-
Current tax liabilities (Notes 4 and 21)	848,554	1	358,217	1
Other current liabilities	26,536	-	27,876	-
Total current liabilities	<u>13,570,608</u>	<u>21</u>	<u>12,662,499</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	4,593,360	7	-	-
Long-term borrowings (Note 16)	7,194,748	11	4,400,000	9
Current tax liabilities - non-current (Notes 4 and 21)	67,501	-	-	-
Deferred tax liabilities (Notes 4 and 21)	144,341	-	39,341	-
Lease liabilities - non-current (Notes 4 and 14)	215,856	1	76,429	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	109,044	-	87,274	-
Guarantee deposits received	6,631	-	6,631	-
Total non-current liabilities	<u>12,331,481</u>	<u>19</u>	<u>4,609,675</u>	<u>9</u>
Total liabilities	<u>25,902,089</u>	<u>40</u>	<u>17,272,174</u>	<u>34</u>
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	4,858,000	8	4,858,000	9
Bond conversion entitlement certificates	43	-	-	-
Capital surplus	6,006,342	9	5,619,231	11
Retained earnings				
Legal reserve	3,286,566	5	2,619,557	5
Special reserve	1,097,541	2	1,097,541	2
Unappropriated earnings	22,302,162	34	19,126,043	38
Other equity				
Exchange differences on translating foreign operations	(2,517,167)	(4)	(2,226,191)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,586,975	6	2,770,641	5
Treasury shares	-	-	(35,760)	-
Total equity	<u>38,620,462</u>	<u>60</u>	<u>33,829,062</u>	<u>66</u>
TOTAL	<u>\$ 64,522,551</u>	<u>100</u>	<u>\$ 51,101,236</u>	<u>100</u>

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

WALSIN TECHNOLOGY 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	%
NET SALES (Notes 4 and 26)	\$ 17,854,068	100	\$ 15,253,884	100
COST OF SALES (Notes 11 and 26)	<u>12,969,538</u>	<u>72</u>	<u>12,823,316</u>	<u>84</u>
GROSS PROFIT	4,884,530	28	2,430,568	16
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(337,222)</u>	<u>(2)</u>	<u>1,649,277</u>	<u>11</u>
REALIZED GROSS PROFIT	<u>4,547,308</u>	<u>26</u>	<u>4,079,845</u>	<u>27</u>
OPERATING EXPENSES				
Selling and marketing expenses	362,798	2	341,851	2
General and administrative expenses	442,281	3	318,356	2
Research and development expenses	<u>384,630</u>	<u>2</u>	<u>406,791</u>	<u>3</u>
Total operating expenses	<u>1,189,709</u>	<u>7</u>	<u>1,066,998</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>3,357,599</u>	<u>19</u>	<u>3,012,847</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	21,133	-	36,781	-
Rental income	1,214	-	1,685	-
Dividend income (Note 26)	50,649	-	90,344	1
Gain from bargain purchase (Note 12)	51,912	-	-	-
Other income	55,950	-	105,045	1
Gain on disposal of property, plant and equipment	7,257	-	27,926	-
(Loss) gain on disposal of investments (Note 12)	(94,921)	-	2,951	-
Gain on financial assets at FVTPL	106,343	1	47,227	-
Other expenses	(1,718)	-	(1,744)	-
Foreign exchange loss, net	(151,654)	(1)	(10,818)	-
Interest expense	(146,762)	(1)	(74,292)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	<u>4,054,625</u>	<u>23</u>	<u>4,444,585</u>	<u>29</u>
Total non-operating income and expenses	<u>3,954,028</u>	<u>22</u>	<u>4,669,690</u>	<u>31</u>
PROFIT BEFORE INCOME TAX	7,311,627	41	7,682,537	51
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(679,373)</u>	<u>(4)</u>	<u>(1,033,631)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>6,632,254</u>	<u>37</u>	<u>6,648,906</u>	<u>44</u>

(Continued)

WALSIN TECHNOLOGY 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	\$ (25,791)	-	\$ 14,277	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	534,004	3	88,217	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	190,895	1	1,019,269	7
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>(338,411)</u>	<u>(2)</u>	<u>(1,092,400)</u>	<u>(7)</u>
Other comprehensive income for the year, net	<u>360,697</u>	<u>2</u>	<u>29,363</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				
	<u>\$ 6,992,951</u>	<u>39</u>	<u>\$ 6,678,269</u>	<u>44</u>
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	<u>\$ 13.66</u>		<u>\$ 13.72</u>	
Diluted	<u>\$ 13.44</u>		<u>\$ 13.69</u>	

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

(Concluded)

WALSIN TECHNOLOGY 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			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2019	485,800	\$ 4,858,000	\$ -	\$ 5,388,015	\$ 649,101	\$ 1,097,541	\$ 22,344,950	\$ (1,133,791)	\$ 1,701,182	\$ (210,590)	\$ 34,694,408
Appropriation of the 2018 earnings (Note 19)											
Legal reserve	-	-	-	-	1,970,456	-	(1,970,456)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(7,918,540)	-	-	-	(7,918,540)
Other changes in capital surplus											
Change in capital surplus from associates accounted for using the equity method	-	-	-	84,819	-	-	(31,121)	-	-	-	53,698
Changes in percentage of ownership interests in subsidiaries	-	-	-	2,267	-	-	-	-	-	-	2,267
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	6,648,906	-	-	-	6,648,906
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	16,556	(1,092,400)	1,105,207	-	29,363
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	6,665,462	(1,092,400)	1,105,207	-	6,678,269
Acquisition of treasury shares (Note 19)	-	-	-	144,130	-	-	-	-	-	174,830	318,960
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	35,748	-	(35,748)	-	-
BALANCE, DECEMBER 31, 2019	485,800	4,858,000	-	5,619,231	2,619,557	1,097,541	19,126,043	(2,226,191)	2,770,641	(35,760)	33,829,062
Appropriation of the 2019 earnings (Note 19)											
Legal reserve	-	-	-	-	667,009	-	(667,009)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,671,900)	-	-	-	(2,671,900)
Other changes in capital surplus (Note 19)											
Equity component of convertible bonds issued by the Company	-	-	-	253,440	-	-	-	-	-	-	253,440
Change in capital surplus from associates accounted for using the equity method	-	-	-	8,597	-	-	-	-	-	-	8,597
Actual disposal of interests in subsidiaries (Note 12)	-	-	-	(5)	-	-	13	5	(13)	-	-
Disposal of investments accounted for using the equity method	-	-	-	(101)	-	-	(50,092)	47,430	50,092	-	47,329
Changes in percentage of ownership interests in subsidiaries	-	-	-	9,612	-	-	-	-	-	-	9,612
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	6,632,254	-	-	-	6,632,254
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(30,074)	(338,411)	729,182	-	360,697
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	6,602,180	(338,411)	729,182	-	6,992,951
Convertible bonds converted to ordinary shares	4	-	43	911	-	-	-	-	-	-	954
Transfer of treasury shares to employees (Note 19)	-	-	-	114,657	-	-	-	-	-	35,760	150,417
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(37,073)	-	37,073	-	-
BALANCE, DECEMBER 31, 2020	485,804	\$ 4,858,000	\$ 43	\$ 6,006,342	\$ 3,286,566	\$ 1,097,541	\$ 22,302,162	\$ (2,517,167)	\$ 3,586,975	\$ -	\$ 38,620,462

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

WALSIN TECHNOLOGY 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		
Profit before income tax	\$ 7,311,627	\$ 7,682,537
Adjustments for:		
Depreciation expense	1,958,006	1,479,389
Amortization expense	9,804	1,469
Expected credit loss recognized (reversed) on trade receivables	-	(270)
Net gain on financial assets at FVTPL	(106,343)	(47,227)
Interest expense	146,762	74,292
Interest income	(21,133)	(36,781)
Dividend income	(50,649)	(90,344)
Compensation cost of employee share options	114,765	144,654
Share of profit of subsidiaries and associates accounted for using the equity method	(4,054,625)	(4,444,585)
Gain on disposal of property, plant and equipment	(7,257)	(27,926)
Loss (gain) on disposal of investments	94,921	(2,951)
Impairment (gain) loss recognized on property, plant and equipment	(4,683)	127,054
(Reversal of) write-downs of inventories	(56,231)	114,697
Unrealized (realized) gross profit on the transactions with subsidiaries and associates	337,222	(1,649,277)
Realized gain on transactions with associates	(43,187)	-
Net loss (gain) on foreign currency exchange	24,252	(39,716)
Gain from bargain purchase	(51,912)	-
Gain on modification of lease	-	(136)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	2,951
Notes receivable from unrelated parties	(2,830)	126,065
Trade receivables from unrelated parties	(235,701)	1,671,247
Trade receivables from related parties	(2,099,488)	2,966,266
Other receivables from unrelated parties	24,274	(18,274)
Other receivables from related parties	(117,784)	40,697
Inventories	(361,214)	527,335
Other current assets	(59,575)	72,956
Trade payables to unrelated parties	787,918	(326,142)
Trade payables to related parties	(667,695)	1,305,184
Other payables	89,140	(514,926)
Other current liabilities	(1,340)	(8,835)
Other non-current liabilities	(4,021)	(3,334)
Cash generated from operations	2,953,023	9,126,069
Interest received	19,903	38,301
Dividend received	393,717	557,708
Interest paid	(100,291)	(71,978)
Income tax paid	(28,543)	(2,746,437)
Net cash generated from operating activities	<u>3,237,809</u>	<u>6,903,663</u>

(Continued)

WALSIN TECHNOLOGY 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	\$ (596,802)	\$ (16,747)
Proceeds from financial assets at fair value through other comprehensive income	-	17,813
Proceeds from capital return of financial assets at fair value through other comprehensive income	519	1,189
Purchase of financial assets at amortized cost	(2,941,109)	-
Purchase of financial assets at fair value through profit or loss	(175,922)	-
Proceeds from financial assets at fair value through profit or loss	147,316	-
Acquisition of associates	(294,309)	(190,245)
Proceeds from capital return of investments accounted for using the equity method	881,298	799,496
Payments for property, plant and equipment	(3,942,552)	(4,980,804)
Proceeds from disposal of property, plant and equipment	106,397	76,715
Decrease in guarantee deposits paid	23,245	14,344
Payments for intangible assets	(72,730)	-
(Decrease) increase in receivables from related parties for advances or borrowings	(817,710)	491,440
Decrease in finance lease receivables	13,858	19,005
Increase in prepayments for other	(43,114)	-
Net cash used in investing activities	<u>(7,711,615)</u>	<u>(3,767,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(563,535)	3,100,000
Increase (decrease) in short-term bills payable	99,734	(689,842)
Proceeds from issuance of bonds payable	4,800,000	-
Increase in long-term borrowings	2,794,748	1,285,000
Decrease in guarantee deposits received	-	(44,242)
Repayment of the principal portion of lease liabilities	(45,071)	(49,767)
Cash dividends	(2,671,900)	(7,918,540)
Proceeds from transfer of treasury shares to employees	35,652	174,306
Payments for transaction costs attributable to the issue of bonds	(5,000)	-
Net cash generated from (used in) financing activities	<u>4,444,628</u>	<u>(4,143,085)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,178)	(1,007,216)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>805,133</u>	<u>1,812,349</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 775,955</u>	<u>\$ 805,133</u>

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Walsin Technology Corporation (the “Company”) was incorporated in the Republic of China (ROC) on July 29, 1970 and is engaged in the design, development and manufacture of semiconductors and LED (light-emitting diode) chips. On July 1, 1992, the Company purchased the machinery, equipment and inventory of the electronic department of Walsin Lihwa Corporation and changed its main operations to become the manufacture and sale of passive components. The Company’s ordinary shares began trading on the Taipei Exchange on November 21, 1997, and transferred listing of its shares for trading on the Taiwan Stock Exchange on September 17, 2001.

The Company’s main business location is located at No. 566-1, Gaoshi Road, Yangmei District, Taoyuan City, Taiwan, R.O.C.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 25, 2021.

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

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

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

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

The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the above-mentioned rent concessions need to be accounted for as lease modifications.

The Company applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled

all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

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

4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

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

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

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

6) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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

7) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period, and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the U.S. dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

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

e. Inventories

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

f. Investments accounted for using the equity method

Investments accounted for using the equity method include investments in subsidiaries and associates.

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

Investments in associates

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

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

i. Intangible assets

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

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

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

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

cash-generating units on a reasonable and consistent basis of allocation.

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

l. Provisions

Provisions, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of passive components. Sales of passive components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the COVID-19 to change the lease payments originally due by December 31, 2020, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to [all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees. The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

s. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss

carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgments

a. Significant influence over associates

- 1) The Company has significant influence over an investee even though the Company holds less than 20% of the voting rights of the investee

As stated in Note 12, Silitech Technology Corporation is an associate of the Company although the Company holds less than 20% of the voting rights. The Company has significant influence over the aforesaid company by virtue of the right to appoint and remove directors from the board of directors after consideration by the management.

- 2) The Company is the single largest shareholder with less than 50% of the voting rights in an investee, it does not have control but has significant influence over the investee

As stated in Note 12, the Company is the single largest shareholder with 20.32% (included the shares held by Prosperity Dielectrics Co., Ltd. for a total of 21.39%) of the voting rights in HannStar Board Corporation. Considering the size of the Company's holding of voting rights relative to the size and dispersion of the other shareholders, the Company cannot direct the relevant

activities of and does not have control over HannStar Board Corporation. Consequently, the management considered the Company as exercising significant influence over HannStar Board Corporation and, therefore, classified HannStar Board Corporation as an associate.

b. Control over subsidiaries

As stated in Note 12, Prosperity Dielectrics Co., Ltd. is a subsidiary of the Company although the Company holds less than half of the voting rights in Prosperity Dielectrics Co., Ltd. After considering the Company's absolute size of holdings in Prosperity Dielectrics Co., Ltd. and the relative size and dispersion of the shareholdings of the other shareholders, the Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Prosperity Dielectrics Co., Ltd., and therefore, the Company has control over Prosperity Dielectrics Co., Ltd.

As stated in Note 12, Inpaq Technology Co., Ltd. is a subsidiary of the Company although the Company holds less than half of the voting rights in Inpaq Technology Co., Ltd. After considering the Company's absolute size of holdings in Inpaq Technology Co., Ltd. and the relative size and dispersion of the shareholdings of the other shareholders, the Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Inpaq Technology Co., Ltd., and therefore, the Company has control over Inpaq Technology Co., Ltd.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 1,051	\$ 1,273
Checking accounts and demand deposits	266,057	677,884
Cash equivalents		
Time deposits with original maturity of less than 3 months	508,847	35,976
Repurchase agreements collateralized by bonds	<u>-</u>	<u>90,000</u>
	<u>\$ 775,955</u>	<u>\$ 805,133</u>

a. The market rate intervals of cash in bank at the end of the reporting period were as follows (the market rate of checking accounts was 0%):

	December 31	
	2020	2019
Bank balance	0.001%-2.89%	0.001%-2.00%
Repurchase agreements collateralized by bonds	-	0.35%

b. Time deposits in the amounts of \$75,132 thousand and \$32,000 thousand as of December 31, 2020 and

2019, respectively, have been provided for tariff and court. The amounts were reported under financial assets at amortized cost and guarantee deposits paid (refer to Note 27).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2020	2019
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	<u>\$ 347,920</u>	<u>\$ 214,194</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Call option on domestic convertible corporate bonds	<u>\$ 12,957</u>	<u>\$ -</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2020	2019
<u>Non-current</u>		
Domestic investments		
Listed shares		
Walton Advanced Engineering Inc.	\$ 439,807	\$ 371,287
Gigabyte Technology Co., Ltd.	668,302	426,923
Walsin Lihwa Co., Ltd.	888,109	584,707
TECO Electric and Machinery Co., Ltd.	137,808	-
Unlisted shares		
Chin-Xin Investment Co., Ltd.	306,861	224,493
Euroc Venture Capital Corp.	1,006	1,525
Foreign investments		
Unlisted shares		
SAWNICS INC.	<u>12,113</u>	<u>12,113</u>
	<u>\$ 2,454,006</u>	<u>\$ 1,621,048</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Time deposits with original maturity of more than 3 months	<u>\$ 2,941,109</u>	<u>\$ -</u>

The market interest rate intervals of time deposits with original maturity of more than 3 months at the end of the reporting period were 0.07%-2.65%.

Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Notes receivable from unrelated parties	\$ 19,900	\$ 17,070
Less: Allowance for impairment loss	-	-
	<u>\$ 19,900</u>	<u>\$ 17,070</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Trade receivables from unrelated parties	\$ 1,084,420	\$ 847,313
Less: Allowance for impairment loss	(9,930)	(9,277)
	<u>\$ 1,074,490</u>	<u>\$ 838,036</u>
<u>Trade receivables from related parties (Note 26)</u>		
At amortized cost		
Trade receivables from related parties	\$ 2,995,986	\$ 933,057
Less: Allowance for impairment loss	-	-
	<u>\$ 2,995,986</u>	<u>\$ 933,057</u>

The average credit period of sales of goods was 90 to 120 days. No interest was charged on trade receivables. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by enterprise risk management division annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2020

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 1,073,637	\$ 19,546	\$ 10,534	\$ 31	\$ 572	\$ -	\$ 1,104,320
Loss allowance (Lifetime ECLs)	<u>(7,608)</u>	<u>(977)</u>	<u>(1,053)</u>	<u>(6)</u>	<u>(286)</u>	<u>-</u>	<u>(9,930)</u>
Amortized cost	<u>\$ 1,066,029</u>	<u>\$ 18,569</u>	<u>\$ 9,481</u>	<u>\$ 25</u>	<u>\$ 286</u>	<u>\$ -</u>	<u>\$ 1,094,390</u>

December 31, 2019

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 842,178	\$ 14,573	\$ 7,561	\$ 71	\$ -	\$ -	\$ 864,383
Loss allowance (Lifetime ECLs)	<u>(7,778)</u>	<u>(729)</u>	<u>(756)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>(9,277)</u>
Amortized cost	<u>\$ 834,400</u>	<u>\$ 13,844</u>	<u>\$ 6,805</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 855,106</u>

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

	December 31	
	2020	2019
Balance at January 1	\$ 9,277	\$ 9,436
Add: Reclassification of loss allowance for overdue receivables	653	111
Less: Amounts reversal	<u>-</u>	<u>(270)</u>

Balance at December 31	<u>\$ 9,930</u>	<u>\$ 9,277</u>
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The increase in loss allowance of \$653 thousand for the year ended December 31, 2020 resulted from the increase in new trade receivables of \$239,937 thousand. The decrease in loss allowance of \$159 thousand for the year ended December 31, 2019 resulted from the decrease in trade receivables of \$1,813,916 thousand.

11. INVENTORIES

	December 31	
	2020	2019
Raw materials	\$ 453,656	\$ 228,561
Supplies	32,972	29,273
Work in progress	513,727	290,814
Semi-finished goods	365,078	308,128
Finished goods	287,303	373,860
Inventory in transit	<u>8,373</u>	<u>13,028</u>
	<u>\$ 1,661,109</u>	<u>\$ 1,243,664</u>

The cost of goods sold for the years ended December 31, 2020 and 2019 was \$12,969,538 thousand and \$12,823,316 thousand, respectively, which included reversal of inventory write-down in the amount of \$56,231 thousand and inventory write-down in the amount of \$114,697 thousand, respectively. Inventory write-downs were reversed as a result of increased selling prices in certain markets.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 28,555,736	\$ 26,677,172
Investments in associates	<u>7,025,174</u>	<u>7,713,279</u>
	<u>\$ 35,580,910</u>	<u>\$ 34,390,451</u>

	December 31	
	2020	2019
Investment in Subsidiaries		
Listed shares		
Prosperity Dielectrics Co., Ltd. (“PDC”) (Note a)	\$ 2,238,446	\$ 1,910,356
Inpaq Technology Co., Ltd. (“INPAQ”) (Notes a and b)	1,916,246	-
Unlisted shares		
Pan Overseas (B.V.I.) Investments Co., Ltd. (“POE-BVI”)	2,059,992	1,961,696
Gallatown Developments Limited (“GDL”)	<u>22,341,052</u>	<u>22,805,120</u>
	<u>\$ 28,555,736</u>	<u>\$ 26,677,172</u>

Note a: Control over subsidiaries, please refer to Note 5(b)

Note b: Inpaq Technology Co., Ltd. is a subsidiary of the Company since June 2020. It was remeasured to fair value and \$47,409 thousand of loss on disposal of investments and \$51,912 thousand of gain from bargain purchase were incurred. The other comprehensive income and capital surplus was transferred to loss on disposal of investments. Unrealized loss on financial assets at FVTOCI was reclassified as reduction in retained earnings.

Investment in Associates	December 31	
	2020	2019
<u>Material associates</u>		
HannStar Board Corp. (“HannStar”) (Note)	\$ 5,825,893	\$ 5,095,293
<u>Associates that are not individually material</u>		
Inpaq Technology Co., Ltd. (“INPAQ”)	-	1,763,955
Silitech Technology Corporation (“Silitech”) (Note)	245,228	-
Walsin Color Corporation (“WC”)	887,637	809,878
Falcon Automation Equipment Corporation (“Falcon”)	<u>66,416</u>	<u>44,153</u>
	<u>\$ 7,025,174</u>	<u>\$ 7,713,279</u>

Note: Significant influence over associates, please refer to Note 5(a).

Share of profit (loss) of associates for the years ended December 31, 2020 and 2019 was summarized as follows:

	2020	2019
Subsidiaries		
PDC	\$ 347,849	\$ 336,136
POE-BVI	309,470	345,254
GDL	2,624,305	3,119,647
INPAQ	64,565	-
Material Associates		
HannStar	642,215	599,705
Associates that are not individually material		
WC	14,495	11,707
Falcon	23,043	1,083
INPAQ	23,009	31,053
Silitech	<u>5,674</u>	<u>-</u>
	<u>\$ 4,054,625</u>	<u>\$ 4,444,585</u>

The proportion of ownership and voting rights in subsidiaries and associates held by the Company were as follows:

Name of Associate	December 31	
	2020	2019
PDC	43.13%	43.13%
HannStar	20.32%	20.19%
POE-BVI	100.00%	100.00%
GDL	89.27%	89.54%
WC	26.62%	26.62%
Falcon	43.90%	43.90%
INPAQ	33.02%	33.02%
Silitech	15.00%	-

Refer to Table 7 “Information on Investments” for the nature of activities, principal places of business and countries of incorporation of the associates.

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

Name of Associate	December 31	
	2020	2019
PDC	<u>\$ 4,940,819</u>	<u>\$ 5,274,658</u>
HannStar	<u>\$ 4,654,967</u>	<u>\$ 4,355,133</u>
INPAQ	<u>\$ 3,230,690</u>	<u>\$ 1,763,457</u>
Silitech	<u>\$ 300,150</u>	<u>\$ -</u>

The share of profit or loss and other comprehensive income of the investments in subsidiaries and associates accounted for using the equity method for the years ended December 31, 2020 and 2019 were based on the associates’ audited financial statements for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ -	\$ 3,346,152	\$ 11,283,779	\$ 780,669	\$ 2,203,113	\$ 17,613,713
Additions	-	-	-	-	2,051,698	2,051,698
Disposals	-	(31,445)	(217,304)	(104,362)	-	(353,111)
Reclassified	<u>1,140,000</u>	<u>148,878</u>	<u>2,188,115</u>	<u>49,442</u>	<u>(2,340,893)</u>	<u>1,185,542</u>
Balance at December 31, 2019	<u>\$ 1,140,000</u>	<u>\$ 3,463,585</u>	<u>\$ 13,254,590</u>	<u>\$ 725,749</u>	<u>\$ 1,913,918</u>	<u>\$ 20,497,842</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ -	\$ 1,721,272	\$ 6,595,386	\$ 579,004	\$ -	\$ 8,895,662
Disposals	-	(20,632)	(147,565)	(95,082)	-	(263,279)
Reclassified	-	11,099	3,790	16,984	-	31,873
Depreciation expense	-	176,013	1,200,981	69,753	-	1,446,747
(Reversal of) impairment losses recognized in profit or loss	-	-	<u>127,054</u>	-	-	<u>127,054</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 1,887,752</u>	<u>\$ 7,779,646</u>	<u>\$ 570,659</u>	<u>\$ -</u>	<u>\$ 10,238,057</u>
Carrying amounts at December 31, 2019	<u>\$ 1,140,000</u>	<u>\$ 1,575,833</u>	<u>\$ 5,474,944</u>	<u>\$ 155,090</u>	<u>\$ 1,913,918</u>	<u>\$ 10,259,785</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 1,140,000	\$ 3,463,585	\$ 13,254,590	\$ 725,749	\$ 1,913,918	\$ 20,497,842
Additions	-	-	-	-	4,617,758	4,617,758
Disposals	-	(8,705)	(310,429)	(65,885)	(95,841)	(480,860)
Reclassified	<u>4,368</u>	<u>1,449,728</u>	<u>2,199,379</u>	<u>181,410</u>	<u>(3,854,161)</u>	<u>(19,276)</u>
Balance at December 31, 2020	<u>\$ 1,144,368</u>	<u>\$ 4,904,608</u>	<u>\$ 15,143,540</u>	<u>\$ 841,274</u>	<u>\$ 2,581,674</u>	<u>\$ 24,615,464</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 1,887,752	\$ 7,779,646	\$ 570,659	\$ -	\$ 10,238,057
Disposals	-	(6,765)	(310,215)	(64,740)	-	(381,720)
Reclassified	-	241,597	1,604,415	74,936	-	1,920,948
Depreciation expense	-	-	(4,683)	-	-	(4,683)
(Reversal of) impairment losses recognized in profit or loss	-	-	-	-	-	-

Balance at December 31, 2020	\$ <u> -</u>	\$ <u> 2,122,584</u>	\$ <u> 9,069,163</u>	\$ <u> 580,855</u>	\$ <u> -</u>	\$ <u> 11,772,602</u>
Carrying amounts at December 31, 2020	\$ <u> 1,144,368</u>	\$ <u> 2,782,024</u>	\$ <u> 6,074,377</u>	\$ <u> 260,419</u>	\$ <u> 2,581,674</u>	\$ <u> 12,842,862</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Electrical mechanical and power equipment	10 years
Engineering system	8 years
Others	3-6 years
Machinery and equipment	1-7 years
Other equipment	3-8 years
Leased improvement	3-5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 201,642	\$ 32,837
Buildings	48,613	57,579
Transportation equipment	2,110	2,678
Other equipment	<u>5,855</u>	<u>8,449</u>
	<u>\$ 258,220</u>	<u>\$ 101,543</u>
	For the Year Ended December	
	31	
	2020	2019
Additions to right-of-use assets	<u>\$ 192,750</u>	<u>\$ 25,233</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,278	\$ 4,328
Buildings	24,947	22,505
Transportation equipment	2,336	2,189
Other equipment	<u>2,594</u>	<u>1,716</u>
	<u>\$ 35,155</u>	<u>\$ 30,738</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 50,043</u>	<u>\$ 40,320</u>
Non-current	<u>\$ 215,856</u>	<u>\$ 76,429</u>

Range of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land	1.00%-1.33%	1.33%
Buildings	1.00%-1.33%	1.33%
Transportation equipment	0.98%-4.93%	0.98%-4.93%
Other equipment	0.98%	0.98%

c. Material leasing activities and terms

Because the market conditions are severely affected by COVID-19 in 2020, the Company negotiated with Kaohsiung Branch of Export Processing Zone Administration, MOEA for land lease concessions. Kaohsiung Branch of Export Processing Zone Administration, MOEA agreed to provide unconditional rent reduction of 20% from July 1 to December 31, 2020. The Company recognized the impact of rent concession in profit or loss, of which operating cost and operating expense amounted to \$423 thousand and \$28 thousand, respectively, for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31, 2020
Expenses relating to short-term leases	<u>\$ 85,484</u>
Expenses relating to low-value asset leases	<u>\$ 457</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 584</u>
Total cash outflow for leases	<u>\$ 131,596</u>

15. INVESTMENT PROPERTIES

	December 31	
	2020	2019
Cost	\$ 246,299	\$ 246,299
Accumulated depreciation	(52,000)	(50,097)
Accumulated impairment	<u>(74,717)</u>	<u>(74,717)</u>
	<u>\$ 119,582</u>	<u>\$ 121,485</u>

The investment properties held by the Company are depreciated over their estimated useful lives of 14 to 45 years using the straight-line method.

Management was unable to reliably measure the fair value of investment properties located in Tainan because the properties are not located in industrial zone with favorable conditions and the market for comparable properties is inactive and alternative reliable measurements of fair value are not available.

The Company's land revaluation increments as of December 31, 2020 and 2019 were both \$22,804 thousand.

16. BORROWINGS

a. Short-term borrowings

	December 31			
	2020		2019	
	Interest Rate	Amount	Interest Rate	Amount
Unsecured borrowings				
Line of credit borrowings	0.65%-0.795%	<u>\$ 5,867,081</u>	0.88%-0.92%	<u>\$ 6,445,000</u>

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 100,000	\$ -
Less: Unamortized discount on bills payable	<u>(20)</u>	<u>-</u>
	<u>\$ 99,980</u>	<u>\$ -</u>

The annual effective interest rate of the above-mentioned commercial paper for the year ended December 31, 2020 was 0.828%.

c. Long-term borrowings

	December 31	
	2020	2019
Hua Nan Commercial Bank		
Unsecured loan; loan period is from August 28, 2019 to August 28, 2022. The principal is repayable in full upon maturity.	\$ 600,000	\$ 600,000
Hua Tai Bank		
Unsecured loan; loan period is from August 29, 2018 to February 28, 2021. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	300,000
Taishin Bank		
Unsecured loan; loan period is from May 31, 2019 to May 31, 2022. The principal is repayable in full upon maturity. As of December 31, 2020, the principal has been repaid in full in advance.	-	200,000
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023.	10,000	-
Taiwan Cooperative Bank		
Unsecured loan; loan period is from August 28, 2019 to August 28, 2022. As of December 31, 2020, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from December 19, 2019 to August 28, 2022. As of December 31, 2020, the principal has been repaid in full in advance.	-	400,000

(Continued)

	December 31	
	2020	2019
Bank of Taiwan		
Unsecured loan; loan period is from August 28, 2020 to August 28, 2022. The principal was repaid \$80,000 thousand, the remaining principal is repayable in full upon maturity.	\$ 1,200,000	\$ 2,000,000
Unsecured loan; loan period is from March 18, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	32,703	-
Unsecured loan; loan period is from April 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	43,445	-
Unsecured loan; loan period is from May 7, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	44,320	-
Unsecured loan; loan period is from July 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	17,490	-
Unsecured loan; loan period is from July 20, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	5,280	-
Unsecured loan; loan period is from August 10, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	61,470	-
Unsecured loan; loan period is from September 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	68,630	-
Unsecured loan; loan period is from October 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	66,390	-
Unsecured loan; loan period is from November 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	67,160	-
Unsecured loan; loan period is from December 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	57,860	-
E.SUN Bank		
Unsecured loan; loan period is from August 28, 2019 to August 27, 2021. As of December 31, 2020, the principal has been repaid in full in advance.	-	300,000
Unsecured loan; loan period is from April 8, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	600,000	-
Unsecured loan; loan period is from April 20, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	400,000	-
Unsecured loan; loan period is from December 24, 2020 to December 23, 2022. The principal is repayable in full upon maturity.	100,000	-
Entie Bank		
Unsecured loan; loan period is from August 28, 2019 to February 9, 2021. As of December 31, 2020, the principal has been repaid in full in advance.	-	300,000
Unsecured loan; loan period is from October 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity.	100,000	-
Unsecured loan; loan period is from November 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity.	200,000	-

(Continued)

	December 31	
	2020	2019
Cathay Bank		
Unsecured loan; loan period is from August 26, 2020 to August 26, 2022. The principal is repayable in full upon maturity.	\$ 200,000	\$ -
Unsecured loan; loan period is from August 28, 2019 to August 28, 2021. As of December 31, 2020, the principal has been repaid in full in advance.	-	200,000
KGI Bank		
Unsecured loan; loan period is from August 25, 2020 to August 25, 2022. The principal is repayable in full upon maturity.	1,000,000	-
Unsecured loan; loan period is from February 17, 2020 to January 3, 2023. The principal is repayable in full upon maturity.	990,000	-
First Bank		
Unsecured loan; loan period is from April 30, 2020 to April 15, 2025. The principal is repayable on May 15, 2023.	340,000	-
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable on May 15, 2023.	160,000	-
Chang Hwa Bank		
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable on May 15, 2023.	10,000	-
Unsecured loan; loan period is from July 24, 2020 to July 24, 2023. The principal is repayable in full upon maturity.	100,000	-
Unsecured loan; loan period is from August 20, 2020 to July 24, 2023. The principal is repayable in full upon maturity.	300,000	-
SinoPac Bank		
Unsecured loan; loan period is from May 20, 2020 to May 15, 2025. The principal is repayable on June 15, 2023.	10,000	-
Taipei Fubon Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023.	10,000	-
Hua Nan Commercial Bank		
Unsecured loan; loan period is from November 30, 2020 to August 28, 2022. The principal is repayable in full upon maturity.	<u>400,000</u>	<u>-</u>
	7,194,748	4,400,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings total	<u>\$ 7,194,748</u>	<u>\$ 4,400,000</u> (Concluded)

The annual effective interest rate intervals of the above-mentioned borrowings for the years ended December 31, 2020 and 2019 were 0.450%-1.000% and 1.200%-1.295%, respectively.

The Company should maintain certain financial ratios in its annual and semiannual financial statements during the loan term.

17. BONDS PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Unsecured domestic convertible bonds	<u>\$ 4,593,360</u>	<u>\$ -</u>

On April 29, 2020, the Company issued the first four-year unsecured convertible bonds in Taiwan, with a total amount of \$4,800,000 thousand, face value of \$100 thousand and coupon rate of 0%. Besides, the terms and conditions of the bonds are as follows:

- a. Conversion period: Between July 30, 2020 and April 29, 2024.
- b. Conversion price: The initial conversion price was \$240 per share. Afterwards, there was subsequent change in share capital (i.e., issuance of share dividends, free allotment of shares, and cash capital increase, etc.). The conversion price shall be adjusted according to the prescribed calculation. The conversion price on December 31, 2020 was \$232.6 per share.
- c. Redemption:
 - 1) Redeem the bonds upon maturity: The principal is fully redeemed upon maturity.
 - 2) Redeem the bonds in advance: The Company may redeem the bonds, in whole or in part at face value from the date following 3 months of the expiry of the issuance to the 40th day of the expiry of the issuance period, if the closing price of the ordinary shares on the TWSE, for a period of 30 consecutive trading days, exceeds the conversion price by 30% (inclusive).

The Company may redeem the bonds at face value from the date following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period if the bonds outstanding balance is lower than 10% of the total issuance amount.

- d. The convertible bonds contain both liability and equity components. The equity component was presented in equity under capital surplus - options. The effective interest rate of the liability component was 1.318% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,000 thousand)	\$ 4,795,000
Equity component	<u>(253,440)</u>
Liability component at the date of issue	4,541,560
FVTPL	12,000
Interest charged at an effective interest rate of 1.318%	40,757
Convertible bonds converted into ordinary shares	<u>(957)</u>
Liability component at December 31, 2020	<u>\$ 4,593,360</u>

18. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company are in accordance with the Labor Standards Law and are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts based on total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 345,461	\$ 320,513
Fair value of plan assets	<u>(236,417)</u>	<u>(233,239)</u>
Deficit	<u>109,044</u>	<u>87,274</u>
Net defined benefit liabilities	<u>\$ 109,044</u>	<u>\$ 87,274</u>

Movements in net defined benefit obligations (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	<u>\$ 327,639</u>	<u>\$(222,754)</u>	<u>\$ 104,885</u>
Service cost			
Current service cost	2,507	-	2,507
Net interest expense (income)	<u>3,686</u>	<u>(2,548)</u>	<u>1,138</u>
Recognized in profit or loss	<u>6,193</u>	<u>(2,548)</u>	<u>3,645</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	4,103	-	4,103
Actuarial loss - changes in financial assumptions	13,176	-	13,176
Actuarial gain - experience adjustments	(23,960)	-	(23,960)
Return on the plan assets	<u>-</u>	<u>(7,596)</u>	<u>(7,596)</u>
Recognized in other comprehensive income	<u>(6,681)</u>	<u>(7,596)</u>	<u>(14,277)</u>
Contributions from the employer	<u>-</u>	<u>(6,979)</u>	<u>(6,979)</u>
Benefits paid from the plan assets	<u>(6,638)</u>	<u>6,638</u>	<u>-</u>
Balance at December 31, 2019	<u>320,513</u>	<u>(233,239)</u>	<u>87,274</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 2,176	\$ -	\$ 2,176
Net interest expense (income)	<u>2,403</u>	<u>(1,789)</u>	<u>614</u>
Recognized in profit or loss	<u>4,579</u>	<u>(1,789)</u>	<u>2,790</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	642	-	642
Actuarial loss - changes in financial assumptions	9,161	-	9,161
Actuarial loss - experience adjustments	23,550	-	23,550
Return on the plan assets	<u>-</u>	<u>(7,562)</u>	<u>(7,562)</u>
Recognized in other comprehensive income	<u>33,353</u>	<u>(7,562)</u>	<u>25,791</u>
Contributions from the employer	<u>-</u>	<u>(6,811)</u>	<u>(6,811)</u>
Benefits paid from the plan assets	<u>(12,984)</u>	<u>12,984</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 345,461</u>	<u>\$(236,417)</u>	<u>\$ 109,044</u> (Concluded)

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

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

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

	December 31	
	2020	2019
Discount rates	0.50%	0.75%
Expected rates of salary increase	2.50%	2.50%

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

	December 31	
	2020	2019
Discount rate		
0.25% increase	<u>\$ (9,163)</u>	<u>\$ (8,919)</u>
0.25% decrease	<u>\$ 9,516</u>	<u>\$ 9,274</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 9,169</u>	<u>\$ 8,959</u>
0.25% decrease	<u>\$ (8,878)</u>	<u>\$ (8,664)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 6,882</u>	<u>\$ 10,546</u>
The average duration of the defined benefit obligation	10.7 years	11.2 years

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>485,800</u>	<u>485,800</u>
Shares issued	<u>\$ 4,858,000</u>	<u>\$ 4,858,000</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Convertible bonds were converted into ordinary shares of the Company, which amounted to \$43 thousand, as per the terms of conversion during the fourth quarter of 2020. The record date of capital increase was January 28, 2021. Since the registration procedures have not been completed yet, the shares are temporarily recorded in “Bond Conversion Entitlement Certificates”.

b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	\$ 3,607,639	\$ 3,607,639
Arising from conversion of bonds	1,428,808	1,427,844
Arising from treasury share transactions	555,353	440,696
<u>May be used to offset a deficit only</u>		
Arising from share of changes in capital surplus of associates	137,011	128,515
Arising from changes in percentage of ownership interest in subsidiaries (2)	24,144	14,537
<u>Not for other usage</u>		
Share warrants	<u>253,387</u>	<u>-</u>
	<u>\$ 6,006,342</u>	<u>\$ 5,619,231</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors in the Articles, refer to employees' compensation and remuneration of directors and supervisors in Note 20(b).

The Company's Articles of Incorporation also provide that the profit of the Company may be distributed in the form of either cash or share dividends, but the total share dividends distributed shall not exceed 50% of the total dividends distributed. However, should the Company obtain sufficient funds to meet the year's funding requirements, the cash distribution ratio can be raised to 100%. The Company should decide on the most appropriate dividend distribution policy based on the current year's actual operating condition and the following year's capital budget.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on June 15, 2020 and June 19, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December		For the Year Ended December	
	31		31	
	2019	2018	2019	2018
Legal reserve	\$ 667,009	\$ 1,970,456	\$ -	\$ -
Cash dividends	2,671,900	7,918,540	5.5	16.3

d. Special reserve

	For the Year Ended December	
	31	
	2020	2019
Balance at January 1	<u>\$ 1,097,541</u>	<u>\$ 1,097,541</u>
Balance at December 31	<u>\$ 1,097,541</u>	<u>\$ 1,097,541</u>

As the increase in retained earnings of \$1,098,575 thousand generated from the initial application of IFRSs was insufficient for appropriation as dividends, it was appropriated to a special reserve. As the special reserve appropriated by foreign operations (including subsidiaries) due to the exchange differences upon translation of their financial statements was reversed in proportion to the Company's disposal of the foreign operations; upon the Company's loss of significant influence, the entire special reserve relating to exchange differences arising from those foreign operations will be reversed.

Due to the disposal of subsidiaries in 2013, the Company reversed \$1,034 thousand from the special reserve. The special reserve was \$1,097,541 thousand as of December 31, 2020 and 2019.

e. Other equity items

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

	For the Year Ended December	
	31	
	2020	2019
Balance at January 1	\$(2,226,191)	\$(1,133,791)
Exchange differences on translation the financial statements of foreign operations	(304,163)	(880,318)

Share from associates accounted for using the equity method	(34,248)	(212,082)
Disposal of subsidiaries	5	-
Disposal of associates accounted for using the equity method	<u>47,430</u>	<u>-</u>
Balance at December 31	<u><u>\$(2,517,167)</u></u>	<u><u>\$(2,226,191)</u></u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 2,770,641	\$ 1,701,182
Unrealized gain on investments in equity instruments at FVTOCI	674,416	172,530
Share of other comprehensive income from associates accounted for using the equity method	54,766	932,677
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	37,073	(35,748)
Disposal of subsidiaries	(13)	-
Disposal of associates accounted for using the equity method	<u>50,092</u>	<u>-</u>
Balance at December 31	<u><u>\$ 3,586,975</u></u>	<u><u>\$ 2,770,641</u></u>

f. Treasury shares

Treasury shares transactions were summarized as follows:

	For the Year Ended December 31, 2020			
	Treasury Shares Held as of January 1, 2020	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2020
Treasury shares granted to employees	<u>937,838</u>	<u>-</u>	<u>(937,838)</u>	<u>-</u>
	For the Year Ended December 31, 2019			
	Treasury Shares Held as of January 1, 2019	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2019
Treasury shares granted to employees	<u>2,661,838</u>	<u>-</u>	<u>(1,724,000)</u>	<u>937,838</u>

In the first quarter of 2019, the Company's board of directors passed a resolution to transfer 1,724,000 shares for employees' subscription which amounted to \$174,306 thousand. Based on the fair value at the grant date, \$144,654 thousand was accounted for as compensation costs and \$144,130 thousand was accounted for as capital surplus - treasury share transactions.

In the first quarter of 2020, the Company's board of directors passed a resolution to transfer 937,838 shares for employees' subscription which amounted to \$35,652 thousand. Based on the fair value at the grant date, \$114,765 thousand was accounted for as compensation costs and \$114,657 thousand was accounted for as capital surplus - treasury share transactions. (conversion date of the treasury shares was on April 13, 2020.)

Pursuant to the Securities and Exchange Act of the ROC, the treasury shares held by the Company should not be pledged as collateral, are not eligible for dividends and do not have voting rights.

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Main categories of expenses

	For the Year Ended December 31					
	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Short-term employee benefits	\$ 1,550,296	\$ 499,913	\$ 2,050,209	\$ 1,109,512	\$ 516,242	\$ 1,625,754
Health insurance and Labor Insurance	117,333	38,970	156,303	100,205	42,210	142,415
Post-employment benefits	44,330	16,943	61,273	36,492	18,469	54,961
Remuneration of directors	-	68,269	68,269	-	63,239	63,239
Other employee benefits	99,093	19,777	118,870	59,080	13,590	72,670
Depreciation	1,877,321	80,685	1,958,006	1,407,250	72,139	1,479,389
Amortization	104	9,700	9,804	209	1,260	1,469

Note 1: As of December 31, 2020 and 2019, the Company had 3,061 and 2,324 employees, respectively. There were 7 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2020 and 2019 was NT\$781 thousand and NT\$815 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2020 and 2019 were NT\$671 thousand and NT\$699 thousand, respectively. The average salary and bonus decreased by 4% year over year.

Note 4: The Company did not have supervisors for the year ended December 31, 2020. There was NT\$5,472 thousand of remuneration to the supervisors for the year ended December 31, 2019.

Note 5: The Company's policy for remuneration of directors, independent directors, managers, and employees is as follows:

- a) Directors and independent directors
 - i. Fixed compensation: A monthly salary is reviewed by the compensation committee then submitted to the board of directors for approval.
 - ii. Variable compensation: According to the Company's Articles of Incorporation.

- b) The total remuneration paid to the executive officers is decided based on company performance, department performance, and personal performance and refers to industry norms.
 - c) The total compensation paid to employees is decided based on the Company's policies.
 - d) The total remuneration paid to the board of directors and the executive officers is reviewed by the compensation committee regularly.
- b. Employees' compensation and remuneration of directors and supervisors

The Company accrues employees' compensation and remuneration of directors and supervisors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 which had been approved by the Company's board of directors on February 25, 2021 and February 26, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
<u>Accrual rate</u>		
Employees' compensation	2.25%	2.25%
Remuneration of directors and supervisors	0.90%	0.90%
Cash		
	For the Year Ended December 31	
	2020	2019
<u>Amounts</u>		
Employees' compensation	<u>\$ 169,862</u>	<u>\$ 178,479</u>
Remuneration of directors and supervisors	<u>\$ 67,945</u>	<u>\$ 71,392</u>

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current period	\$ 611,000	\$ 371,000
Income tax on unappropriated earnings	166,559	418,631
Adjustments for prior periods	<u>(191,178)</u>	<u>-</u>
	<u>586,381</u>	<u>789,631</u>
Deferred tax		
In respect of the current period	<u>92,992</u>	<u>244,000</u>
Income tax expense recognized in profit or loss	<u>\$ 679,373</u>	<u>\$ 1,033,631</u>

b. The reconciliation of accounting profit and taxable income was as follows:

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	\$ 1,462,000	\$ 1,537,000
Nondeductible in determining taxable income	(851,000)	(1,166,000)
Recognition and reversal of temporary differences	92,992	244,000
Income tax on unappropriated earnings	166,559	418,631
Adjustments for prior periods	<u>(191,178)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 679,373</u>	<u>\$ 1,033,631</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

c. Deferred tax assets and liabilities

The Company offsets certain deferred tax assets and deferred tax liabilities which met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Property, plant and equipment	\$ 52,000	\$ (1,000)	\$ 51,000
Intangible assets	8,000	(8,000)	-
Exchange differences on translating the financial statements of foreign operations	-	5,000	5,000
Payables for annual leave	5,000	1,000	6,000

Allowance for impairment loss - trade receivables	2,000	(2,000)	-
Allowance for impairment loss - inventory	73,000	(38,000)	35,000
Others	<u>86,992</u>	<u>55,008</u>	<u>142,000</u>
	<u>\$ 226,992</u>	<u>\$ 12,008</u>	<u>\$ 239,000</u>
	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Liabilities			
Temporary differences			
Provisions	\$ (17,341)	\$ -	\$ (17,341)
Defined benefit obligations	(18,000)	(1,000)	(19,000)
Allowance for impairment loss - trade receivables	-	(8,000)	(8,000)
Earnings of subsidiaries	-	(90,000)	(90,000)
Others	<u>(4,000)</u>	<u>(6,000)</u>	<u>(10,000)</u>
	<u>\$ 39,341</u>	<u>\$(105,000)</u>	<u>\$(144,341)</u>
<u>For the year ended December 31, 2019</u>			
	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Property, plant and equipment	\$ 27,000	\$ 25,000	\$ 52,000
Intangible assets	-	8,000	8,000
Exchange differences on translating the financial statements of foreign operations	8,000	(8,000)	-
Payables for annual leave	-	5,000	5,000
Allowance for impairment loss - trade receivables	-	2,000	2,000
Allowance for impairment loss - inventory	50,000	23,000	73,000
Others	<u>389,992</u>	<u>(303,000)</u>	<u>86,992</u>
	<u>\$ 474,992</u>	<u>\$(248,000)</u>	<u>\$ 226,992</u>
	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Liabilities			
Temporary differences			
Provisions	\$ (17,341)	\$ -	\$ (17,341)
Defined benefit obligations	(17,000)	(1,000)	(18,000)
Allowance for impairment loss - trade receivables	(9,000)	9,000	-
Others	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
	<u>\$ (43,341)</u>	<u>\$ 4,000</u>	<u>\$ (39,341)</u>

d. Income tax returns of the Company through 2018 had been assessed by the tax authorities.

22. EARNINGS PER SHARE

Earnings per share were calculated as follows:

	For the Year Ended December 31, 2020		
	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Owners of the Company)		After Income Tax (Attributable to Owners of the Company)
Basic earnings per share - ordinary shares	\$ 6,632,254	485,536	<u>\$ 13.66</u>
Compensation of employees	-	847	
Interest on convertible bonds (after tax)	<u>20,231</u>	<u>8,626</u>	
Diluted earnings per share - ordinary shares	<u>\$ 6,652,485</u>	<u>495,009</u>	<u>\$ 13.44</u>

	For the Year Ended December 31, 2019		
	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Owners of the Company)		After Income Tax (Attributable to Owners of the Company)
Basic earnings per share - ordinary shares	\$ 6,648,906	484,542	<u>\$ 13.72</u>
Compensation of employees	<u>-</u>	<u>1,183</u>	
Diluted earnings per share - ordinary shares	<u>\$ 6,648,906</u>	<u>485,725</u>	<u>\$ 13.69</u>

If the Company offered to settle the compensation of employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. ACQUISITION OF A SUBSIDIARY THAT CONSTITUTES A BUSINESS - WITH OBTAINED CONTROL

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
INPAQ	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	June 2020	33.02 (add PDC total is 33.07%)	<u>\$ -</u>

For details about the acquisition of INPAQ, refer to Note 26 to the Company's consolidated financial statements for the year ended December 31, 2020.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate the fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2020 and 2019.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 347,920	\$ -	\$ -	\$ 347,920
Domestic convertible bonds option	<u>-</u>	<u>12,957</u>	<u>-</u>	<u>12,957</u>
	<u>\$ 347,920</u>	<u>\$ 12,957</u>	<u>\$ -</u>	<u>\$ 360,877</u>
Financial assets at fair value through other comprehensive income				
Domestic listed shares	\$ 2,134,026	\$ -	\$ -	\$ 2,134,026
Domestic unlisted shares	-	307,867	-	307,867
Foreign unlisted shares	<u>-</u>	<u>12,113</u>	<u>-</u>	<u>12,113</u>
	<u>\$ 2,134,026</u>	<u>\$ 319,980</u>	<u>\$ -</u>	<u>\$ 2,454,006</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 214,194	\$ -	\$ -	\$ 214,194
Financial assets at fair value through other comprehensive income				
Domestic listed shares	\$ 1,382,917	\$ -	\$ -	\$ 1,382,917
Domestic unlisted shares	-	226,018	-	226,018
Foreign unlisted shares	<u>-</u>	<u>12,113</u>	<u>-</u>	<u>12,113</u>
	<u>\$ 1,382,917</u>	<u>\$ 238,131</u>	<u>\$ -</u>	<u>\$ 1,621,048</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
------------------------------	--

Derivatives - Convertible bonds call option and private placement convertible bonds of foreign listed company	Evaluated by the binary tree method of convertible bonds evaluation model, based on the volatility of the conversion price, the risk-free rate of interest, risk discount rate, and the number of remaining years
Domestic unlisted equity securities	Evaluated by asset-based approach to determine the value of the equity securities

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 775,955	\$ 805,133
Notes receivable from unrelated parties	19,900	17,070
Trade receivable from unrelated parties	1,074,490	838,036
Trade receivable from related parties	2,995,986	933,057
Finance lease receivable (current and non-current)	53,720	72,471
Other receivable from unrelated parties	72,352	95,396
Other receivable from related parties	2,792,546	42,630
Guarantee deposits paid	31,929	55,174
Financial assets at FVTPL (current and non-current)	360,877	214,194
Financial assets at FVTOCI - non-current	2,454,006	1,621,048
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	5,867,081	6,445,000
Short-term bills payable	99,980	-
Trade payables to unrelated parties	1,386,009	634,486
Trade payables to related parties	888,048	1,519,994
Payables for equipment	2,122,104	1,446,898
Other payables	2,282,253	2,189,708
Bonds payable	4,593,360	-
Long-term borrowings	7,194,748	4,400,000
Guarantee deposits received	6,631	6,631

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Company's corporate treasury function manages its exposure to market risk (including foreign currency risk and interest risk), credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

1) Market risk

The Company is exposed primarily to the financial risks of changes in foreign currency exchange

rates and interest rates.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company's transactions were denominated in different foreign currencies at the same time that have natural offsetting effect; thus, the related risks are reduced.

To protect against reductions in value of foreign assets and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes short-term borrowings and derivative financial instruments, including currency forward contracts to hedge its currency exposure.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period.

	USD Impact		JPY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Profit or loss	<u>\$ 13,938</u>	<u>\$ 1,488</u>	<u>\$ 1,750</u>	<u>\$ (3,839)</u>

b) Interest rate risk

The Company was exposed to interest rate risk arising from fixed-income investments and borrowings at floating interest rates.

The Company's sensitivity analysis of interest rate risk mainly focuses on changes in fair value of the financial assets and liabilities at fixed interest rate at the end of the reporting period.

The sensitivity analysis below was determined based on the fluctuations in fair value of the Company's variable-rate borrowings and assets at the end of the reporting period. If interest rates had been higher/lower by one percentage, the Company's cash flows for the years ended December 31, 2020 and 2019 have decreased/increased by \$97,125 thousand and \$63,232 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily deposits, fixed-income investments and other financial instruments with banks.

In order to maintain the quality of trade receivables, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. The counterparties to the contracts above were all banks with high credit ratings; thus, credit risks are considered insignificant.

3) Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements associated with existing operations. The Company manages its liquidity risk by maintaining adequate fixed-income investments and banking facilities.

Liquidity and interest rate tables for non-derivative financial liabilities

December 31, 2020

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 5,867,081	\$ -	\$ 5,867,081
Fixed interest rate liabilities	99,980	7,194,748	7,294,728
Lease liabilities	<u>50,043</u>	<u>215,856</u>	<u>265,899</u>
	<u>\$ 6,017,104</u>	<u>\$ 7,410,604</u>	<u>\$ 13,427,708</u>

December 31, 2019

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 6,445,000	\$ -	\$ 6,445,000
Fixed interest rate liabilities	-	4,400,000	4,400,000
Lease liabilities	<u>40,320</u>	<u>76,429</u>	<u>116,749</u>
	<u>\$ 6,485,320</u>	<u>\$ 4,476,429</u>	<u>\$ 10,961,749</u>

26. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Lihwa Corporation	Investor that exercises significant influence over the Company
Prosperity Dielectrics Co., Ltd.	Subsidiary
Pan Overseas (B.V.I.) Investments Co., Ltd.	Subsidiary
Gallatown Developments Limited	Subsidiary
Dongguan Walsin Technology Electronics Co., Ltd.	Subsidiary
Suzhou Walsin Technology Electronics Co., Ltd.	Subsidiary

Walsin Technology Corporation (HK) Limited	Subsidiary
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Subsidiary
Walsin Passive Component (H.K.) Limited	Subsidiary
Walsin Electronics (S) Pte. Ltd.	Subsidiary
Walsin Technology Corporation U.S.A.	Subsidiary
Kamaya Electric Co., Ltd.	Subsidiary
Nitsuko Electronics Corporation	Subsidiary
Kamaya, Inc.	Subsidiary
Kamaya Electric (HK) Limited	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Kamaya Electric (M) Sdn. Bhd.	Subsidiary
Walsin Technology Holding Corporation (HK) Ltd.	Subsidiary
Inpaq Technology Co., Ltd.	Subsidiary (after June 2020)
Global Brands Manufacture Ltd.	Associate
Falcon Automation Equipment Corporation	Associate
HannStar Board Corporation	Associate
Walsin Color Co., Ltd.	Associate
Chongqing Songjia Property Co., Ltd.	Associate
VVG Inc.	Associate
Inpaq Technology Co., Ltd.	Associate (before June 2020)
Inpaq Technology (Suzhou) Co., Ltd.	Associate (before June 2020)
Taiwan Inpaq Electronics Co., Ltd.	Associate (before June 2020)
Walsin Technology Charitable Group	Other related party
Info-Tek Corporation	Other related party
Walton Advanced Engineering Inc.	Other related party
Callisto Holding Limited	Other related party
APAQ Technology Co., Ltd.	Other related party
Winbond Electronics Corp.	Other related party
PSA Charitable Foundation	Other related party
PSA VVG Culture and Arts Foundation	Other related party
Chin-Xin Investment Co., Ltd.	Other related party

(Concluded)

b. Sales of goods

	For the Year Ended December	
	31	
	2020	2019
Subsidiaries		
Dongguan Walsin Technology Electronics Co., Ltd.	\$ 7,234,112	\$ 5,616,117
Suzhou Walsin Technology Electronics Co., Ltd.	2,371,803	-
Other	1,965,358	2,698,893
Associates	644	2
Other related parties	<u>3,293</u>	<u>1,156</u>
	<u>\$ 11,575,210</u>	<u>\$ 8,316,168</u>

Price and terms were determined in accordance with mutual agreements.

c. Purchases of goods

	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Walsin Technology Corporation (HK) Limited	\$ 2,403,497	\$ 3,966,830
Other	1,405,617	1,253,334
Associates	<u>1,861</u>	<u>1,832</u>
	<u>\$ 3,810,975</u>	<u>\$ 5,221,996</u>

Price and terms were determined in accordance with mutual agreements.

d. The balances at the end of the reporting period were as follows:

	Trade Receivables from Related Parties	
	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Dongguan Walsin Technology Electronics Co., Ltd.	\$ 1,731,027	\$ 720,493
Others	1,263,063	211,706
Other related parties	1,896	856
Associates	<u>-</u>	<u>2</u>
	<u>\$ 2,995,986</u>	<u>\$ 933,057</u>

	Trade Payables to Related Parties	
	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Walsin Technology Corporation (HK) Limited	\$ 531,446	\$ 1,254,285
Others	356,602	264,869
Associates	<u>-</u>	<u>840</u>
	<u>\$ 888,048</u>	<u>\$ 1,519,994</u>

	Other Receivables from Related Parties	
	December 31	
	2020	2019
Subsidiaries		
Prosperity Dielectrics Co., Ltd.	\$ -	\$ 28,505

Gallatown Developments Limited	1,614,011	-
Kamaya Electric Co., Ltd.	819,589	-
Others	346,443	7,489
Associates	9,415	5,979
Other related parties	<u>3,088</u>	<u>657</u>
	<u>\$ 2,792,546</u>	<u>\$ 42,630</u>

**Payables for Equipment and
Other Payables**

	December 31	
	2020	2019
Subsidiaries	\$ 190,788	\$ 41,339
Associates	176,146	18,748
Other related parties	7,634	4,728
Investor that exercises significant influence over the Company	<u>8,115</u>	<u>7,682</u>
	<u>\$ 382,683</u>	<u>\$ 72,497</u>

The outstanding trade receivables from related parties are unsecured. No allowance was recognized for impairment of trade receivables with respect to the amounts owed by related parties for the years ended December 31, 2020 and 2019.

The outstanding trade payables from related parties are unsecured.

Other receivables include receivables from the sale of equipment and receipts under custody.

Other payables mainly refer to payables for rent and collection and payment on behalf of another party, etc.

e. Acquisition of property, plant and equipment

Related Party Categories	Item	Purchase Price For the Year Ended December 31	
		2020	2019
Subsidiaries	Machinery and other equipment	\$ 266,251	\$ 131,739
Associates	Machinery and prepayments for equipment and right-of-use asset	<u>397,828</u>	<u>12,383</u>
		<u>\$ 664,079</u>	<u>\$ 144,122</u>

f. Disposal of property, plant and equipment

Related Party Category	Item	Disposal Price		Gain (Loss) on Disposal	
		For the Year Ended December 31		For the Year Ended December 31	
		2020	2019	2020	2019

Taiwan INPAQ Electronics Co., Ltd.	Machinery	\$ -	\$ 53,632	\$ -	\$ 28,076
Subsidiaries	Machinery and other equipment	104,678	3,020	8,826	978
Associates	Machinery, other equipment, construction in progress and prepayments for equipment	<u>100</u>	<u>205</u>	<u>100</u>	<u>205</u>
		<u>\$ 104,778</u>	<u>\$ 56,857</u>	<u>\$ 8,926</u>	<u>\$ 29,259</u>

g. Lease expense

	Lease Expense	
	December 31	
	2020	2019
Investor that exercises significant influence over the Company	\$ 535	\$ 38,894
Other related parties	<u>71,858</u>	<u>72,100</u>
	<u>\$ 72,393</u>	<u>\$ 110,994</u>

h. Dividends income

	For the Year Ended December 31	
	2020	2019
Walsin Lihwa Corporation	\$ 19,215	\$ 45,562
Walton Advanced Engineering Inc.	-	9,561
APAQ Technology Co., Ltd.	2,960	-
Chin-Xin Investment Co., Ltd.	<u>4,516</u>	<u>2,710</u>
	<u>\$ 26,691</u>	<u>\$ 57,833</u>

i. Sales of raw materials and supplies (classified as other income)

	Lease Expense	
	December 31	
	2020	2019
Subsidiaries	<u>\$ 8,243</u>	<u>\$ 5,752</u>

j. Lease arrangements

		December 31	
Item	Related Party Category	2020	2019
Lease liabilities	Investors that exercise significant influence over the Company	\$ 30,972	\$ 60,025

Lease liabilities	Subsidiaries	10,159	12,878
Lease liabilities	Other related parties	<u>14,250</u>	<u>-</u>
		<u>\$ 55,381</u>	<u>\$ 72,903</u>

**For the Year Ended December
31**

Item	Related Party Category	2020	2019
Interest expense	Investors that exercise significant influence over the Company	\$ 589	\$ 1,567
	Subsidiaries	152	-
	Other related parties	<u>61</u>	<u>-</u>
		<u>\$ 802</u>	<u>\$ 1,567</u>
Rental expense	Investors that exercise significant influence over the Company	\$ 535	\$ 38,894
	Other related parties	<u>69,608</u>	<u>72,100</u>
		<u>\$ 70,143</u>	<u>\$ 110,994</u>

k. Compensation of key management personnel

**For the Year Ended December
31**

	2020	2019
Short-term employee benefits	\$ 157,815	\$ 278,499
Post-employment benefits	162	261
Share-based payments	<u>29,491</u>	<u>11,766</u>
	<u>\$ 187,468</u>	<u>\$ 290,526</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as tariff or court deposits were as follows:

	December 31	
	2020	2019
Pledged deposits (classified as guarantee deposits paid)	\$ -	\$ 32,000
Pledged deposits (classified as financial assets at amortized cost)	<u>75,132</u>	<u>-</u>
	<u>\$ 75,132</u>	<u>\$ 32,000</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company as of December 31, 2020 and 2019 were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Acquisition of property, plant and equipment	<u>\$ 3,929,136</u>	<u>\$ 1,830,611</u>

b. Contingencies

As of December 31, 2020 and 2019, outstanding letters of credit of the Company were summarized as follows:

Unit: Dollars

<u>December 31</u>			
<u>2020</u>		<u>2019</u>	
<u>Currency</u>	<u>Carrying Value</u>	<u>Currency</u>	<u>Carrying Value</u>
USD	USD 390,000	USD	USD 786,600
JPY	JPY 965,616,000	JPY	JPY 1,640,535,820
EUR	EUR 117,600	EUR	EUR 117,600

29. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Company's overseas operating sites have temporarily suspended operations. However, the operations of the Company are gradually returning to normal.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. On November 30, 2020, the board of directors of the Company resolved a tender offer to purchase securities of a Japanese listed company, Soshin Electric Co., Ltd., through its subsidiary, Kamaya Electric Co., Ltd., and acquired 6,254,800 shares (40.1% equity) before the expiration date on January 4, 2021. The purpose of this acquisition is to expand the operations and strengthen the cooperation.
- b. On February 25, 2021, the board of directors of the Company resolved to acquire buildings and facilities in the amount of \$103,268 thousand from other related party, Walton Advanced Engineering Inc. The purchase price was determined by an independent qualified professional valuer. The purpose of this acquisition is to expand the operations.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 137,845	28.1000	\$ 3,873,445
EUR	4,038	34.5421	139,481
JPY	3,025,628	0.2725	824,484
RMB	139,381	4.3131	601,164
Non-monetary items			
Investments accounted for using the equity method			
USD	861,998	28.1000	24,222,139
<u>Financial liabilities</u>			
Monetary items			
USD	88,244	28.1000	2,479,656
EUR	3	34.5421	104
JPY	2,383,246	0.2725	649,435

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 75,405	29.9800	\$ 2,260,642
EUR	3,385	33.6061	113,757
JPY	1,074,883	0.2760	296,668
RMB	-	-	-
Non-monetary items			
Investments accounted for using the equity method			
USD	831,762	29.9800	24,936,222
<u>Financial liabilities</u>			
Monetary items			
USD	70,510	29.9800	2,113,890
EUR	5	33.6061	168
JPY	2,465,898	0.2760	680,588

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Notes 7 and 25)

10) Information on investees (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

33. SEGMENT INFORMATION

The Company has disclosed its operating segments in the consolidated financial statements.

WALSIN TECHNOLOGY CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	\$ 817,710 (JPY 3,000,000,000)	\$ 817,710 (JPY 3,000,000,000)	\$ 817,710 (JPY 3,000,000,000)	1.00	Short-term financing	\$ -	Operating turnover	\$ -	Promissory note	\$ 817,710 (JPY 3,000,000,000)	\$ 15,448,185 (Note 3)	\$ 23,172,278 (Note 4)

Note 1: According to Walsin Technology Corporation's financing procedure, total endorsement/guarantee and financing amount that can be made is 100% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The total financing amount that can be made is 60% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The financing limit amounts of each borrower according to reasons for financing are as follows:

1. With business relationship: In the most recent year or the current year as of the time the funds are loaned, and the loan is not more than the higher of the Company's purchase or sales amount from loan company.
2. With the need of short-term financing: Individual financing amounts must not exceed 40% of each borrowing company's net worth presented in the latest financial statements audited or reviewed by auditors.
3. The financing amount between company's directly and indirectly holding 100% shares of foreign companies is not subject the limit of point 2 above. However, the loan period shall not exceed 3 years.

The individual financing limit amount between company's directly and indirectly holding 100% shares foreign companies is 100% of each lender's net worth presented in the latest financial statements.

Note 2: Exchange rate as of December 31, 2020

USD:NTD = 1:28.10
JPY:USD = 1:0.0097

Note 3: It is 40% of the shareholders' equity of the loan company.

Note 4: It is 60% of the shareholders' equity of the loan company.

WALSIN TECHNOLOGY CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	2	\$ 9,070,529 (Note 1)	\$ 2,330,474 (JPY8,550,000,000)	\$ 1,853,476 (JPY6,800,000,000)	\$ 1,853,476 (JPY6,800,000,000)	\$ -	4.80	\$ 19,310,231 (Note 3)	Y	-	-
		Kamaya Electric (M) Sdn. Bhd.	2	14,931,620 (Note 1)	463,650 (US\$ 16,500,000)	463,650 (US\$ 16,500,000)	281,000 (US\$ 10,000,000)	-	1.20	19,310,231 (Note 3)	Y	-	-
		Walsin Technology Corporation	4	19,310,231 (Note 8)	116,000	116,000	83,000	65,000	0.30	19,310,231 (Note 3)	-	-	-

Note 1: The maximum limit for each guaranteed company is limited to 100% of its net worth presented in the latest financial statements. The maximum limit for company's actual holds more than two-thirds of the guaranteed company is limited to six times of its (guaranteed company) net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 2: The maximum endorsements/guarantees amount allowed for the Company is not equal or exceed 50% of its net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 3: Need enter "Y" if: Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries, Given by Subsidiaries on Behalf of Parent, Given on Behalf of Companies in Mainland China.

Note 4: Exchange rate as of December 31, 2020

USD:NTD = 1:28.10
JPY:USD = 1:0.0097

Note 5: Endorsement guarantee objects:

- Subsidiaries that directly hold more than 50% of ordinary shares.
- Subsidiaries where parent company and subsidiaries hold more than 50% of the ordinary shares.
- Companies with business relations.
- The Company with business relations.

Note 6: The Company guarantees its own tariffs on itself and its subsidiaries, in accordance with the Company's endorsement and guarantee operating procedures.

WALSIN TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Technology Corporation	<u>Shares</u>							
	Taiwan Mobile Company Limited	None	Financial assets at fair value through profit or loss - current	100,000	\$ 9,890	-	\$ 9,890	
	Taiwan Semiconductor Manufacturing Company Limited	"	"	190,000	100,700	-	100,700	
	Chunghwa Telecom Company Limited	"	"	200,000	21,800	-	21,800	
	APAQ Technology Co., Ltd.	Substantive related party	"	2,960,000	165,760	3.50	165,760	
	TECO Electronic and Machinery Co., Ltd.	None	"	1,800,000	49,770	0.09	49,770	
	<u>Shares</u>							
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at fair value through other comprehensive income - non-current	31,870,087	439,807	6.29	439,807	
	Walsin Lihwa Corporation	Investment company evaluated by the equity method of the Company	"	46,016,000	888,109	1.43	888,109	
	TECO Electronic and Machinery Co., Ltd.	None	"	4,984,000	137,808	0.25	137,808	
	Gigabyte Technology Co., Ltd.	"	"	8,590,000	668,302	1.35	668,302	
	Elcon International Co., Ltd.	"	"	1,879,028	-	9.40	-	
	Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	"	9,032,056	306,861	1.86	306,861	
	Euroc Venture Capital Corp.	None	"	77,962	1,006	2.50	1,006	
SAWNICS INC.	"	"	102,667	12,113	4.81	12,113		

WALSIN TECHNOLOGY CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Walsin Technology Corporation	Property, plant and equipment	2020.09.08	\$ 861,521	\$ 861,521	Taiwan Ciaotou District Court (Note 4)	Not related party	Not applicable	Not applicable	Not applicable	\$ -	Refer to the real estate market in the neighborhood and the lowest auction price in the court	Operational requirements	None
	Prepayments for building and construction (including factory facilities and equipment)	2020.05.04	668,000	66,800	Walton Advanced Engineering Inc.	Related party	HannStar Display Corporation	The chairman of the securities issuer is the second degree of kinship of the Company and Walton Advanced Engineering Inc.	2015.2.12	1,050,000	Refer to the appraisal report issued by the professional real estate appraiser firm	Operational requirements	"

Note 1: If the acquired assets meet the requirements and should be evaluated, the evaluation result should be indicated in the "Reference Basis for Price Decision".

Note 2: The paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 3: The occurrence date refers to the transaction signing date, the payment date, the entrusted transaction date, the account transfer date, the board resolution date, or the date when the transaction object and transaction amount are fully determined, whichever is earlier.

Note 4: The owner of the building and construction (including factory facilities and equipment) is Green Energy Technology Co., Ltd.

WALSIN TECHNOLOGY CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	\$ (7,234,112)	(41)	No significant difference with third parties	\$ -	-	\$ 1,731,027	42	
			Purchase	230,412	2	"	-	-	(50,986)	2	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(2,371,803)	(13)	"	-	-	679,825	17	
			Purchase	2,403,497	19	"	-	-	(531,446)	23	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(743,277)	(4)	"	-	-	226,950	6	
			Purchase	650,952	5	"	-	-	(190,492)	8	
	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	(681,876)	(4)	"	-	-	245,316	6	
			Purchase	382,082	3	"	-	-	(87,376)	4	
Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(360,776)	(2)	"	-	-	39,276	1		
Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Purchase	382,082	3	"	-	-	(87,376)	4		

WALSIN TECHNOLOGY CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable \$ 1,731,027	5.90	\$ -	-	\$ 673,448	\$ -
	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Accounts receivable 245,316	4.10	-	-	86,795	-
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 226,950	3.71	-	-	66,460	-
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 679,825	5.68	-	-	329,453	-
	Pan Overseas (B.V.I.) Investment Co., Ltd. Gallatown Developments Ltd.	100% owned subsidiary 100% indirectly owned subsidiary by parent company	Other receivables 193,537 Other receivables 1,614,011	- -	- -	- -	193,537 1,614,011	- -

Note: Financing provided to others, please refer to Table 1.

WALSIN TECHNOLOGY CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	Taiwan	Manufacturing, processing and selling of chip capacitors, chip resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.	\$ 655,664	\$ 655,664	74,186,468	43.13	\$ 2,238,446	\$ 791,318	\$ 347,849	
	HannStar Board Corporation	Taiwan	Production and sale of printed circuit boards Investment holding	2,018,888	1,724,578	107,381,026	20.32	5,825,893	3,163,613	642,215	
	Pan Overseas (B.V.I.) Investment Co., Ltd.	British Virgin Islands	Investment holding	879,837	879,837	28,400,000	100.00	2,059,992	304,011	309,470	
	Gallatown Developments Ltd.	Cayman Islands	Investment holding	8,054,061	8,935,359	103,088,547	89.27	22,341,052	2,882,473	2,624,305	
	Walsin Color Corporation	Taiwan	Investment holdings and management of group companies	411,330	411,330	39,052,142	26.62	887,637	54,447	14,495	
	Falcon Automation Equipment Corporation	Taiwan	Mechanical equipment manufacturing	9,000	9,000	2,160,000	43.90	66,416	52,487	23,043	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	1,806,881	1,904,872	46,284,950	33.02	1,916,246	361,449	87,574	
	Silitech Technology Corporation	Taiwan	Keypads and module products mechanical integration	243,000	-	9,000,000	15.00	245,228	(366,258)	5,674	

Note: Information on investments in mainland China please refer to Table 8.

WALSIN TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Dongguan Walsin Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	\$ 3,608,040 (US\$ 128,400,000)	Note 1	\$ 2,557,100 (US\$ 91,000,000)	\$ -	\$ -	\$ 2,557,100 (US\$ 91,000,000)	\$ 1,451,015	100.00	\$ 1,451,015	\$ 12,390,734	\$ 68,340 (US\$ 2,432,032)
Suzhou Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	1,938,900 (US\$ 69,000,000)	Note 1	1,938,900 (US\$ 69,000,000)	-	-	1,938,900 (US\$ 69,000,000)	366,948	100.00	366,948	4,775,417	45,473 (US\$ 1,618,250)
Dongguan Huafai Trading Co., Ltd.	Trading of electronic parts, warehousing and commission agency	56,200 (US\$ 2,000,000)	Note 1	56,200 (US\$ 2,000,000)	-	-	56,200 (US\$ 2,000,000)	355,170	100.00	355,170	2,090,939	-
Pan Overseas (Guangzhou) Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	463,650 (US\$ 16,500,000)	Note 1	359,960 (US\$ 12,809,965)	-	-	359,960 (US\$ 12,809,965)	104,542	100.00	104,542	956,928	216,852 (US\$ 7,717,169)
GHPW Enterprise Corporation (Chongqing) Limited.	Business consultations, business management, consultation services and property management	674,400 (US\$ 24,000,000)	Note 1	168,600 (US\$ 6,000,000)	-	-	168,600 (US\$ 6,000,000)	(6,390)	25.00	(1,598)	143,126	-
Suzhou Walsin Color Trading Co., Ltd.	Trading of electronic parts and commission agency	455,220 (US\$ 16,200,000)	Note 1	216,370 (US\$ 7,700,016)	-	-	216,370 (US\$ 7,700,016)	(1,160)	39.32	(456)	129,770	10,582 (US\$ 376,582)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,285,943 (RMB 530,000,000) (Note 3)	Note 1	-	-	-	-	(27,768)	25.65	(7,123)	555,085	-
Chongqing Ruishuang Technology Co., Ltd.	Selling of electronic components, real estate investment and leasing	113,124 (RMB 26,228,000) (Note 4)	Note 1	-	-	-	-	(4,661)	34.54	(1,610)	32,939	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company audited by the attesting CPA of the Taiwan parent company.

Note 3: It was invested RMB135,960,000 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

Note 4: It was invested RMB8,605,548.46 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

(Continued)

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$4,983,085 (US\$177,333,969) (Note 2)	\$5,085,333 (US\$180,972,706) (Note 2)	(Note)

Note: In accordance with Article 3 of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" on August 29, 2008, enterprises within the scope of operations of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs are exempt. The Company is an enterprise that has been recognized as the operational headquarters of the said Regulations. The validity period is from June 28, 2018 to June 27, 2021, so there is no upper limit on the amount of investments in mainland China.

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

Investee Company	Transaction Type	Relationship	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Dongguan Walsin Technology Electronics Co., Ltd	Sub-subsiary	Sales	\$ 7,234,112	No significant difference with normal transactions	90-120 days T/T	No significant difference	\$ 1,731,027	42	\$ 337,711
		Purchases	2,532,092	"	"	"	(560,862)	2	-
Suzhou Walsin Technology Electronics Co., Ltd.	Sub-subsiary	Sales	2,371,803	No significant difference with normal transactions	90-120 days T/T	No significant difference	679,825	17	148,214

Note 1: The average exchange rate as of December 31, 2020 was US\$ to NT\$= 1:28.10.

The yearly average exchange rate of year 2020 was US\$ to NT\$= 1:29.5490.

4. Circumstances in which mainland investment companies provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.
5. Circumstances of financing provided with mainland investment companies directly or indirectly through a third region: Detailed attached Table 1.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

TABLE 9**WALSIN TECHNOLOGY CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Walsin Lihwa Corporation	88,902,325	18.30%
HannStar Board Corporation	36,267,115	7.46%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

6.6 Financial Difficulties and Impacts

The Company should disclose the financial impact if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2020 and as of the date of this Annual Report: None.

Financial Status, Operating Results and Risk Management

7.1 Financial Status

Unit: NT\$ thousands

Item	Year	2020	2021	Difference	
				Amount	%
Current Assets		39,663,969	29,082,633	10,581,336	36%
Property, Plant and Equipment		23,031,847	17,989,602	5,042,245	28%
Intangible assets		590,817	4,986	585,831	11,750%
Other assets		18,793,862	13,074,733	5,719,129	44%
Total Assets		82,080,495	60,151,954	21,928,541	36%
Current Liabilities		19,655,382	16,322,976	3,332,406	20%
Non-current Liabilities		16,770,919	7,283,821	9,487,098	130%
Total Liabilities		36,426,301	23,606,797	12,819,504	54%
Total Equity attributable to owners of the Company		38,620,462	33,829,062	4,791,400	14%
Capital Stock		4,858,043	4,858,000	43	0%
Capital Surplus		6,006,342	5,619,231	387,111	7%
Retained Earnings		26,686,269	22,843,141	3,843,128	17%
Other equity		1,069,808	544,450	525,358	96%
Treasury Shares		0	-35,760	35,760	-100%
Non-controlling Interests		7,033,732	2,716,095	4,317,637	159%
Total Equity		45,654,194	36,545,157	9,109,037	25%

Explanation for significant changes :

1. Increased in Current Assets : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 and continuous profit generated cash inflows.
2. Increased in Property, Plant and Equipment : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 and expansion of production capacity in response to market demand.
3. Increased in Intangible assets and Other assets : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 and increased in time deposits of maturity in more than one year.
4. Increased in Current Liabilities : Mainly due to parts of investment entities included in the consolidated financial statement since 2020.
5. Increased in Non-current Liabilities : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 and issuance of convertible bonds and increased in long-term loans in 2020.
6. Increased in Total Equity : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 and continuous profit.

7.2 Operating Results

Unit: NT\$ thousands

Item	Year	2020	2019	Difference	%
		Amount	Amount		
Operating Revenue		35,599,249	30,134,180	5,465,069	18%
Cost of Goods Sold		24,356,194	19,780,063	4,576,131	23%
Gross Profit		11,243,055	10,354,117	888,938	9%
Operating Expenses		3,329,516	2,660,408	669,108	25%
Income (Loss) from Operations		7,913,539	7,693,709	219,830	3%
Non-operating Income and Expenses		1,121,268	1,272,859	(151,591)	-12%
Income (Loss) before Income Tax		9,034,807	8,966,568	68,239	1%
Income Tax Expense (Benefit)		(1,817,162)	(1,885,372)	68,210	-4%
Net Income (Loss)		7,217,645	7,081,196	136,449	2%
Net Profit Attributable to Owners of The Company		6,632,254	6,648,906	(16,652)	0%
<p>Explanation for significant changes :</p> <ol style="list-style-type: none"> 1. Cost of Goods Sold : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 and the continuous popular demand for passive components, and the increase in operating revenue caused the overall cost of goods sold increasing. 2. Operating Expenses : Mainly due to parts of investment entities included in the consolidated financial statement since 2020 caused the overall operating expenses increasing. 					

7.3 Cash Flow

Analysis of Cash Flow

Unit: NT\$ thousands

Cash Balance 2020/1/1	Net Cash from Operating Activities in 2020	Net Cash Flow from Investing and Financing Activities in 2020	Cash Balance 2020/12/31	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
7,627,620	12,093,768	(8,509,335)	11,212,053	—	—
<p>1. Analysis of Cash Flow:</p> <p>Operating activities : the net cash inflows of NT\$ 12,093,768 thousand, mainly due to operating profit during the year.</p> <p>Investing activities : the net cash outflows of NT\$ 13,207,744 thousand, mainly due to the acquisition of Property, Plant and Equipment in response to the growth of demand for future market and increased in time deposits of maturity in more than one year °</p> <p>Financing activities : the net cash inflows of NT\$ 4,910,193 thousand, mainly due to the issuance of convertible bonds in 2020.</p> <p>Effects of exchange rate changes : the net cash outflows of NT\$ 211,784 thousand, mainly due to the depreciation of the USD against the NTD.</p> <p>2. Improvement plan for insufficient liquidity: Not applicable.</p>					

7.4 Recent Years Major Capital Expenditures and Impact on Financial and Business

7.4.1 Major capital expenditures and source of funds

Unit: In Thousands of New Taiwan Dollars

Plan	Actual or Planned Source of Capital	Total Amount for 2019 and 2018	Actual Use of Capital	
			2020	2019
Land	Cash flow generated from operations and loans	1,228,500	-	1,228,500
Factory building and Production Equipment	Cash flow generated from operations \ loans and issue the first domestic unsecured conversion corporate bonds.	12,655,843	5,614,676	7,041,167

7.4.2 Expected Benefits and Impact on Financial and Business:

According to the market demand forecasts, we have recently been adding capacity to meet market needs for its products and services. Therefore, we raised our capital spending in order to meet this increased demand. We will continue to anticipate the growth that will follow.

7.5 Reinvestment policy in the most recent year, the main reason for its profit or loss, improvement plan and investment plan for recent year

A.Investment Policy:

Master the development of customers and industries, match with investment layout, and optimize high-efficiency production lines and services to meet customer demands for expanding domestic and overseas markets; Also, utilize own funds to make other investments to increase profits.

B.The main holding companies are as follows:

(In Thousands of New Taiwan Dollars)

Description	Investment amount	Policy	Main reason for profit or loss	Improvement Plan	Other future investment plans
Gallatown Developments Ltd.	8,447,836 thousands of NTD	Overseas investment holding company	The profit of FY 2020 was 2,882,473 thousands of NTD, which was mainly contributed from the stable operation profit of investments.	None	Depend on market demands

7.6 Risk Management

7.6.1 The impact of recent interest rates, exchange rate changes, and inflation on the company's profit and loss in the recent year and future measures

unit : NT\$ thousands

Item \ Year		Year 2020	
		Amount	Ratio
Net value of Interest income (expenditure)	Individual financial report	(125,629)	-3.74%
	Consolidated financial report	156,676	1.98%
Net Values of exchange (profit) and loss	Individual financial report	(151,654)	-4.52%
	Consolidated financial report	(191,802)	-2.42%

(1) Impact of interest rate changes

WTC net interest income (expenditure) from individual and consolidated financial reports for the year 2020 were (125,629) thousand and 156,676 thousand, respectively, accounting for -3.74% and 1.98% of operating profit, respectively.

WTC belongs to capital-intensive industry. In order to expand production capacity and renew equipment, in addition to its own funds, it also needs external financing.

As the Covid-19 is continuously, countries have cut interest rates in response, and are in the stage of proposing relief plans, which will help the company's borrowing costs to maintain low levels.

(2) The impact of exchange rate changes:

WTC's 2020 individual and consolidated financial report conversion net losses were (151,654) thousand and (191,802) thousand, respectively, accounting for -4.52% and -2.42% of operating profit. The U.S. dollar was weaker than Taiwan dollar, RMB and Japanese yen in Year 2020. It was relatively unfavorable for the company and its overseas subsidiaries' net exposure to foreign currency net assets and liabilities. In the company's foreign currency assets and liabilities of each subsidiary, we continue to appropriately hedge risks, and select an appropriate exchange rate based on foreign currency demand, so as to reduce the impact of exchange rate fluctuations.

(3) Inflation impact: No inflation in year 2020 .

(4) Future countermeasures: WTC dedicated personnel to regularly evaluate the foreign currency positions of the company and its overseas subsidiaries, exchange rate fluctuations, and the net positions after the natural offset of foreign currency assets and liabilities to avoid risks as much as possible. Let the exchange evaluation gains and losses be controlled within a reasonable level, and try to eliminate the impact of exchange rates on the gains and losses. In addition, as of December 31, 2020, the consolidated financial report short-term, medium- and long-term loan financing balances amounted to approximately NTD 2.14 billion, and interest rates remained low, which helped the financing cost and financial ratios remain stable.

7.6.2 The main reasons for the policy, profit or loss of high-risk, high-leverage investment, loan to others, endorsement/guarantee and derivative transactions in the recent year and future measures

- (1) In 2020, WTC did not engage in high-risk, high-leveraged investments. The policy of derivative commodity trading is based on the principle of hedging the physical position to reduce the risk of the company's asset price changes. WTC executes hedge transactions on physical positions in full accordance with the normative evaluation of derivative commodity transactions in the "procedures for acquiring or disposing of assets".
- (2) In 2020, the company loaned funds to others, aimed at subsidiaries that directly or indirectly held 99.99% of the shares, because of their business needs to lend funds. In 2020, the company's maximum loan amount was NTD 23,172,278 thousand, and the balance of fund loan at the end of the period was NTD 817,710 thousand. Please refer to the most recent annual financial statements of this annual report for details of subsidiary funds loans to others. The above-mentioned capital loans are all operated in accordance with the "Operational Procedures for Loaning of Company Funds" of the company and its subsidiaries.
- (3) In 2020, the company's external endorsement guarantee is aimed at subsidiaries or grandson companies that directly or indirectly held 99.99% of the shares to guarantee bank financing and transactions due to their business needs. The maximum limit of the company's endorsement guarantee in 2020 was NTD 19,310,231 thousand. As of the end of 2020, the balance of endorsement guarantee at the end of the period was NTD 2,137,126 thousand. Please refer to the most recent annual financial statement of this annual report for details of the subsidiary's external endorsement guarantee. The above-mentioned endorsement guarantees are performed in accordance with the "Operational Procedures for Endorsements and Guarantees" of the company and its subsidiaries.

7.6.3 Research and development plans in the recent year and future plans

1. The progress of R&D projects in 2020

The strategy of R&D in Walsin Technology Corporation is to produce the passive components with high quality and superior characteristics made by our own developing technologies. Therefore, WTC has been striving to enhance our capability in manufacture and enrich the category of product for achieving the purpose of one-stop shopping by customers.

In the recent R&D on MLCCs, we are developing toward the several goals of characteristics of MLCC, included the higher volumetric capacitance ($>20\mu\text{F}/\text{mm}^3$), superior properties at high frequency application, better reliability for automotive or high temperature operation and more diversified product-lines. In response to the recent technological revolution in the wireless communication systems, 5G & WiFi-6, the subsequent market demand and specification request of microwave MLCCs for such advanced applications are obvious increased. WTC has not only expanded the capacity of microwave MLCCs production, but also created various series with ultra-low ESR and high Q properties made by in-house BME-Cu technology. In addition, through the self-developed ceramic material recipes, metal

conductive pastes and manufacturing technology, the progresses of other developing products such as high capacitance MLCCs, automotive MLCCs, miniaturized MLCCs and so on are on schedule.

In terms of chip resistors, we keep focusing on miniaturized and high reliability products for anti-sulfurization, anti-oil bath and anti-surge. Regarding the requirements of vehicle, we have developed high-power and surge-resistant resistor products, and many products have been launched on the market. About the on-going projects of thin-film resistors, we are developing on the current sensing resistor with low TCR and the automotive thin-film resistor.

In terms of radio frequency components, all customers have kicked off to evaluate 5G upgrade plan for mobile phone in second half of 2019. It can be estimated that the demand of LTCC filters will be increased more than twice. Therefore, the overall supply chain planned to increase production capacity of related product to fulfill market demand in 2020. Currently, most of suppliers have increased production capacity about 1.5 times compared with they were in 2019. It will be even increased 2 times by the end of 2021. The mainstream component size of mobile phones is smaller than 2520 (metric). But, for 5G base station, 5G CPE and WIFI 6E application, the mainly size of RF component is above 2520 to 4532 (metric), in other words, the related RF-component supply will face the challenges of capacity issue in coming future. As aforementioned, multi-bands of 5G lead to more components used in one device. Therefore, the demand of 0605 and 1005 size products will gradually become the mainstream for 5G smartphone. In addition, the demand of modularization product will become more urgent in the next few quarters. The modularization products are still increasing from tier one RF module supplier in 2021, especially for middle/entry level smartphones. In order to fulfill market requirement, WTC will speed up to integrate SAW, switch, LTCC filters for cost-effective module development.

2. The progress of the unfinished R&D project

For all R&D plans WTC, we always consider and evaluate the market trend, the customer demand, competitor's R&D trends and the establishment of core competitiveness, and then planning and scheduling. According to the difficulty and importance of developing technology or product, the short-, medium-, and long-term development project plans will be decided. Moreover, from expense allocation for project, regularly progress review, product performance and quality verification to production plan are key procedures of R&D project implementation.

3. Future R&D plans and their estimated expenses

Unit: NT\$ thousands

Project title	Purpose	Estimated expense	Completion time	Key factor
Hi-cap X5R/X7R MLCCs development	Capacitance increasing	30,000	2021	1. ceramic & paste recipes 2. Slurry technology 3. Thinning coating & printing 4. Sintering technology 5. Novel manufacturing process
01005 sized X5R/NPO/RF MLCCs development	Capacitance & TCC increasing	15,000	2021	1. High precision manufacturing process 2. Sintering technology
Automotive MLCCs development	Capacitance & property enhancing	20,000	2021	1. Robust structure design 2. Hi-reliable ceramic recipes 3. Soft termination paste
Specialty MLCCs development	Specifications enhancing	15,000	2021	1. New ceramic recipe 2. Novel manufacturing process 3. Specialty MLCC design
Automotive big size thin film resistor product development	Specifications enhancing	5,000	2021	1. New device design 2. Novel manufacturing
Automotive anti-sulfuring thin film resistor product development	Specifications enhancing	3,000	2021	1. New device design 2. Novel manufacturing
RF switch module with integrated SAW and LTCC filter for 5G application	Specification definition and evaluation	50,000	2021	1. Design of high-Q SAW filter 2. IPD design and measurement 3. non-shrinkage LTCC substrate development

4. Estimated time to mass production

The above-mentioned product development is scheduled and controlled by product's development plan, and the mass production time is also planned in accordance with its project

schedule.

5. Key successful factors of future R&D project

- (1) Establish core-competence in-house manufacturing technology
- (2) Product property meets customer needs
- (3) Proper control of cost and yield during production
- (4) Become a leader or benchmark in a specific target market

7.6.4 The impact of major domestic and foreign policy and legal changes on company's finance in recent years and corresponding measures

At this stage, the government authorities have announced important domestic policies and legal changes, which have no immediate or significant impact on the company's finance. Internationally, the tariff adjustments in the US-China trade war have caused changes in the overall international economic and trade environment. Company has set up factories of a certain scale in Taiwan, Japan, and Malaysia to diversify the risks of the single market through globalization; the company also continues to collect relevant information for internal and external operation environment in order to adapt to possible changes and develop in the positive way.

7.6.5 Impact of recent technological changes and industry changes on the company's financial and business and corresponding measures

- A. The demand for smart electronic equipment and high-speed computing has increased significantly in recent years, which is conducive to the market application of high-capacitance capacitors. The company has also continued to deepen the development of related key technologies and products.
- B. With the popularization of the Internet of Things, wireless transmission will gradually become an essential infrastructure facility in various daily necessities. The company will focus its product research and development on products such as radio frequency components and small-size 0201, 01005 capacitors and thin-film resistors to meet market demand.
- C. Affected by the emerging wave of connected electric vehicles, the demand for automotive electronics will increase significantly based on the average use of more than 5,500pcs components per unit. In view of this, the company will continue to expand high-reliability capacitors, high-temperature capacitors, radio frequency capacitors, and anti-bending Products with flexible terminal electrode capacitors, film resistors, inductors, etc., complying with the AEC-Q200 specification for automotive use.
- D. Portable electronic products, including smart phones, wearable devices, and large-size cross-border products Phablet, etc. have emerged. Passive components used include chip capacitance/resistance, high frequency, microwave chip capacitors, thin film chip resistors, and low impedance The demand for resistors and miniaturized parts (0201 size and below) is increasing.
- E. Sub 6G is the mainstream mobile phone. 5G uses more low-loss frequency dividers than

4G mobile phones. It is necessary to develop high-quality materials and low-loss design architectures to meet market needs.

- F. The application of modules is the mainstream of IoT applications. Thin products are a necessary condition for customer requirements. The product specifications of the existing filters must be further reduced in thickness to meet the application of module packaging.
- G. The development of the new generation of wireless communication technology (5G) has gradually matured, and the demand for component applications of related communication equipment and personal devices has also gradually increased, which will become the main source of growth in the next few years.
- H. The application demand for industrial equipment and the market demand for LED lighting or backlight applications have maintained steady growth.
- I. With recently popularization of electric vehicles, the demand of passive components for automotive has been increasing obviously. At the same time, the proportion of vehicle electrification, like ADAS, has also rapidly increasing. Therefore, the specifications of passive components become more complicated and quality-concerned that applied in control system, powertrain, audio-visual system and so on.

In view of this market change, WTC has developed new various products for automotive and gradually expanded capacity of production to meet customer needs.

7.6.6 The impact of corporate image changes in recent years on corporate crisis management and corresponding measures

The company receives visits from domestic and foreign legal persons and media from time to time, and regularly participates in investment and technical forum discussions to increase the understanding of the company by the investing public and customers, and to build a better image of the company.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

The Company's subsidiary, Kamaya Electric Co. Ltd., launched a Tender Offer (TO) on Dec. 1, 2020 at the offer price of JP¥ 460 per share to acquire the ordinary shares of Soshin Electric Co. Ltd., a listed company in the Tokyo Stock Exchange. The offer period of such TO has concluded on Jan. 4, 2021, the result of the TO for a total of 6,254,800 shares (approximately 40.1% of the total issued and outstanding ordinary shares) and monetary amount of JP¥ 2,877,208 thousand. Up to the publication date of this annual report, the Company and its subsidiary aggregately hold a 42.22% stake of the total issued and outstanding ordinary shares of Soshin.

1. Expected benefits: To strengthen the cooperative relationship between PSA Group and Soshin and expand the scale of operations to enhance our competitiveness internationally.
2. Possible risks: The performance of investments not as expectation due to the impact of recession of macro-economic environment and industrial development.
3. Mitigation measures: Regular review the performance of investments.

7.6.8 Expected benefits, possible risks and countermeasures of the expansion of the plant

The expansion of the company's factory buildings are considering base on the increased risk of global trade conflicts. In order to diversify operational risks and meet market supply and demand, we will continue to invest in planned and phased expansion of production in Taiwan, and has undergone feasibility assessment and financial analysis has been carried out by the relevant technical team to grasp its possible risks. In addition to promoting the optimization of production line efficiency, it is mainly based on the medium and long-term needs of customers and the injection of research and development results, so as to gradually expand the market share of customers and products, and diversify operational risks. The company will also continue to observe changes in the market economy and adjust related plans in a timely manner to reduce the negative impact of possible risks.

7.6.9 Risks faced by purchase or sales concentration and corresponding measures

(1) In terms of procurement: In terms of raw materials, the company actively seeks overseas material technology cooperation, invests in the research and development of powder and electrode formulations, improves the ability to develop materials by themselves, and uses strategic cooperation with suppliers to reduce purchase costs. By increasing the proportion of self-made and the autonomy of materials, reducing the risk of concentrated purchases. With regard to the procurement of semi-finished products and finished products, we strictly implement global capacity planning and allocation, diversify the proportion of suppliers' purchases, and avoid risks arising from concentrated purchases. In addition, the company did not have a supplier with a purchase ratio of more than 10% in Year 2020, so there is no risk of concentration of purchases.

(2) In terms of sales: the company's main sales targets are distributed in related industries such as information, mobile devices, network telecommunications, automotive and industrial electronics and consumer electronics. In addition, it has established branches around the world to provide customers with the best services with an integrated marketing system and supply platform; and actively improve product portfolios and product quality to consolidate orders from major international manufacturers. At the same time, in the future, we will develop customers in various regions and increase agents as needed. Generally speaking, by expanding customer sources and diversifying customer industry categories, we hope to reduce the risks arising from the concentration of sales. In addition, the company did not have a customer with a sales ratio of more than 5% in Year 2020, so there is no risk of concentration of sales.

7.6.10 Directors or shareholders holding more than 10% of the shares, the impact of a large number of shares transferred or replaced on the company and risks:

None.

7.6.11 Impact of changes in management rights on the company and risks: None

7.6.12 Litigation or non-litigation

Should the Company, its directors, general managers, substance representatives, subordinate companies and major shareholders holding more than 10% of the shares in the last two years have the litigation, non-litigation or administrative disputes up to the date of this annual report: None.

7.6.13 Other important risks and countermeasures

Walsin Technology has acquired third-party evaluation and certification of ISO27001 Information Security Management Systems (ISMS) starting from year 2018 and passed the annual review regularly. With the implementation of ISO27001 system, Walsin leverages this system to manage and monitor all the security threats and risks for all the information systems and equipment. Furthermore, we organized the “Information Security Committee” to guide the planning, integrating and execution of information security policies. We regularly conduct the network and equipment vulnerability scans, information security risk assessment, employee information security training and also equipment risk assessment to block the illegal network intrusion, enhance the operational safeness as well as prevent the potential risks in advance. In order to protect the customers’ confidential data and the company’s information assets, we manage both internal and external risk through the ISMS system and regularly report the status to the Information Security Committee. In 2020, the committee did not observe any major information security incidents that may impact the company's business operations. Identified risk-weighted assets are well managed and under continuous improvement. To comply with the company’s digital transformation project and the deployment of IoT devices, three critical information security projects were implemented in 2020 to strengthen the security management mechanisms, reduce risk exposure possibility and increase the reaction capabilities to information security incidents. We will continuously strengthen our information security policies and make information assets protective provision in response to the information security challenges brought by digitalization and globalization.

7.6.14 Other Important Risks and Corresponding Measures:

Organizational structure of risk management

Kinds of Risks	Competent Authority	Content
Strategy Risk	President office	Build up core value, principal and operation policy for company. Confirm priority of company resources.
Operational Risk and Market Risk	TAPING BU MLCC BU R&D BU CHIP-R BU RF BU International BU Great China Sales & Disty BU DISC BU	Execution work of R&D, production, sales and refinement of production technics while being consistent with strategic and related-high-level goal of corporation in order to improve product quality and reduce costs.
Inventory Risk	Global Material management Division/ Global Logistics Center	Procurement of raw material and finished goods. Processing of semi-finished goods. Inventory Control.
Risk of Custom Affair and Transportation	IMPEX Dept	Control of abnormal custom issues. Cost management of custom clearance. Training of personnel and update of custom information. Control of bonded goods. Transportation management and cost control.
Credit Risk	Sales Management & Enterprise Risk Management Division	Establishment and audit of customer credit. Management of account receivable.
Operation of Risk Management	Sales Management & Enterprise Risk Management Division	In assistance of risk identification and analyze within the company. To do risk appetite and tolerance analysis, classification and reaction. Management and auction of valuable scrap material.
Risk of Environment, Safety and Factory Affairs	Administration Division	Regulating factory affairs safety, hazardous articles and environment safety. Personnel training when change of laws and regulations of environment protection.
Accounting Risk	Global Accounting Division	Keep financial reporting correctly and Business analysis.
Financial and Liquidity Risk	Finance Division	Avoid interest rate risk and exchange rate risk. Loan management and bank relationship maintenance. Supervision of oversea funds.

Supervision of Subsidiary	Investing Management Dept	Supervision of financial information and accounting system of oversea subsidiaries.
Legal Risk	Legal Office	Review of contracts and corporate authorization in order to reduce legal risk for company and guard company assets and goodwill.
Personnel Risk	Human Benefit and Development Division	Personnel whose work contains confidential information shall follow company regulations in order to reduce risk of fraud.
Information Risk	Global IT Division	Security of information and data. Recovery mechanism.
Physical cargo security	AEO Group	Periodic inspection on security of goods for both factory and forwarder base on the AEO rules set up by Custom.
CSR Principal	CSR Committee	Establishment of vision and policy of CSR. Organize regular meeting to review CSR principal and to adjust direction in order to comply with internal and external surroundings.
Risk of Personnel Information Management	Execution Group of Data and Personnel Information Security	Management and assessment of personnel information security. Evaluate and deliberate the conformance and legality of company's personnel information management system. Reacting, managing and reporting of personnel information security issue. Execution and planning of protection and management of personnel information.
Risk of Information Management System	Information Security Committee	Comply with ISO 27001 Information Security Management System. Establishment and execution of regulations of information security management and regulations of risk control, and promote related activities within the company. Set up emergency reaction and recovery measure for security issue. Execution of audit improvement suggestion. Plan and execution of corrective measure. Deliberating of new products or technologies of information security. Identification of information-security-related laws and regulations.

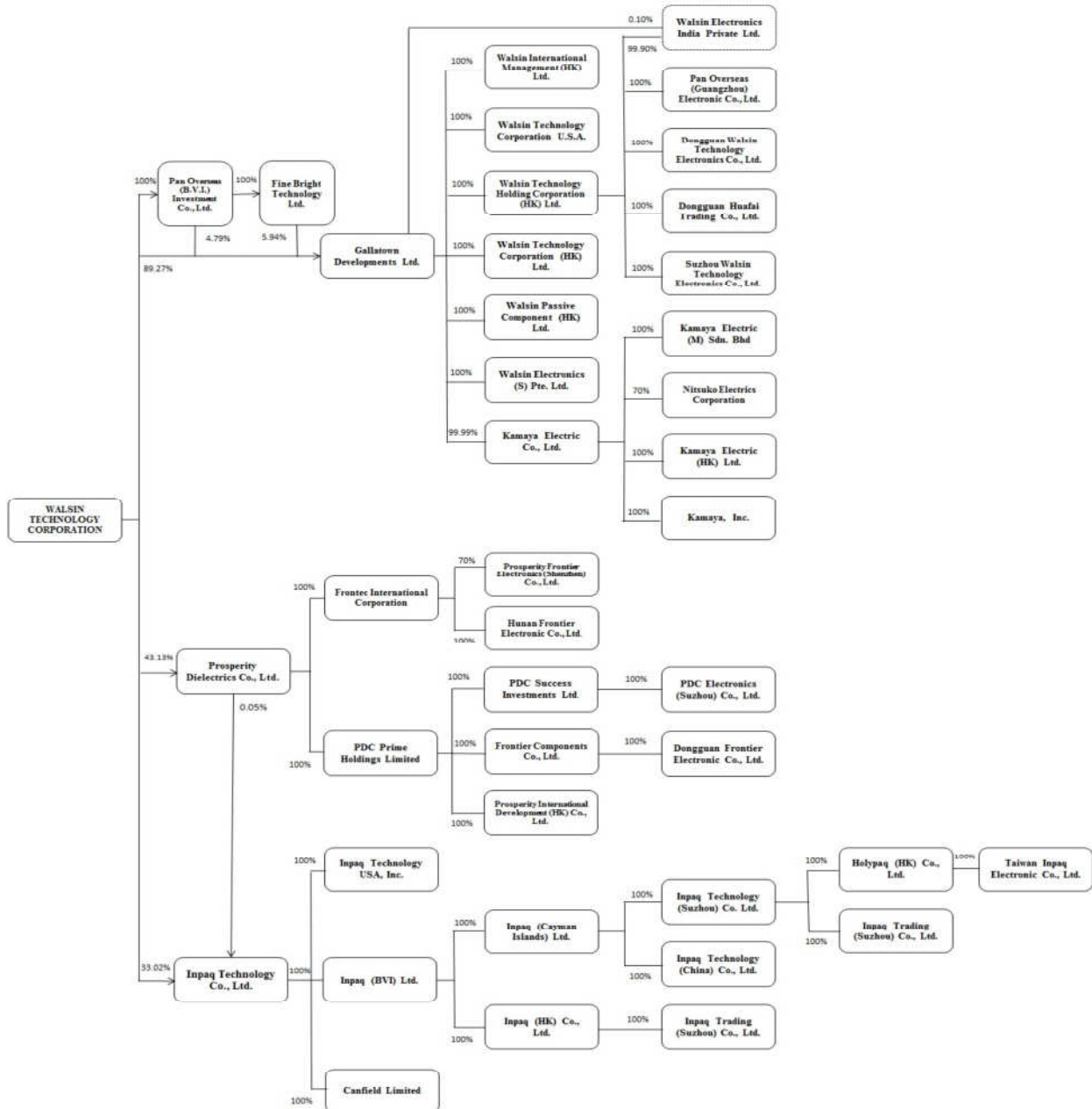
7.7 Other Important Matters: None.

Other Special Notes

8.1 Affiliates Information

8.1.1 Consolidated Business Report of Affiliates

a. Affiliated Organization Chart



Note: Walsin Electronics India Private Ltd. has not commenced operation yet.

b. Background Information of the Affiliates

Unit: dollars 2020/12/31

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Gallatown Developments Ltd.	Dec. 1999	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD115,481,905 (28.10:1)	Investment holding
Walsin Technology Holding Corporation (HK) Limited	Nov. 2007	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD239,387,562 (28.10:1)	Investment holding
Walsin International Management (HK) Ltd.	Dec. 2011	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD6,000,001 (28.10:1)	Investment holding
Pan Overseas (B.V.I.) Investments Co., Ltd.	Oct. 1998	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD28,400,000 (28.10:1)	Investment holding
Walsin Electronics (S) Pte. Ltd.	Apr. 1999	24 Sin Ming Lane #04-100, Midview City, Singapore 573970	SGD607,025 (21.2364:1)	Marketing service
Walsin Technology Corporation U.S.A.	Apr. 1997	P.O. Box 2833, Castro Valley, CA 94546, USA	USD700,000 (28.10:1)	Marketing service

Company	Incorporation Date	Address	Capital Stock	Main Business Items
Walsin Technology Corporation (HK) Ltd.	Dec. 1996	Suite 66, 9/F., Lee King Industrial Building, 12 Ng Fong Street, San Po Kong, Kowloon, Hong Kong	HKD74,214,000 (3.6247:1)	Selling passive electronic components
Walsin Passive Component (H.K.) Ltd.	Dec. 2000	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong	USD3,000,013 (28.10:1)	Selling passive electronic components
Walsin Electronics India Private Limited	Dec. 2018	NO: 17/28/10, Ground Floor, New Bypass Circle, Renigunta, Chittoor, Andhra Pradesh, India, 517520	INR1,000,000 (0.3843:1)	Manufacturing and selling passive electronic components
Suzhou Walsin Technology Electronics Co., Ltd.	Mar. 2000	No. 369, Changyang Street, Suzhou Industrial Park, Jiangsu Province, China	USD69,000,000 (28.10:1)	Manufacturing and selling passive electronic components
Dongguan Walsin Technology Electronics Co. Ltd.	Jul. 2000	No. 638, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD128,400,000 (28.10:1)	Manufacturing and selling passive electronic components
Fine Bright Technology Limited	May 1990	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD5,237,185 (28.10:1)	Investment holding
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Jun. 1991	No. 277, Hong Ming Road, Eastern Section, Guang Zhou Econ. and Tech. Development Zone, China	USD16,500,000 (28.10:1)	Manufacturing and selling passive electronic components
Dongguan Huafai Trading Co., Ltd.	Oct. 2009	No. 638-1, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD2,000,000 (28.10:1)	Trading of electronic parts, warehousing and commission agency

Company	Incorporation Date	Address	Capital Stock	Main Business Items
Kamaya Electric Co., Ltd.	Oct. 1957	PSA Building, 6-1-6 Chuou, Yamato-shi, Kanagawa 242-0021, Japan	JPY499,000,000 (0.2725:1)	Manufacturing and selling high-end electronic chip and resistors
Kamaya, Inc.	Nov. 1977	6407 Cross Creek Boulevard Fort Wayne, IN 46818 U.S.A.	USD 1,460,527 (28.10:1)	Selling passive electronic components
Kamaya Electric (M) Sdn. Bhd.	May 1991	47A, Jalan Chung Ah Ming, Pasir Puteh, 31650 Ipoh, Perak Darul Ridzuan, Malaysia	RM242,125,250 (6.9641:1)	Manufacturing and selling high-end electronic chip and resistors
Nitsuko Electronics Corporation	Apr 1999	2031-1 Ogawara, Suzaka, Nagano 382-0071 Japan.	JPY100,000,000 (0.2725:1)	Manufacturing and selling film capacitors
Kamaya Electric (HK) Limited	Jun. 2007	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong	HKD2,000,000 (3.6247:1)	Selling passive electronic components
Prosperity Dielectrics Co., Ltd.	May 1990	No. 566-1, Gaoshi Rd., Yangmei Dist., Taoyuan City 326103, Taiwan	NTD1,720,000,000	Manufacturing and selling electric capacitors, resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.
Frontier Components Co., Limited	Jan. 2006	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong	USD9,001,000 (28.10:1)	International trade
PDC Prime Holdings Limited	Oct. 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD23,464,538 (28.10:1)	Investment holding

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
PDC Success Investments Ltd.	Oct. 2003	3rd Floor, Standard Chartered Tower, 19 Cybercity Ebene, Republic of Mauritius	USD12,009,000 (28.10:1)	Investment holding
PDC Electronics (Suzhou) Co., Ltd.	Apr. 2004	No.2588, Pangjin Rd., Yundong Economic Development Zone, Wujiang District, Suzhou City, Jiangsu Province, China	USD12,000,000 (28.10:1)	Manufacturing of electronic parts and ceramic components
Frontec International Corporation	Jul. 1997	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD21,679,181.62 (28.10:1)	Overseas investment
Dongguan Frontier Electronic Co., Ltd.	Jun. 1998	No. 658, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD6,100,000 (28.10:1)	Selling transformer, coils and rectifier diode
Hunan Frontier Electronics Co., Ltd.	Jan. 2008	Fenghuan Road, Fenghuangyuan Economic Zone, Lengshuitan Town, Yongzhou City, Hunan Province, China	USD16,000,000 (28.10:1)	Manufacturing and selling transformer, coils and magnetic component
Prosperity International Development (HK) Co., Limited	Dec. 2011	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD2,401,000 (28.10:1)	Investment holding
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Sep. 2018	2nd Floor, No.16, Daxing 1st Road, Bu Chung Community, Shajing Street, Bao'an District, Shenzhen, China	USD6,000,000 (28.10:1)	Manufacturing and selling transformer, coils and rectifier diode

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Inpaq Technology Co., Ltd.	Jun. 1998	No. 11, Keyi St., Zhunan Township, Miaoli County 350402, Taiwan	NTD 1,401,803,410	Researching, developing, manufacturing and selling of hybrid microwave antenna module, Integrated electrical protection component and Multilayer type microwave communication component and module
Inpaq (BVI) Ltd.	Nov. 2000	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	USD34,908,842 (28.10:1)	Investment holding
Inpaq (Cayman Islands) Ltd.	Dec. 2000	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD27,150,000 (28.10:1)	Investment holding
Inpaq Technology USA, Inc.	Jul. 2019	2055 Junction Ave Suite 100, San Jose, CA 95131	USD500,000 (28.10:1)	Sales
Canfield Limited	Nov. 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD600,000 (28.10:1)	Sales
Inpaq (HK) Co., Ltd.	Nov. 2008	Rm 2702-03, Cc Wu Bldg, 302-8 Hennessy Rd., Wanchai, Hong Kong	HKD66,857,630 (3.6247:1)	Investment holding

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Inpaq Technology (Suzhou) Co., Ltd.	Jan. 2002	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng District, Suzhou City, Jiangsu Province, China	USD11,000,000 (28.10:1)	Manufacturing and selling passive electronic components
Inpaq Technology (China) Co., Ltd.	Mar. 2007	No.81, Antai One Road, Anzhen Xishan Economic Development Zone, Wuxi City, Jiangsu Province, China	USD24,000,000 (28.10:1)	Manufacturing and selling passive electronic components
Inpaq Trading (Suzhou) Co., Ltd.	Jun. 2006	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng District, Suzhou City, Jiangsu Province, China	USD700,000 (28.10:1)	Selling passive electronic components
Inpaq Trading (Suzhou) Co., Ltd.	Nov. 2011	Rm. 1989, 19 F, Modern Logistic Building, 88 Morden Road, Suzhou Industrial Park Zone, Suzhou City, Jiangsu Province, China	RMB2,000,000 (4.3131:1)	Selling passive electronic components
Holypaq (HK) Co., Ltd.	Mar. 2012	Rm.2702-03, CC WU Bldg., 302-8 Hennessy Rd., Wanchai, Hong Kong	USD4,000,000 (28.10:1)	Investment holding
Taiwan Inpaq Electronic Co., Ltd	Oct. 2018	1F., No. 38, Keyi St., Zhunan Township, Miaoli County 350402, Taiwan	NTD122,239,694	Manufacturing and selling passive electronic components

Note 1: All affiliates, regardless of their business scale, are required to be disclosed.

Note 2: If the affiliate has a factory, and its sales exceeded 10% of sales of the controlling company. The factory name, incorporation date, address and its main production items are required to be listed.

Note 3: If the affiliate is a foreign company, the name and address of the company may be in English, and the incorporation date may also be displayed in A.D. The paid-in capital may be in foreign currency but the exchange rate on the date of the report is required to be noted.

c. Shareholders in Common of WTC and its affiliates with presumed to have a relationship of control and subordination: Not applicable

Unit: NT\$ thousands, shares, %

Presumed reason	Name (Note1)	Shareholding (Note 2)		Incorporation date	Address	Paid-in capital	Main business items
		Shares	Holding %				
N/A							

Note 1: Where the shareholders in common are juristic persons, the name of juristic persons shall be disclosed. Where the shareholders in common are natural persons, the name of natural persons shall be disclosed. Nature person shareholders can be disclosed only the presumed reason, their names and shareholding status.

Note 2: Shareholding is to be filled in the shareholder's shareholding information of the controlling company.

d. The industries covered by the business operation of the overall affiliates:

(a) The business of Walsin Technology Corporation (the controlling company) is mainly the manufacturing, processing, and selling passive electronic components.

(b) The circumstance of the dealings and division of work among the business operated by individual affiliates:

As for the details of the main business or production items of each affiliate, please refer to the above-mentioned the second section, the list of background information of the affiliates.

e. Directors, Supervisors, and Presidents of the Affiliates

As of 2020/12/31

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Gallatown Developments Ltd.	Director	Chiao, Yu-Heng	Walsin Technology Corporation 103,088,547	89.27%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
	G.M.	Chang, Jui-Tsung		
Walsin Technology Holding Corporation (HK) Limited	Director	Chiao, Yu-Heng	Gallatown Developments Ltd. 185,837,562	100.00%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
Walsin International Management (HK) Ltd.	Director	Chiao, Yu-Heng	Gallatown Developments Ltd. 600,001	100.00%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
Pan Overseas (B.V.I.) Investments Co., Ltd.	Director	Chiao, Yu-Heng	Walsin Technology Corporation 28,400,000	100.00%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
Walsin Electronics (S) Pte. Ltd.	Director	Liew Sie Yong	Gallatown Developments Ltd. 607,025	100.00%
	Director	Chiao, Yu-Heng		
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
	G.M.	Liew Sie Yong		

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Walsin Technology Corporation U.S.A.	Director Director G.M.	Tseng, Fan-Chu Chang, Jui-Tsung Tseng, Fan-Chu	Gallatown Developments Ltd. 7,000,000	100.00%
Walsin Technology Corporation (HK) Ltd.	Director Director Director Director Director	Chen, Kuei-Chen Chang, Jui-Tsung Yeh, Tse-Kuang Hung, Chih-Mou Peng, Chun-Hsiung Liao, Pin-Cheng	Gallatown Developments Ltd. 1,953	100.00%
Walsin Passive Component (H.K.) Ltd.	Director Director Director	Peng, Chun-Hsiung Chang, Jui-Tsung Hung, Chih-Mou	Gallatown Developments Ltd. 23,400,100	100.00%
Walsin Electronics India Private Limited	Director Director	Ku, Li-Chin Rajagopal Anandan	Walsin Technology Holding Corporation (HK) Ltd. 999 Gallatown Developments Ltd. 1	99.90% 0.10%
Suzhou Walsin Technology Electronics Co., Ltd.	Chairman Director Director Supervisor G.M.	Peng, Chun-Hsiung (Rep. of Walsin Technology Holding Corporation (HK) Ltd.) Chang, Jui-Tsung Yu, Ming-Hsiung Yeh, Tse-Kuang Yu, Ming-Hsiung	Walsin Technology Holding Corporation (HK) Ltd. USD69,000,000(Note1)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Dongguan Walsin Technology Electronics Co. Ltd.	Chairman	Hung, Chih-Mou (Rep. of Walsin Technology Holding Corporation (HK) Ltd.)	Walsin Technology Holding Corporation (HK) Ltd. USD128,400,000(Note1)	100.00%
	Director	Chang, Jui-Tsung		
	Director	Chen, Kuei-Chen		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Yeh, Tse-Kuang		
Fine Bright Technology Limited	Director	Chang, Jui-Tsung	Pan Overseas (B.V.I.) Investments Co., Ltd. 40,783,927	100.00%
	Director	Hung, Chih-Mou		
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Chairman	Hung, Chih-Mou (Rep. of Walsin Technology Holding Corporation (HK) Ltd.)	Walsin Technology Holding Corporation (HK) Ltd. USD16,500,000(Note1)	100.00%
	Director	Chang, Jui-Tsung		
	Director	Chen, Chun-Hsuen		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Chen, Chun-Hsuen		
Dongguan Huafai Trading Co., Ltd.	Chairman	Peng, Chun-Hsiung (Rep. of Walsin Technology Holding Corporation (HK) Ltd.)	Walsin Technology Holding Corporation (HK) Ltd. USD2,000,000(Note1)	100.00%
	Director	Chen, Kuei-Chen		
	Director	Hung, Chih-Mou		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Peng, Chun-Hsiung		

Company	Title	Name or the Representation	Shareholding		
			Shares	Holding %	
Kamaya Electric Co., Ltd.	Chairman	Chang, Jui-Tsung	Gallatown Developments Ltd	357,996,992	99.99%
	Director	Chiao, Yu-Heng			
	Director	Susumu Fujimoto			
	Director	Mitsuhiro Miyashita			
	Director	Wang, Shu-Lien			
	Director	Chen, Yi-Kuang			
	Supervisor	Yeh, Tse-Kuang			
	G.M.	Chen, Yi-Kuang			
Kamaya Inc	Director	Chen, Yi-Kuang	Kamaya Electric Co., Ltd.	699(Note3)	100.00%
	Director	Chang, Jui-Tsung			
	Director	Tseng, Fan-Chu			
	G.M.	Tseng, Fan-Chu			
Kamaya Electric (M) Sdn. Bhd.	Director	Chang, Jui-Tsung	Kamaya Electric Co., Ltd	242,125,250 (Note3)	100.00%
	Director	Chen, Yi-Kuang			
	Director	Chen, Kuei-Chen			
	Director	Mitsuhiro Miyashita			
	Director	Yeh, Tse-Kuang			
	Director	Chee Wei Chieh			
	Director	Yang, Tsung-Lin			
	G.M.	Mitsuhiro Miyashita			
Nitsuko Electronics Corporation	Chairman	Chen, Yi-Kuang	Kamaya Electric Co., Ltd	37,333(Note3)	70.00%
	Director	Chiao, Yu-Heng			
	Director	Chang, Jui-Tsung			
	Director	Susumu Fujimoto			
	Director	Kuniyuki Morioka			
	Director	Ryuichi Furukawa			
	Supervisor	Yeh, Tse-Kuang			
	G.M.	Susumu Fujimoto			

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Kamaya Electric (HK) Limited	Director	Chen, Kuei-Chen	-	-
	Director	Chen, Yi-Kuang	-	-
	Director	Chang, Jui-Tsung	-	-
			Kamaya Electric Co., Ltd 2,000,000(Note3)	100%
Prosperity Dielectrics Co., Ltd.	Chairman	Chiao, Yu-Heng	1,065,861	0.62%
	Director	Rep. of Walsin Technology Corporation : Ku, Li-Chin	74,186,468	43.13%
	Director	Rep. of Walsin Technology Corporation : Hung, Chih-Mou	74,186,468	43.13%
	Director	Wang, Por-Yuan	-	-
	Ind.	Fan, Po-Kang	-	-
	Director	Chen, Chun-Kuei	10,312	0.01%
	Ind.	Tan Yong Chian	-	-
	Director	Hung, Chih-Mou	29,242	0.02%
Frontier Components Co., Limited	Director	Hung, Chih-Mou		
	Director	Lin,Wen-Ko	PDC Prime Holdings Ltd. USD9,001,000(Note2)	100.00%
PDC Prime Holdings Limited	Director	Hung, Chih-Mou		
	Director	Lin,Wen-Ko	Prosperity Dielectrics Co., Ltd. USD23,464,538(Note2)	100.00%
PDC Success Investments Ltd.	Director	Hung, Chih-Mou		
	Director	Lin,Wen-Ko	PDC Prime Holdings Ltd. USD12,009,000(Note2)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
PDC Electronics (Suzhou) Co., Ltd	Chairman	Hung, Chih-Mou (Rep. of PDC Success Investments Ltd.)		
	Director	Kuang, Chi-Lin	-	
	Director	Tsao, Chung-Ya	-	
	Supervisor	Lo, Hsia-Ying	-	
	G.M.	Kuang, Chi-Lin	-	
		PDC Success Investments USD12,000,000(Note2)	100.00%	
Frontec International Corporation	Director	Rep. of Prosperity Dielectrics Co., Ltd.: Chiao, Yu-Heng	USD21,679,181.62(Note2)	100.00%
	Director	Rep. of Prosperity Dielectrics Co., Ltd.: Hung, Chih-Mou	USD21,679,181.62(Note2)	100.00%
Dongguan Frontier Electronic Co., Ltd.	Director	Hung, Chih-Mou (Rep. of Frontier Components Co., Ltd.)		
	Director	Chiang, Chien-Wen		
	Director	Lin, Wen-Ko		
	Supervisor	Lo, Hsia-Ying		
	G.M.	Lin, Wen-Ko		
		Frontier Components Co., USD6,100,000(Note2)	100.00%	
Hunan Frontier Electronics Co., Ltd.	Director	Hung, Chih-Mou (Rep. of Frontec International Corporation)		
	Director	Lin, Wen-Ko		
	Director	Wu, Hung-Chun		
	Supervisor	Lo, Hsia-Ying		
	G.M.	Tsao, Chung-Ya		
		Frontec International USD16,000,000(Note2)	100.00%	
Prosperity International Development (HK) Co., Limited	Director	Hung, Chih-Mou		
	Director	Lin, Wen-Ko		
		PDC Prime Holdings Ltd. USD2,401,000(Note2)	100.00%	
Prosperity Frontier electronics (shenzhen) Co., Ltd.	Director	Chen, Kuei-Chen (Rep. of Frontec International Corporation)		
	Director	Chen, Chun-Hsuen		
	Director	Chang, Chia-Hsiang		
	Supervisor	Lo, Hsia-Ying		
	G.M.	Chen, Kuei-Chen		
		Frontec International USD4,200,000(Note2)	70.00%	

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Inpaq Technology Co., Ltd	Chairman	Rep. of Walsin Technology Corporation: Chen, Pei-Cheng	46,284,950	33.02%
	Director	Rep. of Walsin Technology Corporation: Chiao, Yu-Heng	46,284,950	33.02%
	Director	Rep. of Walsin Technology Corporation: Tseng, Ming-Tsan	46,284,950	33.02%
	Director	Cheng, Duen-Jen	1,494,606	1.07%
	Ind. Director	Hon, Min-Hsiung	50,559	0.04%
	Ind. Director	Kao, Chi-Tzu	6	0.00%
	Ind. Director	Huang, Teh-Fu	-	-
	President	Tseng, Ming-Tsan	721,650	0.51%
Inpaq (BVI) Ltd	Director	Chen, Pei-Cheng	Inpaq Technology Co., Ltd. 34,908,842(Note4)	100%
Inpaq(Cayman Islands) Ltd.	Director	Chen, Pei-Cheng	Inpaq (BVI) Ltd. 27,150,000(Note4)	100%
Canfield Limited	Director	Tseng, Ming-Tsan	Inpaq Technology Co., Ltd. 600,000(Note4)	100%
Inpaq Technology USA, Inc.	Director	Yang, Tsung-Ming	-	-
	Director	Tseng, Ming-Tsan	-	-
	Director	Yang, Wan-Fen	-	-
			Inpaq Technology Co., Ltd. 5,000,000 (Note4)	100.00%
Inpaq (HK) Co., Ltd	Director	Tseng, Ming-Tsan	Inpaq (BVI) Ltd. 66,857,629 (Note4)	100%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Inpaq Trading (Suzhou) Co., Ltd.	Chairman	Tseng, Ming-Tsan (Rep. of Inpaq (HK) Co., Ltd.)	Inpaq (HK) Co., Ltd. USD700,000 (Note4)	100%
	Director	Cheng, Duen-Jen		
	Director	Chang, Chi-Lung		
	Supervisor	Huang, Kuo-Shu		
	G.M.	Tseng, Ming-Tsan		
Inpaq Technology (China) Co., Ltd.	Chairman	Tseng, Ming-Tsan (Rep. of Inpaq (Cayman Islands Ltd)	Inpaq (Cayman Islands) Ltd. USD24,000,000(Note4)	100%
	Director	Cheng, Duen-Jen		
	Director	Chang, Chi-Lung		
	Supervisor	Huang, Kuo-Shu		
	G.M.	Tseng, Ming-Tsan		
Inpaq Technology (Suzhou) Co., Ltd.	Chairman	Tseng, Ming-Tsan (Rep. of Inpaq (Cayman Islands Ltd)	Inpaq (Cayman Islands) Ltd. USD11,000,000(Note4)	100%
	Director	Cheng, Duen-Jen		
	Director	Chang, Chi-Lung		
	Supervisor	Huang, Kuo-Shu		
	G.M.	Tseng, Ming-Tsan		
Inpaq Trading (Suzhou) Co., Ltd.	Chairman	Tseng, Ming-Tsan(Rep. of Inpaq Technology (Suzhou) Co., Ltd.)	Inpaq Technology (Suzhou) Co., Ltd. RMB2,000,000(Note4)	100%
	Director	Cheng, Duen-Jen		
	Director	Chang, Chi-Lung		
	Supervisor	Huang, Kuo-Shu		
	G.M.	Tseng, Ming-Tsan		
Holypaq (HK) Co., Ltd.	Director	Tseng, Ming-Tsan	Inpaq Technology (Suzhou) Co., Ltd. 4,000,000(Note4)	100%
Taiwan Inpaq Electronic Co., Ltd.	Director	Rep. of Holypaq (HK) Co., Ltd.: Tseng, Ming-Tsan	NTD122,239,694(Note4)	100%

Note1: It is the capital contribution.

Note 2: It is an investee company held by Prosperity Dielectrics Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Prosperity Dielectrics Co., Ltd.. The number of shares or capital contribution is all shares or capital contributions of Prosperity Dielectrics Co., Ltd.

Note 3: It is an investee company held by Kamaya Electric Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Kamaya Electric Co., Ltd. The number of shares is all shares or capital contribution of Kamaya Electric Co., Ltd.

Note 4: It is an investee company held by Inpaq Technology Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Inpaq Technology Co., Ltd.. The number of shares or capital contribution is all shares or capital contribution of Inpaq Technology Co., Ltd.

Note 5: None of the representative of each juristic person contributed capital

f. The overview of the operations of the affiliates

The financial condition and operational results of the affiliates

Unit: NT\$ thousands, except EPS(NT\$)

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Gallatown Developments Ltd.	3,245,042	26,640,842	1,874,095	24,766,747	0	(33,928)	2,882,473	N/A
Walsin Technology Holding Corporation (HK) Limited	6,726,790	21,845,809	1,066,927	20,778,882	0	(3,899)	2,189,324	N/A
Walsin International Management (HK) Ltd.	168,600	143,442	29	143,413	0	(82)	(1,629)	N/A
Pan Overseas (B.V.I.) Investments Co., Ltd.	798,040	2,306,873	193,549	2,113,324	0	(100)	304,011	N/A
Walsin Electronics (S) Pte. Ltd.	12,891	7,229	493	6,736	8,476	3,222	2,928	N/A
Walsin Technology Corporation U.S.A.	19,670	15,187	512	14,675	9,397	2,919	2,895	N/A
Walsin Technology Corporation (HK) Ltd.	269,003	6,447,185	4,881,464	1,565,721	14,935,135	530,120	566,610	N/A
Walsin Passive Component (H.K.) Ltd.	84,300	1,047,330	368,222	679,108	3,113,852	99,304	102,101	N/A
Walsin Electronics India Private Limited	384	381	0	381	0	(3)	(3)	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Suzhou Walsin Technology Electronics Co., Ltd.	1,938,900	6,335,234	1,559,817	4,775,417	5,381,706	396,497	366,948	N/A
Dongguan Walsin Technology Electronics Co. Ltd.	3,608,040	17,477,524	5,086,790	12,390,734	16,133,474	1,529,135	1,451,015	N/A
Fine Bright Technology Limited	147,165	1,180,854	107,320	1,073,534	0	0	168,626	N/A
Pan Overseas (Guangzhou) Electronic Co., Ltd.	463,650	1,202,628	245,701	956,927	896,004	131,498	104,542	N/A
Dongguan Huafai Trading Co., Ltd.	56,200	4,666,005	2,575,066	2,090,939	9,447,352	417,786	355,170	N/A
Kamaya Electric Co., Ltd.	135,978	5,447,938	4,486,477	961,461	1,800,067	(30,330)	6,025	N/A
Kamaya, Inc.	41,041	173,388	96,252	77,136	289,616	22,213	16,589	N/A
Kamaya Electric (M) Sdn. Bhd.	1,686,184	4,069,800	1,580,221	2,489,579	2,352,950	50,221	16,387	N/A
Nitsuko Electronics Corporation	27,250	606,885	123,795	483,090	365,636	944	(1,511)	N/A
Kamaya Electric (HK) Limited	7,249	134,778	111,148	23,630	450,097	13,703	11,776	N/A
Prosperity Dielectrics Co., Ltd.	1,720,000	7,580,606	2,369,002	5,211,604	4,243,551	708,383	791,318	4.60

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Frontier Components Co., Limited	252,928	991,911	404,126	587,785	1,692,155	73,535	164,830	N/A
PDC Prime Holdings Limited	728,456	1,321,429	0	1,321,429	0	(1)	192,688	N/A
PDC Success Investments Ltd.	387,932	670,436	0	670,436	0	0	23,812	N/A
PDC Electronics (Suzhou) Co., Ltd.	337,200	681,396	11,215	670,181	132,617	33,372	23,998	N/A
Frontec International Corporation	695,113	459,503	0	459,503	0	0	(9,870)	N/A
Dongguan Frontier Electronic Co., Ltd.	171,410	606,407	296,118	310,289	1,190,794	90,247	93,171	N/A
Hunan Frontier Electronics Co., Ltd.	449,600	461,087	96,413	364,674	317,871	7,524	(1,502)	N/A
Prosperity International Development (HK) Co., Limited	67,468	57,362	0	57,362	0	0	(623)	N/A
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	168,600	170,974	35,724	135,250	108,171	(9,333)	(12,040)	N/A
Inpaq Technology Co., Ltd.	1,401,803	6,529,707	1,407,512	5,122,195	2,369,844	87,279	361,449	2.59

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Inpaq (BVI) Ltd.	1,119,361	2,280,066	0	2,280,066	0	(94)	353,556	N/A
Inpaq (Cayman Islands) Ltd.	863,615	2,276,043	1,780	2,274,263	0	(20)	353,153	N/A
Inpaq Technology USA, Inc.	15,315	14,575	79	14,496	0	(5,400)	258	N/A
Canfield Limited	18,960	24,044	4,529	19,515	0	(8,190)	3,188	N/A
Inpaq (HK) Co., Ltd.	277,988	2,641	0	2,641	0	(69)	9	N/A
Inpaq Technology (Suzhou) Co., Ltd.	360,643	2,653,860	1,111,668	1,542,192	3,232,650	470,026	298,500	N/A
Inpaq Technology (China) Co., Ltd.	755,545	1,125,383	416,602	708,781	817,768	63,552	52,666	N/A
Inpaq Trading (Suzhou) Co., Ltd.	23,179	251	117	134	0	(6)	95	N/A
Inpaq Trading (Suzhou) Co., Ltd.	9,463	68,341	46,003	22,338	123,929	2,996	1,598	N/A
Holypaq (HK) Co., Ltd.	122,240	(45,710)	0	(45,710)	0	0	(103,000)	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Taiwan Inpaq Electronic Co., Ltd.	122,240	361,049	406,759	(45,710)	0	(235,575)	(103,000)	N/A

Note 1 : All affiliates, regardless of their business scale, are required to be disclosed.

8.2 Status of Private Placements Securities

Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report: None.

8.3 The Company's Common Shares Acquired, Disposed Of and Held by Subsidiaries: None.

8.4 Other Necessary Supplement:

8.4.1 Financial information transparency with relevant certification of employees

Certification	Numbers	Remark
Certified Public Accountant (CPA)	3	
Certified Internal auditor	1	
Certified International Internal Auditor	1	
Basic Competence Exams for Enterprise Internal Control (SECURITIES & FUTURES INSTITUTE)	3	

8.4.2 Procedures for Handling Material Inside Information of WTC

WTC has formulated "Major internal information and prevention of insider transaction management operations", which has been approved by the board of directors and included in the company's document management system for employees and managers to inquire. Employees, managers and directors have been fully informed to avoid violations and Insider trading occurred.

8.4.3 Review of the implementation of the resolutions of the shareholders' meeting in 2020

Date	Summary of important proposals	Result	Implementation status
2020.06.15	1. Acknowledgement of the Company's 2019 Business Report	Proposal passed .	Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting).The financial statements of the company for the year of 2019 have been declared and declared in accordance with the regulations.
	2. Acknowledgement of the Company's 2019 Profit Distribution Table.	Proposal passed .	Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting). Dividends were paid out on August 26, 2020. (Cash dividend of NT\$5.5 was paid per share.)
	3. Amendments to the Rules of Procedure for Shareholder Meetings	Proposal passed .	Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting)
	4. Amendments to the Proposal of Release the Prohibition on Directors from participating in Competitive Business	Proposal passed .	Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting)

8.4.4 Corporate Social Responsibility Practice Principles

Chapter 1 General Principles

Article 1

The Corporate Social Responsibility Practice Principles of Walsin Technology Corporation (hereafter referred to as the Company), developed pursuant to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, is intended to fulfill the Company's corporate social responsibilities and promote economic, environmental, and social advancement.

Article 2

The Principles apply to the entire operations of the Company and its subsidiaries to encourage the Company and its subsidiaries to actively fulfill corporate social responsibility in the course of business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as a responsible corporate citizen, and to enhance competitive edges built on corporate social responsibility.

Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. The Company should conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies based on the principle of materiality.

Article 4

To implement corporate social responsibility initiatives, the Company follows the principles as below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

Article 5

The Company enacts corporation social responsibility strategy, regulation and promotion project base on the communication with stakeholders, the trend of corporation social responsibility development, relativity with corporation's core business and entire business activities into consideration.

Chapter 2 Exercising Corporate Governance

Article 6

The Company follows the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustment to ensure the thorough implementation of its corporate social responsibility policies. The board of directors of the Company shall appoint the Corporate Social Responsibility Committee or executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations and to report the status of the handling to the board of directors.

Article 8

The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives.

Article 9

For the management of corporate social responsibility initiatives, the Company has an exclusively (or concurrently) dedicated unit in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans.

Article 10

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 11

The Company abides to environmental law and international standards to protect the environment appropriately. We are dedicated to enhancing the efficiency on useage of natural resources, using recycled material, reducing impact to the environment to practice our vision.

Article 12

The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13

The Company establish proper environment management systems based on the characteristics of our industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of our business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 14

The Company establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and we would hold an environment training program for our managerial officers and other employees on a periodic basis.

Article 15

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from its business operations:

1. Reduce resource and energy consumption of its products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17

The Company is encouraged to assess the potential risks and opportunities associated with climate change for its business now and in the future, and to take measures to address climate related issues.

The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Company is advised to calculate its emission of greenhouse gases, water usage and total weight of waste and to establish strategies for energy conservation, carbon and greenhouse gas reduction, water conservation or management of other waste, which strategies should include obtaining carbon credits. The Company should adopt such strategies in order to minimize the impact of its business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination. The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.

The Company shall comply with the International Bill of Human Rights, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure its human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed for the Company to respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for its employees for them to understand the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 20

The Company is advised to provide safe and healthful work environments for its employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company is advised to organize training on safety and health for its employees on a regular basis.

Article 21

The Company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills. The Company shall establish and implement reasonable employee benefit measures (including compensation, leave and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions and shall provide the employees with necessary information and hardware equipment to improve the negotiation and cooperation among the Company, its employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23

The Company shall take responsibility for its products and services and take

marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services. The Company further shall establish and disclose policies on consumer rights and interests and enforce them during business operations to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumer.

Article 24

The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries. The Company shall follow relevant laws, regulations and international guidelines in respect of customer health and safety, customer privacy, marketing or labeling relating to its products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25

The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations to reduce the impact on consumers and society. The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints and shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

The Company is advised to assess the impact its procurement has on society as well as the environment of the community that it is procuring from and shall cooperate with its suppliers to jointly implement the corporate social responsibility initiative. It is appropriate for the Company to formulate supplier management policies that require suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society and avoid conducting transactions with those against its corporate social responsibility policy.

When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with both parties' corporate social responsibility policies, and that the contract may be terminated or rescinded any time if the supplier has violated such policies and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27

The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations to enhance community acceptance.

The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc., participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information

Article 28

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to its corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the Company, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

Article 29

The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports to disclose the status of its implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
3. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 30

The Company shall always monitor the development of domestic and foreign corporate social responsibility standards and business environment changes to examine and improve its established corporate social responsibility framework and obtain better results from the implementation of the corporate social responsibility policy.

8.5 Any Events Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: None.