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Walsin Technology Corporation

2021 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.

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Letter to Shareholders

Dear ladies and gentlemen shareholders,

In the past two years, it has been affected by the ups and downs of the Covid-19 virus epidemic, combined with the risks of climate change, geopolitical conflicts, supply chain disruption caused by logistics problems, and rising raw material costs. With the China establishment of the integrity of the independent production supply chain system, all industries are generally very cautious in regulating output and inventory levels. The company also takes appropriate measures in a timely manner to centrally manage effective production capacity and avoid waste. At the same time, the company has introduced new business partners. In addition to increasing the depth of the original product series, it has also stepped into other passive component blocks, hoping to jointly open up new markets and deepen the industrial layout.

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 on the development of the global economy in Year 2021, it is still deeply affected by the Covid-19 virus epidemic, the global supply of goods transportation and the trade conflict between the United States and China. Although the spread of the epidemic has been curbed slightly with the advent of vaccines in Europe and the United States, the virus has continued to mutate and evolve, so that border control policies of various countries must be adjusted at any time. Coupled with the interference of factors such as shortage of containers and labor, the momentum of global economic development has not been able to launch with the full-scale yet, the upstream and downstream of the electronics industry must also adjust production and inventory management in response to changes in long and short materials. However, in terms of market development trends, future applications of new technologies such as 5G, automotive, AI, and the Internet of Things, etc., It is still the main axis of the sustainable development of the technology industry.

The group's consolidated net sales amount in Year 2021 was NT\$42.1 billion , an increase of 18.29% from Year 2020; the consolidated operating gross profit was NT\$12.51 billion , and the gross profit margin was 29.7%; the consolidated operating net profit was NT\$8.4 billion , and the operating net profit margin rate was 19.9%; The net profit after tax was NT\$7.93 billion , the net profit rate after tax was 18.8%, and Walsin Technology's earnings per share (EPS) last year was NT\$16.35 , and the return on equity rate was 19.11%.

Summary of this year's business plan

(1) Business policy

The global Covid-19 epidemic cannot be completely eliminated at the moment, and the geopolitical conflict between the United States, Europe and Asia is heating up. However, WTC is still very confident in the future development trends of new applications such as 5G, Internet of Things, and automotive applications. The market demand is only temporarily delayed rather than Disappearance, and the changes in people's lifestyles and work styles due to the epidemic have also uncovered another business opportunity. 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 as the strategic development axis, so as to enhance the company's industrial influence in the global supply chain. In the long run, in the face of future industry competition and various new application fields, the company can only consolidate its market position by deepening its technical capabilities and increasing the depth of its full range of products.

(2) Development strategy

The company's product market layout is diversified, which effectively avoids the market risk of over-concentrating a single industry. In view of the fact that the development of the market application of the client has changed twice as fast as before, the industry operation model must continue to adapt to the change, and has been actively investing in research and development to increase Taking advantage of product market opportunities and increasing the added value of products, we will also strengthen the development of new product application markets in the future, and actively expand new product markets and new customers. At the same time, through management to improve production bottlenecks to improve production efficiency, it is expected that with sufficient production capacity and diversified product mix, the company can provide customers with more complete product series and solution services.

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

(1) External competitive environment and overall business environment

Looking forward to Year 2022, many countries will have to adopt regional blockade management measures in a timely manner due to the impact of the Covid-19 virus epidemic, resulting in the risk of supply chain disruption. Inflation challenge. Passive components are a highly mature and capital-intensive industry. We will use a globalized operation model to diversify regional risks, realize product production, sales, and delivery of localized services, and provide customers with diverse and stable supply sources to fully grasp growth opportunities in different regions and industries around the world.

(2) Regulatory environment

Adhering to the concept of fulfilling social civic responsibilities, all production bases of the company have set up special units for environmental safety and health to strictly control environmental protection and safety issues, and strictly abide by environmental protection laws and regulations. and other environmental protection facilities and management systems, the greenhouse gas

inventory management system has been formulated and implemented, and the Taiwan factory has obtained the ISO14064 third-party inventory certificate, which has been gradually extended to other overseas factories to contribute to a clean environment and protect the earth.

Corporate Social Responsibility

Promoting ESG (environmental, social, and corporate governance) is our persistent and valued concept, and we hope that it can be deeply rooted in the hearts of every colleague and put into practice. Over the years, Walsin Technology Corporation has actively participated in or established non-profit organizations by itself, insisting on fulfilling the responsibilities and obligations of a social citizen, and also pays attention to aspects such as a diverse and inclusive workplace, talent cultivation, and caring for the disadvantaged; for example, gender diversity, increasing the number of female colleagues. It is one of the company's priorities. The basic principle is that men and women receive equal pay for equal work and equal opportunities for promotion. In 2021, the average proportion of female employees in the company was 52.7%, and the average proportion of female supervisors was 45.3%. This principle continues to promote sustainable and inclusive economic growth.

Although the world economy and human life are still affected by the above-mentioned uncertain variables, WTC still grows steadily and optimizes its product portfolio, expecting to further improve the company's operating performance, and then give back to shareholders and society to achieve "shareholder value, employee well-being, social responsibility" Equal emphasis on all three" business philosophy.

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 Walsin 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 theTaichung 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.
- 2021 The company and the subsidiary Kamaya Electric Co., Ltd. accumulatively acquired 2,309,504 ordinary shares of Soshin Electric Co. Ltd. , a listed company on the Tokyo Stock Exchange, by open market purchase and executing conversion of convertible bonds, aggregately acquired 8,564,304 ordinary shares approximately 50.08% of the total issued and outstanding ordinary shares. Soshin Electric Co. Ltd. became the company's subsidiary since November.
Newly included in the. FTSE4Good TIP Taiwan ESG Index.

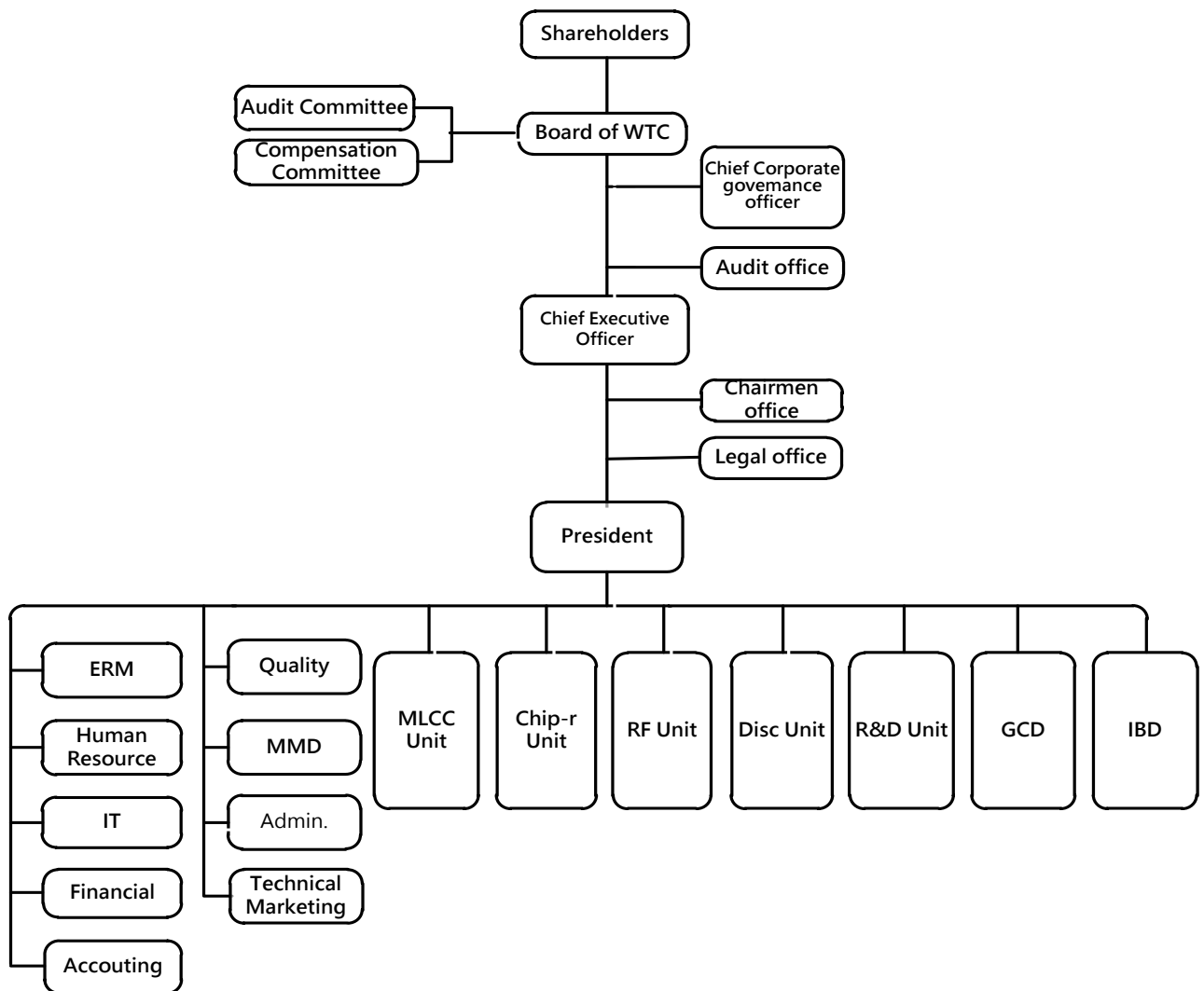
2022 Set up a subsidiary in Rotterdam, Netherlands, to build an European logistic center.

The company's subsidiary Kamaya Electric Co., Ltd. had been invited to subscribe for 638,000 common shares of Matsuo Electric Co., Ltd., a listed company on the Tokyo Stock Exchange, by specially designated third party replacement for capital increase in cash, accounting for 19.89% of its total outstanding shares, in order to expand market share in Japan and enhance group's passivecomponent product portfolio .

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 (I)

2022/4/17

Title	Nationality or Registration Country	Name	Gender /Age	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 61-70 years old	2019/6/19	3 years	1992/05	12,527,709	2.58	12,887,461	2.65	50,082	0.01	-	-	Golden Gate University MBA Vice Chairman of Walsin Lihwa Corp.	Note 2 Note 3	Director	Chiao Yu-Cheng	Brother	Note1
Director	R.O.C.	Walsin Lihwa Corporation	Male 61-70 years old	2019/6/19	3 years	1992/05	88,902,325	18.3	88,902,325	18.3	-	-	-	-	--	Note 4	-- Chairman	--	--	
	R.O.C.	Chiao Yu-Cheng					205,628	0.04	205,628	0.04	-	-	-	-	Master of Washington University, MBA Chairman of Walsin Lihwa Corporation			Chiao Yu-Heng	None	
Director	R.O.C.	Yeh Pei-Chen	Male 61-70 years old	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 71-80 years old	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 61-70 years old	2019/6/19	3 years	2013/06	873,849	0.18	705,293	0.15	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 /Age	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	R.O.C.	HannStar Board Corporation		2019/6/19	3 years	2019/06	36,227,115	7.46	36,717,115	7.55	-	-	-	-	MBA of University of North Carolina President of HannStar Board Corporation representative	Note 8	None	None	None	
Representative	R.O.C.	representative Shu Yao-Hsien	Male 61-70 years old				-	-	-	-	-	-	-	-						
Independent Director	R.O.C.	Fan Po-Kang	Male 71-80 years old	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 50-59 Years old	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 61-70 years old	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 and CEO:HannStar Board Corp, Global Brands Manufacture Ltd., Walton Advanced Engineering, Inc, Prosperity Dielectrics Co.Chairman and Chief CEO:INFO-TEK Corp.

Director: Walsin Lihwa Corp., Nitsuko Electronics Corp., Kamaya Electric Limited.Corporation's Representative as director and Vice Chairman:Career Technology (MFG.) Co., Ltd.

Corporation's Representative as director: Inpaq Technology Co., Ltd.

Chairman: Silitech Technology Corp.

Note4. Chairman and CEO: Winbond Electronics Corporation

Director: Winbond Electronics Corporation America 、Walsin Lihwa Corp., Nuvoton Technology Corp. Walsin Technology Corp, United Industrial Gases Co., Ltd, ,Song Yong Investment Corporation, Peaceful River Corporation,,Winbond International Corp.

Independent director: Taiwan Cement Corp.

Note5 Chairman: Giga-Byte Technology Co., Ltd, Giga-Byte Communications Inc, Giga Investment Co.

Corporation's Representative as director: BYTE International Co., Ltd, G-STYLE Ltd., Shun On Electronic Co., Limited, Spirox Corporation.

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.

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

Note10 President : Moxiq Object Sdn. Bhd.(Malaysia),Independent director and member of Compensation Committee: Walsin Technology Corp. , Prosperity Dielectrics Co.

Note11. President - Aobi Pharmaceutical Group

3.2.2 Major Shareholders of the Institutional Shareholders

(A)- Walsin Lihwa Corporation

2022/3/16

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.	7.33%
	Winbond Electronics Corporation	6.47%
	Chin-Xin Investment Co., Ltd	6.41%
	Teco Electric & Machinery co., Ltd.	5.98%
	Rong Jiang Co., Ltd.	4.31%
	Huali Investment Corp.	2.91%
	Patricia Chiao	2.72%
	Investment Account of Banque Pictet & CIE SA under the custody of HSBC	1.80%
	Yu-Heng Chiao	1.78%
	Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	1.52%

(B)-HannStar Board Corporation

2022/04/16

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%
	Walsin Color Corporation	0.96%
	Yu-Yue Inc	0.89%

3.2.3 Major Shareholders of the Company's Major Institutional Shareholders

(A)- 1 Walsin Lihwa Corporation

2022/3/16

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Winbond Electronics Corporation	Walsin Lihwa Corporation	22.11%
	Chin-Xin Investment Co., Ltd	6.01%
	LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	1.65%
	Yu-Cheng Chiao	1.47%
	2008-1 New Labor Pension Fund Investment Account (Discretionary Mandate with Polaris Securities)	1.28%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch	1.03%
	Pai-Yung Hong	0.97%
	PGIA General International Stock Index Fund, one of the fund series managed by PGIA, under the custody of JP Morgan Chase Bank N.A., Taipei Branch	0.94%
	iShares MSCI Taiwan Index ETF Investment Fund under the custody of Business Department of Standard Chartered Bank (Taiwan) Limited	0.83%
	Yu-Heng Chiao	0.75%

(A)-2 Walsin Lihwa Corporation

2022/03/16

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	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

2022/03/16

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Teco Electric & Machinery co., Ltd.	PJ Asset Management	17.45%
	Walsin Lihwa Corporation	10.77%
	CHIA-YUAN Investment Co., Ltd.	6.34%
	CREATIVE SENSOR INC.	3.62%
	Ho Yuan International Investment Co., Ltd.	2.14%
	HSBC Managed Hilchester International Investors International Value Stock Trust Investment Account	2.11%
	Tong Kuang Investment Co., Ltd.	1.50%
	HSBC Bank is entrusted with the special investment account of WGI Emerging Market Small Company Fund	1.44%
	CitiBank (Taiwan) managed Norges Bank	1.35%
	KUAN-YUAN Corporation	1.25%

(A)-4 Walsin Lihwa Corporation

2022/03/16

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

(A)-5 Walsin Lihwa Corporation

2022/03/16

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

2022/4/17

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Walsin Technology Corporation	Walsin Lihwa Corporation	18.30%
	HannStar Board Corporation	7.57%
	Global Brands Manufacture Ltd.	3.22%
	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%
	Winbond Electronics Corporation	1.77%
	Chunghwa Post Co., Ltd.	1.42%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.42%
	Giga Investment Co.	1.37%

(B)-2 HannStar Board Corporation

2022/3/16

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.	7.33%
	Winbond Electronics Corporation	6.47%
	Chin-Xin Investment Co., Ltd	6.41%
	Teco Electric & Machinery co., Ltd.	5.98%
	Rong Jiang Co., Ltd.	4.31%
	Huali Investment Corp.	2.91%
	Patricia Chiao	2.72%
	Investment Account of Banque Pictet & CIE SA under the custody of HSBC	1.80%
	Yu-Heng Chiao	1.78%
	Norges Bank Investment Fund under the custody of Citibank, Taipei Branch	1.52%

(B)-3 HannStar Board Corporation

2022/04/16

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Career Technology (MFG.) Co., Ltd.	HannStar Board Corporation	1.12%
	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	1.11%
	TSAI, CHANGYING	1.00%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A., Taipei Branch	0.77%
	Polunin Developing Countries Fund, LLC	0.72%
	WU, YONGHUEI	0.65%
	YE, KUNSIANG	0.64%
	CHEN, WEN-JUN	0.59%
	WU GUO JUN	0.58%
	ZENG, ZHONG-YI	1.12%

(B)-4 HannStar Board Corporation

2021/12/31

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)-5 HannStar Board Corporation

2022/04/16

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%
	Investment Account of Mercer Investment No. 1 Fund Entrusted by Mercer QIF Fund Company with the External Manager, Fei-Si Investment Management Co., Ltd., under the custody of Business Department of Standard Chartered Bank	0.72%

	(Taiwan) Limited	
	Yu-Heng Chiao	0.62%
	TA-HO MARITIME CORPORATION	0.55%
	ABC TAIWAN ELECTRONICS CORP.	0.47%
	SHEN,WEN-ZHE	0.44%
	HUANG,ZONG-YUAN	0.30%
	LIAO,SHENG-QI	0.24%
	Standard Chartered International Commercial Bank Business Department is entrusted with custody of GAM Investment Management (Switzerland) on behalf of Royce-Asia Small Business Investment Account	0.22%

(B)-6 HannStar Board Corporation

2022/03/31

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Walsin Color Corporation	Walsin Lihwa Corporation	33.97%
	Walsin Technology Corporation	26.62%
	Chin-Xin Investment Co., Ltd	8.23%
	Global Brands Manufacture Ltd.	6.83%
	QING-AN Investment Co.	3.95%
	ZHONG YANG nvestment Co.	3.85%
	Prosperity Dielectrics Co., Ltd.	3.36%
	Walton Advanced Engineering, Inc.	3.35%
	HannStar Board Corporation	2.91%
	Hannstar Display Corp.	2.00%

(B)-7 HannStar Board Corporation

2022/03/31

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Yu-Yue Inc	Yu-Heng Chiao	99.9998%
	Zhao-Ru Chen	0.00020%

3.2.4 Information on Board Directors (II)

A. Disclosure of information as professional qualifications and independent status of directors and independent directors

<div>Qualification</div> <div>Name</div>	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chiao Yu-Heng	Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1 (I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.	(1) 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. (2) 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. (3) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	0
Walsin Lihwa corporation representative: Chiao Yu-Cheng	Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1 (I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company	(1) Not an employee of the company or any of its affiliates. (2) 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. (3) If a majority of the company's director seats or voting shares and those of any other company	1

	Act.	<p>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.</p> <p>(4) 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.</p> <p>(5) 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.</p>	
Yeh Pei-Chen	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1</p> <p>(I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(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.</p> <p>(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.</p>	0
Lee Chia-Hwa	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1</p> <p>(I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company</p>	<p>(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.</p> <p>(5) Not a director, supervisor, or employee of a</p>	0

	Act.	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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</p>	
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		<p>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.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Ku Li-Chin	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1</p> <p>(I) Information on Board Directors;</p> <p>and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) 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.</p> <p>(2) 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.</p> <p>(3) 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.</p> <p>(4) 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</p>	0

		<p>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.</p> <p>(5) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(6) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
HannStar Board Corporation representative: Shu Yao-Hsien	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1</p> <p>(I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(2) 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.</p> <p>(3) 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.</p> <p>(4) 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.</p> <p>(5) 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.</p>	0

		<p>(6) 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.</p> <p>(7) 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.</p> <p>(8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p>	
Fan Po-Kang	<p>Possesses five or more years of work experience required for the Company's business; California State University Department of Accounting; current position please the previous 3.2.1</p> <p>(I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(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.</p> <p>(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.</p>	1
Tan Yong Chian	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1</p>	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial</p>	1

	Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.	(5) officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 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.	
Francis Chi	Possesses five or more years of work experience required for the Company's business; current position please the previous3.2.1 (I)Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.	(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	0

		<p>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.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
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Note: According to the Rules Governing Review of Securities Listings as well as the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained the statement of independence for each independent director and confirms that all of them meet the independence requirements stipulated by laws and regulations.

Board Diversity and Independence:

A. 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 experiences background: 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.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	○	○
Director	Chiao Yu-Cheng	Male	R.O.C	○	○
Director	Yeh Pei-Chen	Male	R.O.C	○	○
Director	Lee Chia-Hwa	Male	R.O.C	○	○
Director	Shu Yao-Hsien	Male	R.O.C	○	○
Director	Ku Li-Chin	Male	R.O.C	○	○

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	Management	Information Technology	Industry experience	Risk Management
Chairman	Chiao Yu-Heng	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Chiao Yu-Cheng	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Yeh Pei-Chen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Lee Chia-Hwa	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Shu Yao-Hsien	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Director	Ku Li-Chin	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Independent Director	Fan Po-Kang	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>
Independent Director	Tan Yong Chian	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Independent Director	Francis Chi	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>

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.

B. Board Independence:

There are nine directors in the current board of directors, including three independent directors, and the number of independent directors is 1/3.

Except for Director Chiao Yu-Heng and Director Chiao Yu-cheng, the representative of Walsin Lihwa Co., Ltd., who are second-degree relatives, none of the other directors have the conditions specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

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

2022/4/17

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/ President	R.O.C.	Ku Li-Chin	Male	2020/04/01 2022/02/23	708,293	0.15	526	0.00	-	-	Chung Yuan Christian University AVP/ Vice president of Walsin Technology Corporation	Note 4	None	None	None	Note1	
Execute vice president /RD officer	R.O.C.	Chang, Jui-Tsung	Male	2022/02/23	527,114	0.11	-	-	-	-	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	66,274	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	28,500	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	38,696	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, 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.	Huang, Chih-Liang	Male	2020/03/01	53,500	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	45,000	0.01	-	-	-	-	National Ocean University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Huey-Ru	Female	2020/03/01	49,500	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	28,000	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, England Phycomp S.Asia Regional Manager; ASJ Pte Ltd, VP of Sales & Marketing; WTC Sales Director,	None	None	None	None	None	

											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/Manager of WTC	NOTE4	None	None	None	NOTE1	
Head of Audit	R.O.C	Lu, Wen-Chuan	Female	2009/11/16	32,620	0.01	-	-	-	-	Department of Accounting, Fu Jen Catholic University/Account manager of Philips.	None	None	None	None	None	
AVP	R.O.C.	Chu, Li-Wen	Male	2021/05/04	4,000	0.00					Department of Chemical Engineering, Ph.D of National Tsing Hua University Direcotr of R&D	None	None	None	None	None	

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."

3.3 Remuneration of Directors & Managers in 2021

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands; %

Title	Name	Directors Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Compensation Earned by a Director Who is an Employee of the Company or of the Company's Consolidated Entities								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) and proportion of 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)			
Chairman and CEO	Chiao Yu-Heng	0	1,538	0	0	60,385	65,226	216	436	60,601 0.77%	67500 0.85%	32,484 (Note2)	77,084 (Note2)	108	108	7,000	0	9,050	0	100,193 1.27%	153,442 1.94%	43,920	
Director	Walsin Lihwa corporation representative: Chiao Yu-Cheng																						
Director	Lee Chia-Hwa																						
Vice Chairman and Vice CEO	Ku Li-Chin																						
Director	Yeh Pei-Chen																						
Director	HannStar Board Corporation representative: Shu Yao-Hsien																						
Independent Director	Fan Po-Kang	0	0	0	0	19,200	22,428	108	288	19,308 0.24%	22,716 0.28%	0	0	0	0	0	0	0	0	19,308 0.24%	22,716 0.28%	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

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\$356 thousand per year. And the remuneration to chauffeurs totaled NT\$774 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	From All Consolidated Entities and Non-consolidated Affiliates
<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
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 、 Shu Yao-Hsien
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Chiao Yu-Heng	-	Ku Li-Chin	Ku Li-Chin
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	Chiao Yu-Heng	--	-
NT\$50,000,000 (inclusive) ~ ~NT\$100,000,000 (exclusive)	-	-	Chiao Yu-Heng 、	-
> NT\$100,000,000	-	-	-	Chiao Yu-Heng
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)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of 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	44,928	51,939	315	315	31,320 (Note2)	69,320 (Note2)	16,000	0	18,050	0	92,563 1.17%	139,624 1.76%	29,393
Vice CEO	Ku Li-Chin													
President	Chang, Jui-Tsung													
Vice President	Peng, Chun-Hsiung													
Vice President	Chang, Jui-Jung													

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

Note 2: The Company provides two rental car which rental fees totaled NT\$399 thousand per year. And also provides a dormitory and parking space which rental fees totaled NT\$451 thousand per year. And the remuneration to chauffeurs by all companies in the consolidated statements totaled NT\$774 thousand per year.

Compensation Range Table

Range of Compensation to President, Vice President	President, Vice Presidents	
	The Company	From All Consolidated Entities and Non-consolidated Affiliates
<NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) ~ ~NT\$10,000,000 (exclusive)	Peng Chun-Hsiung	Peng Chun-Hsiung
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Chang Jui-Jung	Chang Jui-Jung
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Chiao Yu-Heng 、 Ku Li-Chin	Ku Li-Chin
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Chang Jui-Tsung	Chang Jui-Tsung
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

2022/3/25

Unit: NT\$ thousands; %

	Title	Name	Stock	Cash	Total	Percentage of the Total to After-tax Net Income (%)
Managers	CEO	Chiao, Yu-Heng	0	47,098	47,098	0.59%
	Vice CEO	Ku, Li-Chin				
	executive vice President	Chang, Jui-Tsung				
	Vice President	Peng, Chun-Hsiung				
	Vice President	Chang, Jui-Jung				
	AVP	Ko, Fu-Fu				
	AVP	Chen, Chun- Hsueh				
	AVP	Ling ChekLeh				
	AVP	Chen, Yi-Kuang				
	AVP	Chen,Huey-Ru				
	AVP	Huang, Chih-Liang				
	AVP	Yang, Tsung-Lin				
	AVP	Chen, Kuei-Chen				
	AVP	Chu,Li Wen				
	AVP	Liu, Hsiu-Chen				
	AVP	Chen, Yeh-Jeng				
	AVP	Ou, Mei-Ying				
	AVP	Lee, Ting-Chu				
	AVP	Chen, Chin-Hui				
	AVP(Chief Financial and Accounting Officer)	Yeh, Tse-Kuang				
	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 After-tax Net Income (Loss)			
	2020		2021	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Directors	1.82%	2.67%	1.51%	2.22%
President & Vice Presidents	1.36%	2.28%	1.17%	1.76%

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

The remuneration to Directors 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 8 (A) meetings in the most recent year,(2021)

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	8	0	100	
Director	Walsin Lihwa Corporation representative: Chiao Yu-Cheng	5	2	62	
Director	Lee Chia-Hwa	8	0	100	
Director	Ku Li-Chin	8	0	100	
Director	Yeh Pei-Chen	6	2	75	
Director	HannStar Board Corporation representative: Shu Yao-Hsien	8	0	100	
Independent Director	Fan Po-Kang	8	0	100	
Independent Director	Tan Yong Chian	8	0	100	
Independent Director	Francis Chi	8	0	100	
Independent directors attended each board meeting: Eight board meetings were held in 2021, 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: The Securities and Exchange Act §14-3 is not be applicable because the Company has established the Audit Committee. For relevant information,

please refer to the "Audit Committee Meeting Status" in this Annual Report.

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

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

No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
1	15 th Term 14 th	Chiao Yu-Heng,	The company	Personally	Recused as provided by

	Meeting Jan. 27 2021	Ku Li-Chin	intends to engage in charitable donations and Manager's year-end bonus.	interested	law, not participating in discussions and voting
2	15 th Term 15 th Meeting Feb 25. 2021	Chiao Yu-Heng, Ku Li-Chin	Purchase real estate from related party and Treasury Stock Transfer to employee Case	Personally interested	Recused as provided by law, not participating in discussions and voting
3	15 th Term 16 th Meeting Mar 25. 2021	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	2021 Directors Remuneration, Employee Remuneration Distribution Case, Treasury Stock Transfer Case, Subscribe the Silitich's private placement stocks.	Personally interested	Recused as provided by law, not participating in discussions and voting
4	15 th Term 17 th Meeting May 3. 2021	Chiao Yu-Heng, Chiao Yu-Cheng, Ku Li-Chin, Tan Yong Chian,	To disposal the right -of-use assets from related party and stock distribution case	Personally interested	Recused as provided by law, not participating in discussions and voting
5	15 th Term 19th Meeting Aug. 06. 2021	Chiao Yu-Heng, Ku Li-Chin,	It is proposed to release the non-competition responsibilities of directors and Manager compliance bonus Treasury Stock Transfer to employee Case	Personally interested	Recused as provided by law, not participating in discussions and voting
6	15 th Term 20 th Meeting Nov 02. 2021	Chiao Yu-Heng, Ku Li-Chin, Tan Yong Chian, Fan Po-Kang	Signed a real estate sales contract with prosperity dielectrics co., ltd.	Personally interested	Recused as provided by law, not participating in discussions and voting
7	15 th Term 21 th Meeting Dec. 14. 2021	Chiao Yu-Heng, Ku Li-Chin	stock distribution case	Personally interested	Recused as provided by law, not participating

					in discussions and voting
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3.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	2021/1/1~ 2021/12/31	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.

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

A. In June 2019, the board of directors approved the establishment of an audit committee.

B. The Company has formulated the "Regulation and Procedure for Board of Directors Meetings" 、

"Procedures for Handling Material Inside Information" 、 "Procedures for Ethical Management and

Guidelines for Conduct" 、 "Corporate Governance Practice Principles" ""Standard operating procedures for handling directors' requests"to strengthen operations and compliance.

C. Important resolutions made by the BOD are post on the Market Observation Post System immediately after the BOD meetings to safeguard the interests of shareholders.

3.4.2 Operation of the Audit Committee:

The Audit Committee totally held 8(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	8	0	100	None
Independent Director	Tan Yong Chian	8	0	100	None
Independent Director	Francis Chi	8	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. Financial report signed or sealed by the Chairman, manager and accounting officer
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, 2021			
Audit Committee Meeting Number and Date	Proposals and Resolutions	Independent directors' opinion	Company's Handling of Audit Committee Member's Opinion
1 th Term 14 th Meeting Jan. 27, 2021	Proposal: The approval for the company's first domestic unsecured conversion of corporate bonds to issue new shares and a base date for capital increase. Resultion: Proposal passed.	None	None
	Proposal: The company intends to submit a proposal for approval regarding the cumulative acquisition of assets by the same counter party within one year. Resultion: Proposal passed.	None	None
1 th Term 15 th Meeting Feb. 25, 2021	Proposal: Approval for the company's 2020 business report, stand-alone financial statements and consolidated financial statements. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's 2020 consolidated business report of related companies and consolidated financial statements of related companies. Resultion: Proposal passed.	None	None
	Proposal: WTC intends to sign a building purchase contract with Walton Advanced Engineering, Inc. to purchase part of its plant and plant engineering facilities in Kaohsiung Processing Zone A1 and A15 to expand the company's MLCC production capacity and office space, etc. , and submit the proposal for approval. 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
	Proposal: Approval for the company's 2020 declaration of internal control system. Resultion: Proposal passed.	None	None
1 th Term 16 th	Proposal: The company holds 99% of the shares through	None	None

Meeting Mar. 25, 2021	Gallatown Developments Ltd. ,Kamaya Electric Co., Ltd. and its 100% owned subsidiary Kamaya Electric (M) SDN. BHD. intend to apply for loan fund from Walsin Technology Holding Corporation(HK) Ltd, the company's 100% own subsidiary , and the proposal is submitted for approval. Resultion: Proposal passed.		
	Proposal: WTC intends to participate in Silitech Technology Corp. private placement of common shares for cash capital increase and related authorization. Resultion: Proposal passed.	None	None
	Proposal: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets. Resultion: Proposal passed.	None	None
	Proposal: The proposal of amendments to the rule of the Procedures of Endorsement and Guarantee. Resultion: Proposal passed.	None	None
1 th Term 17 th Meeting May 3, 2021	Proposal: Approval for the company's 2020 earning distribution statement. Resultion: Proposal passed.	None	None
	Proposal: WTC intends to propose cash dividends distributed from capital surplus. Resultion: Proposal passed.	None	None
	Proposal: Proposal for the annual firm and the assessment of the independence and suitability of the CPAs. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's consolidated financial statements for the first quarter of 2021. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's disposal of the right to use assets to the related party (Prosperity Dielectrics Co., Ltd.). Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's disposal(subletting) of the right to use assetsto the related party (Prosperity Dielectrics Co., Ltd.). Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's acquire of the right to use assets to the related party (Walsin Lihwa Corporation.). Resultion: Proposal passed.	None	None
	Proposal: The proposal of amendments to the Company's Rules of the Procedures of Audit Committee Charter. Resultion: Proposal passed.	None	None
	Proposal: The company intends to offer an 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. , (Company No. 297089-M) 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: Walsin Technology Corporation (HK) Ltd. and Walsin Technology Holding Corporation(HK) Ltd, which are 100% owned by WTC through Gallatown Developments Ltd.,	None	None

	<p>" propose to lend the funds to Kamaya Electric Co., which 99.99% owned by WTC through Gallatown Developments Ltd. , and its 100% holding subsidiary Kamaya Electric (M) SDN. BHD.</p> <p>Resultion: Proposal passed.</p>		
	<p>Proposal: Proposal to amend the Company's internal control system - principles of stock services.</p> <p>Resultion: Proposal passed.</p>	None	None
1 th Term 19 th Meeting Aug. 6, 2021	<p>Proposal: Approval for the company's consolidated financial statements for the second quarter of 2021.</p> <p>Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The company intends to provide an endorsement guarantee of 750 million yen for Kamaya Electric Co., Ltd. Which 99.99% owned by the company through Gallatown Developments Ltd., and Kamaya Electric Co., Ltd. obtain a medium long-term three-years bank loan facility from Taishin International commercial Bank Tokyo Branch for its repayment of the same amount original loan purpose. Submit the proposal for approval.</p> <p>Resultion: Proposal passed .</p>	None	None
	<p>Proposal: Approval for the company's acquire assets from the same supplier within one year.</p> <p>Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Approval to release the non-competition responsibilities of director and managerial officer known to the company for self-operating or operating similar businesses for others.</p> <p>Resultion: Proposal passed.</p>	None	None
1 th Term 20 th Meeting Nov. 2, 2021	<p>Proposal: The approval for the company's consolidated financial statements for the third quarter of 2021.</p> <p>Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The company intends to provide an endorsement guarantee of USD 23 Million dollars for Kamaya Electric (M) SDN. BHD., a 100% owned subsidiary of the company through Gallatown Developments Ltd's 99.99% subsidiary Kamaya Electric Co., Ltd. , Kamaya Electric (M) SDN. BHD.obtain SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD (Company No. 201001042446 (926374-U)) comprehensive facility of USD 20 million dollars and financial transaction facility of USD 3 million dollars ° The contract is valid for two years, which is for kamaya Electric (M) SDN. BHD.'s operation turnover use. Submit the proposal for approval.</p> <p>Resultion: Proposal passed .</p>	None	None
	<p>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. , & the company, and submit this proposal for approval.</p> <p>Resultion: Proposal passed.</p>	None	None
1 th Term 21 th Meeting Dec. 14,	<p>Proposal: The approval for the revision for audit plan of 2021.</p> <p>Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The 2022 annual audit plan was submitted for</p>	None	None

2021	approval. Resolution: Proposal passed.		
	Proposal: Approval for the company's acquire assets from the same supplier within one year. Resolution: 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.	Audit Committee Meeting Number and Date	Name(s) of Directors	Proposals and Resolutions	Reason for Recusal	Participated in Vote or Not
1	1 th Term 20 th Meeting Nov. 2, 2021	Fan Po-Kang, Tan Yong Chian	WTC intends to sign a real estate contract with Prosperity Dielectrics Co., Ltd	Serve as independent director of both companies	Avoidance by law, not participating in discussions and voting

(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 2021:

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2021/02/25	Audit Committee Meeting	1.The company's 2020 financial statements. 2.Key audit matters. 3.Communicate the important matters with those charged with governance regarding. 4. Internal control audit findings. 5.Applicable accounting standards of	Discussed and Approved by all members of the audit committee	Independent directors have no comment.

		2021.		
2021/08/06	Audit Committee Meeting	1.The company's financial statements for the second quarter of 2021. 2.Responsibilities of the company's governance unit. 3.The review method, key points and guidelines of the preparation capability of financial reports by TWSE listed companies.	Discussed and Approved by all members of the audit committee	Independent directors have no comment.
2021/11/02	Audit Committee Meeting	1.The company's financial statements for the third quarter of 2021. 2.Responsibilities of the company's governance unit. 3.Key audit matters.	Discussed and Approved by all members of the audit committee	Independent directors have no comment.

C. Summary of previous communications between independent directors and Chief Internal Auditor for 2021:

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2021/01/27	Audit Committee Meeting	Reporting on internal audit activities in Q4,2020.	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2021/02/25	Audit Committee Meeting	1. Reporting on internal audit activities in Jan.,2021. 2. Statement of internal control of 2020.	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.
2021/03/25	Audit Committee Meeting	Reporting on improvement action follow-up report.	Approved by the audit committee, and submit a report to the board of Directors.	Independent directors have no comment.
2021/05/03	Audit Committee Meeting	1. Reporting on internal audit activities in Feb ~ Apr.,2021. 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.
2021/08/06	Audit Committee Meeting	Reporting on internal audit activities in 2021/Q2.	Approved by the audit committee, and submit a report to the board of Directors.	Independent directors have no comment.
2021/11/02	Audit Committee Meeting	1. Reporting on internal audit activities in Q3, 2021. 2. Reporting on improvement action follow-up report.	Approved by the audit committee, and submit a report to the board of Directors.	Independent directors have no comment.
2021/12/14	Audit Committee Meeting	1. Reporting on internal audit activities in Oct. & Nov.,2021. 2. Revision for audit plan of 2021. 3. Audit plan of 2022.	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.

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

Corporate governance officer

The board of directors appointed Ms. Chen, Yeh-Jeng, the board of directors passed on November 2, 2020 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.

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" approved by BOD which according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed them on the Company's website. https://www.passivecomponent.com/zh-hant/about	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		(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)a. The company has established the "Regulations Governing Supervision and Management of Subsidiaries" to monitor each investee that	(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	
	V		<p>directly or indirectly controlled by the Company.</p> <p>b.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>c.The Company has drawn up rigorous rules governing the lending, the endorsement/ guarantees as well as the management of disposal/acquisition of assets and derivatives transactions to/for/with its affiliates.</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>	

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board established a diversity policy, specific management goals and implemented it 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 basiss, reported the results of performance to the Board of Directors and use the results as reference for directors' remuneration and renewal?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	V		<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>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</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	
	V		the composition of board members and is published on the Company's website and the annual report .	
	V		(2) In addition to the establishment of the Compensation Committee, the company also has established a Sustainable Development 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 each function	
	V		(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. The results of the performance evaluation of the 2021 Board of Directors were presented to the Board of Directors on 21 February 2022.	
	V		(4) Please see the note at the end of the form.	
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	V		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	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	
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.)?			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 had set up a chief corporate 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>	<p>V</p> <p>V</p> <p>V</p>		<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>	<p>(1)~(3) In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<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>	<p>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	
			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. The company will continue to purchase "Directors, Supervisors and Important Staff Liability Insurance" for one year from December 1, 202, with an insured amount of US\$10 million.	
<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. Since 2021 the English version of the shareholders meeting procedure manual and annual report has been provided to improve information transparency.</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.

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>		

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

◆ Information of the members of the Compensation Committee

Identify	Condition Name	Professional Qualification Requirements	Independence Criteria	Number of Other Public Companies in Which the Member Concurrently Serving as a Compensation Committee Member
Independent Director	FAN PO-KANG	Please refer to the relevant information on the professional qualifications of directors and the disclosure of information on the independence of independent directors.	<ol style="list-style-type: none"> 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; 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 amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law; 6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company; 7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent); 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; 9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 10. Not been a person of any conditions defined in Article 30 of the Company Law. 	1
Independent Director	TAN YONG CHIAN			1
Committee member	CHANG PI- LAN	<p>Education: Fu Jen Catholic University/MBA</p> <p>Experience: Vice Chairman of Chaintech Corporation.</p> <p>Current Job: Independent Director of ITC. Independent Director of GlobalSat WorldCom Corp. Director of G-HOME TECHNOLOGIES, INC.</p>		2

◆ **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 seven times in 2021 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	7	0	100	Re-elected
Independent director	TAN, YONG CHIAN	7	0	100	Re-elected
Member	CHANG , PI- LAN	7	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 th Term 8 th Meeting 2021.01.27	Salary adjustment proposal for managers.	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.
	Formulated the company's "Board Performance Evaluation Measures" proposal.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Old pension system settlement in advance.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.

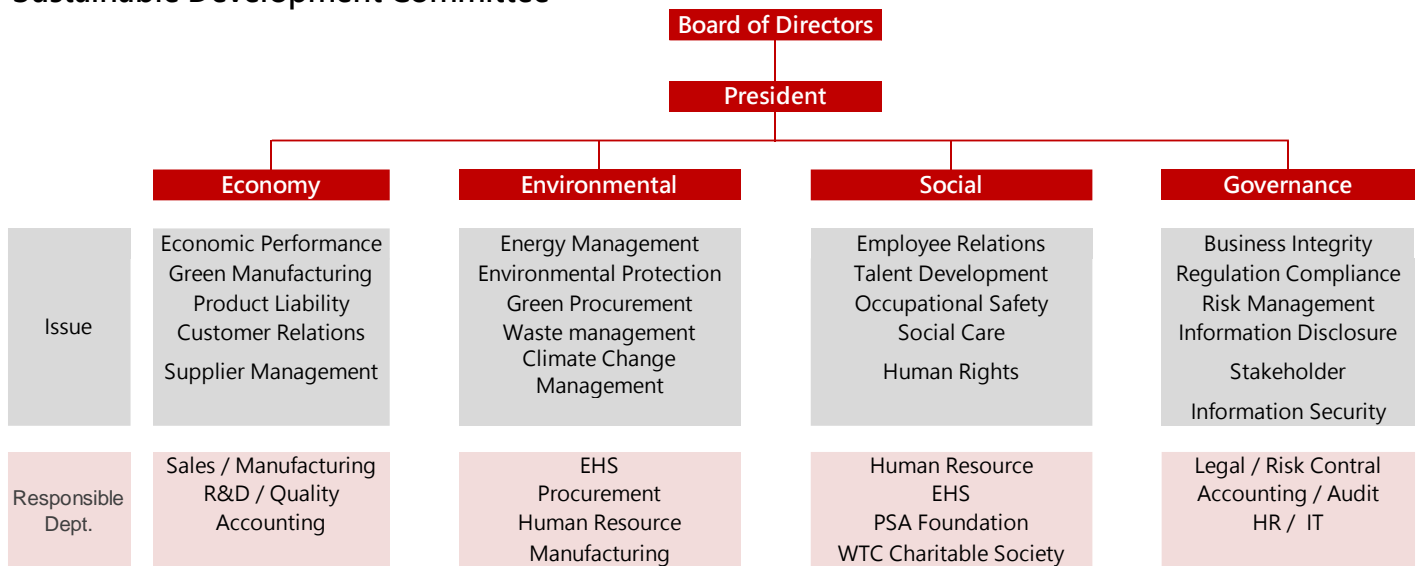
4 th Term 9 th Meeting 2021.02.25	Discharge of AVP Dragon Huang because of retirement.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Treasury stock transfer employee	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 th Term 10 th Meeting 2021.03.25	The allocation of the directors and supervisor compensation for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of the manager's employees compensation for 2020.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Treasury stock transfer employee	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 th Term 11 th Meeting 2021.05.03	Supervisor promotion.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	The allocation of the manager's employee compensation for the first time of 2021.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 th Term 12 th Meeting 2021.06.15	Salary adjustment case for three managers promoted on May 4.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Old pension system settlement in advance.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 th Term 13 th Meeting 2021.08.06	The allocation of the first half year bonuses for 2021	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
	Treasury stock transfer employee	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.
4 th Term 14 th Meeting 2021.12.14	The allocation of the manager's employee compensation for the 2nd and 3rd time of 2021.	Proposal passed by the Compensation Committee.	Directors approved the proposal unanimously.

2. The items that were not approved by the Compensation Committee but were resolved by the Board of Directors: No such situation.

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.

3.4.5 Fulfillment of Sustainable Development Implementations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Sustainable Development Committee



Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
1.Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	V		Following the vision and mission of the WTC's ESG policy, the "Corporate Social Responsibility Committee" was established in 2011(and be a dedicated unit), and was renamed the "Sustainable Development Committee" at the end of 2011. The general manager serves as the chairman and inspects the company together with a number of middle and senior executives in different fields. The core operational capabilities of the company identify sustainable issues related to the company's operations and stakeholders' concerns through meetings, plan and implement the annual plan, and track the implementation results to ensure that the sustainable development strategy is fully implemented in the company's daily operations.The implementation results are reported to the Board of Directors at least once a year.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		1. The disclosure covers the sustainability performance of the Company's main locations during January to December, 2021. The risk assessment mainly focuses on the Company, which includes locations at Taiwan and China. Meanwhile, subsidiaries of the Company, which are Dongguan Walsin Technology Electronics Co., Ltd. 、 Suzhou Walsin Technology Electronics Co., Ltd. 、 Pan Overseas (Guangzhou) Electronics Co., Ltd. and Dongguan Huafai Trading Co., Ltd,	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			are considered within the assessment based on the relevance to the business and the impact on major program of the Company. 2. Establish following risk management policies or strategies after risk assessment ,Please see the note 1. after the table.	
3. Environmental issues				
(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?	V		Walsin Technology Corp (the company) has established ISO14001 system of environment management in each factory and set up a procedure manual for system operations. The internal audit will be conducted annually and a proof of certification will be received from a third party to ensure that the company meets the criteria of the regulations in discussion. Following the norms by ISO14064-1, the company will conduct checkups on the presence of greenhouse gases, follow up the result of our efforts on reducing carbon emissions and report the results in CRS official publication and on the company website. (Walsin Website: ISO14001 certificate for each factory : http://www.passivecomponent.com/zh-hant/about/environment-and-safety/ CSR : http://www.passivecomponent.com/zh-hant/csr/csr-reports/	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>1. The company strongly promotes the reduction of energy consumption through utilizing all possible means. So far, we use only high efficient energy and energy-saving equipments. We are also aggressively searching for the potential choices of renewable energy to maximize the efficiency of energy use.</p> <p>2-1. The use of electricity per thousand pieces (kWh/KK) was decreasing from 2019 to 2021. Compared to the electricity usage in 2020, the electricity usage in 2021 was 4% less. Compared to the electricity usage in 2019, the electricity usage in 2021 was 20% less.</p> <p>2-2. The plan of using renewable energy includes purchasing electricity from external resources (GHG Category II) with the goal that the use of renewal energy will reach 10% of the total energy usage in ten years.</p> <p>2-3. Our current effort is to evaluate and secure the renewal energy that offers the best economic benefit.</p> <p>3. The company uses raw materials, all of which meet the criteria, set up by European Unions, such as RoHS, REACH, halogen-free. With the full attention to the impact of our activities, products, and services on the environment, we vow to make our greatest effort to eliminate any harm to our environment. Of all our hard works, the use of renewable energy stands out as the most distinguished achievement. We have received three Merits Awards of Green Purchase from</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			Taoyuan City for the past three consecutive years since 2019.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues	V		<p>Risks and opportunities posed by climate change, which may have significant influences to operations, incomes or expenses of the Company. Despite no budget to execute the TCFD simulation program, the Company still develops the following measures to deal with climate change.</p> <ol style="list-style-type: none"> 1. Follow the Company regulation "Emergency Response Measures". 2. Drills & inspections at regular intervals. 3. There are always personnel at site no matter the occurrence of typhoons, earthquakes, heavy rain or other weather conditions, who can inspect the factory conditions immediately. Also, there are securities who can guarantee the safety of all personnel. 4. The Department of EHS and the Department of Factory Affair would execute a pre-check within the Company and prepare sandbags for the upcoming typhoon season. 5. Look out whether the areas, which customers' offices or factories locate in, are suffer from 	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			changes in the business environment. Once the above situation occurs, in order to reduce the risk of bad debt, the Department of Sales Administration will check the trade volumes and account receivables of the customers. Meanwhile, notify sales employee to contact with the customers in order to obtain the information of the operation or loss status of customers.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>1-1. Walsin Technology Corp. has set up the system of monitoring and managing greenhouse gases since 2009. In 2019 & 2020, the factory in Taiwan has received a certificate of ISO14064 after the intensive inspection by a third party. For the detailed report, please search our official website : http://www.passivecomponent.com/zh-hant/about/environment-and-safety/</p> <p>1-2. In 2021, our oversea Dongguan Factory also received the certificate of ISO14064 after the intensive inspection by a third party. Taiwan factory is currently under the inspection by a third party for the certificate of 2021, which presumably will be awarded in May of 2022.</p> <p>2-1. Policies regarding environment (greenhouse gases) have been posted in our official website for the public. (http://www.passivecomponent.com/zh-hant/about/environment-and-safety/)</p> <p>2-2 Our goal of reducing greenhouse gases: starting from 2020, together with our plan of using renewable energy, we dedicate to lower 10% of</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			emissions (by ton of CO2e) from each unit product (per million pieces) in ten years. 3.For the data of emissions, please find the report of CSR sustainability on our official website : http://www.passivecomponent.com/zh-hant/csr/csr-reports/	
4. Social Issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		WTC recognizes and voluntarily follows internationally recognized human rights standards such as the "United Nations Universal Declaration of Human Rights" and "United Nations International Labor Organization", formulates the "Human Resources and Human Rights Policy", and publishes it on the company's website. In accordance with relevant labor laws and regulations, human rights conventions, and occupational safety and health laws and regulations, the company has formulated "recruitment, selection and appointment methods", "work rules", "sexual harassment prevention measures, complaints and disciplinary measures", "RBA manual", "abnormal workload" Preventive Management Procedures," "Workplace Unlawful Infringement Prevention Management Procedures", "Mother Health Protection Management Procedures", etc., to safeguard the rights and interests of employees and protect the health and safety of employees.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>Employee welfare measures and remuneration policies are implemented in accordance with the WTC's various management measures; in 2021, employee salaries were adjusted by about 3%. In addition, Article 31 of the company's articles of association stipulates that the company's annual pre-tax net profit before employee remuneration and directors' remuneration shall be allocated 2% to 10% as employee remuneration. Affiliate employees of the conditions set out.</p> <p>Employee welfare measures: WTC has established an employee welfare committee to plan and provide various high-quality benefits for colleagues, such as: employee travel subsidies, birthday gift certificates, marriage allowances, maternity allowances, funeral allowances, hospital condolences, New Year celebrations, etc. The company provides colleagues group insurance, free medical examination, meal allowance and other benefits. In the vacation system, and special vacations are given in accordance with the Labor Standards Act. For colleagues who have childcare, serious injuries, major accidents, etc. and need a longer vacation, they can also apply for leave without pay. , in order to balance the needs of personal and family care.</p> <p>The company attaches great importance to the rights and welfare of employees. In terms of hardware facilities, it provides steam, parking lot, nursing room, staff restaurant, coffee bar, etc., to provide employees with convenient daily needs.</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>1.The company's factories respectively have already set up ISO45001 system for the management of occupation safety and health, along with QC 080000 system for the management of zero harmful materials. Each factory also established the protocol for running both systems. It will be an annual internal inspection on the operations of both systems and additional proof from the verification by a third party to ensure that the company passes the mandatory requirements for our systems.</p> <p>(The official website for individual factory ISO45001/QC080000 certificate:http://www.passivecomponent.com/zh-hant/about/environment-and-safety/)</p> <p>2. Additionally, in cases involving the cooperation with suppliers, the company forbids using conflict metals. (The policy of not using conflict minerals has publicly posted on our official website : http://www.passivecomponent.com/zh-hant/about/environment-and-safety/)</p> <p>3.In terms of taking care of the physical and mental health of employees, we arrange on-site services for visually impaired masseurs, annual health checks, on-site physician services, health seminars, etc., to provide employees with stress relief and health care.</p> <p>4. In 2021, the company has held a total of 86 hours of courses related to employee safety and healthy working environment, with 392 participants.</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanations	
			In response to the covid-19 epidemic in 2021, we have implemented subdivisions to work and purchased rapid screening reagents for irregular testing to maintain a safe workplace environment.	
(4) Does the company provide its employees with career development and training Terms?	V		<p>The company plans complete functional training for supervisors and colleagues at all levels according to the job description, including newcomer training, professional training, supervisor training, etc., to help colleagues continue to learn and grow through multiple learning methods, and according to the training plan or needs proposed by each supervisor, Arrange relevant personnel to participate in professional training courses externally to cultivate the key professional abilities of colleagues. In 2021, a total of 7,211 people participated in the training, and the total training cost was 4,135,318.</p> <p>During the annual regular performance interviews, the supervisors discuss with the employees and set up personal annual ability development plans. Through regular review and feedback, they help employees to tailor the best career ability development plans.</p> <p>Diversity and equality in the workplace realize equal pay for equal work and equal promotion opportunities for men and women, and promote sustainable and inclusive economic growth. In 2021, the average proportion of female staff was 52.7%, and the average proportion of female supervisors was 45.3%.</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		<p>The company controls the value chain of commodities, from raw materials and logistics to the client, and sets up management mechanisms in relevant units to track product production information to implement the commitment to commodity quality.</p> <p>The company strictly abides by the relevant government regulations, and the products are marked to protect the rights and interests of customers. Manufactured and labeled in compliance with customer and necessary regulatory requirements.</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>Supplier Management Policy contains 4 sections : local procurement, systematization of Environment-Related Substance management, Responsible Sourcing of Minerals and Labour Rights for suppliers and contractors.</p> <p>Suppliers are asked to agree to comply with the Responsible Business Alliance (RBA) Code of Conduct 7.0; and there are 1,440 suppliers have signed it in the Vendor Information Sheet (34-T-009) until 2021.</p> <p>The Company conducts an annual audit on the significant raw material suppliers which are listed in the "Annual Supplier Performance Evaluation" according to their transaction risk assessment levels.</p> <p>The audit items include the Environmental Safety Management and the Responsible Business Alliance (RBA) Code of Conduct.</p> <p>Unqualified suppliers will be asked to stop transacting immediately and correct the failures within three months. Transaction only can be</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			continued after being reassessed and qualified. A total of 33 raw materials in the products were investigated that – Tantalum (Ta), Tin (Sn), Tungsten (W), Gold (Au), Cobalt (Co), for example – did not come from “conflict-affected and high-risk areas (CAHRAs)” In 2021, the purchasing amount of materials with FCS certification increased by 6.4% from the previous year.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit??	V		The Company first released the "Corporate Social Responsibility Report" in 2013. The Company compiled the Corporate Social Responsibility Report in accordance with the GRI standards. In addition to disclosing the company's financial information, it also disclosed the company's non-financial information. The company's 2019 CSR report has obtained the assurance or assurance opinion of the BSI third-party verification agency. The 2021 Sustainability Report will be published on the company's website in June 2022.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
<p>1. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:</p> <p>In March 2017, the board of directors of the company approved the "Code of Practice for Corporate Social Responsibility". In May 2020, the board of directors approved and revised the code to strengthen the implementation of corporate social responsibility. The most recent amendment to the Code was approved by the Board of Directors in December 2021 and renamed as "Sustainable Development Code of Practice". The company regularly reviews the implementation of this code and makes improvements accordingly. So far, there is no discrepancy in implementation.</p>				
<p>2. Other useful information for explaining the status of corporate social responsibility practices:</p> <p>(1) The company's Cihui Club has long-term adopted primary schools in remote areas. In 2021, a total of 31 schools will be donated, with a total of NTD1,704,271.</p> <p>(2) The company donated and purchased a total of NT\$4.64 million for the PSA Charitable Foundation in 2021, and a total of 550,000 for the VVG Culture and Art Foundation.</p>				

Note 1.

Establish following risk management policies or strategies after risk assessment:

Major issues	Risk Type	Illustration
Environ-ment	Climate change risk	<p>1.To take the social responsibility of caring for Earth as starting point, Walsin Technology persist in building an active environment management system aiming for "preventing pollution, improving the efficiency of consuming of energy and resource, creating sustainable operations, and fulfilling corporate social responsibility". ISO 14001 Environmental Management System is established in all Walsin's manufacturing site.</p> <p>2. To prevent pollution, reduce greenhouse-gas emissions and commit to sustainable and feasible operation. In 2021, all Walsin's manufacturing sites have successfully reduced the emission of carbon dioxide by a total of 642,087 tons.</p>
Society	Environmental Protection and Occupational Safety	<p>1.Walsin Technology Co., Ltd. takes the protection of the global environment as its sacred mission, and promises that "the control of hazardous substances meets international regulations as well as customers' requirements. Also, no hazardous products were produced."</p> <p>2.Employees of Walsin highly recognize the importance of reducing the use of hazardous substances and collaboratively achieve this goal.</p> <p>3.The procedures of Departments of R&D, Procurement, M&M, P&P and HR are also integrated into the quality management system, in order to achieve the goal of matching each stage of RoHS, WEEE, REACH, etc.</p> <p>4.In 2021,the Department of HR worked with the Department of ESH to arrange green-products-and-the-environment-related courses, which include 3 hours of RoHS-substances course and 2 hours of hazardous-substances-in-SDS course, in order to teach employees the importance of protecting the environment.</p> <p>5.The Department of ESH arranges not only fire drills (4 hours) annually, but also aperiodic evacuation drills (fire and earthquakes), which require all employees to take part in.</p> <p>6.Continuously improve the environmental management system and environmental performance.</p>
	Product Safety	<p>WTC concentrates on drastically reducing the impact of products towards the environment. In order to cooperate with the EU's laws related to the promotion of green consumption and the restriction to the use of hazardous substances, In 2010, Walsin Technology brought Hazardous Substance Management System (IECQ QC 080000) in its system. The hazardous-substances standards of all products of Walsin Technology meet international regulations as well as customers' requirements. Also, no hazardous products were produced.</p>
Corporate Governance	Socioeconomic and Legal Compliance	<p>1.Ensure all personnel of the Company strictly comply with relevant laws and regulations by establishing administration organization and implementing internal control mechanism.</p> <p>2.The Company obtained 4 product patents in 2021, all of which were applied according to the National Patent Law, in order to protect the Company's rights and interests.</p>
	Risk Management	<p>1.The Department of Risk Management conducts at least one risk assessment annually. For high-risk items, the Department will track and re-assess these items within half of the year, which will continue until the items turn medium-risk or low-risk.</p> <p>2.The annual report of risk assessment was completed on October</p>

		<p>19th, 2021 and approved by the general manager of the Company.</p> <p>3. On November 2nd, 2021, the risk assessment report, which reports the work results of risk management during 2021, was submitted to and approved by the board of directors. The report was later announced on the Company's website.</p>
	Information Security	<p>1. Walsin Technology obtained the ISO27001 certification on December 13th, 2018. The Company complies with the regulations of ISO27001 Information Security Management System and establishes policies of information security. Also, the Company sets up a committee of information security, which makes information-security-related rules and regulations and promote related activities.</p> <p>2. An ISO27001 audit meeting was held on November 4th, 2021 and the Company's ISO27001 certificate was renewed later on December 13th, 2021. Training courses of information security are held annually within the Company: 2 hours of course for ordinary employees, over 4 hours of course for information-security-related employees.</p>
	Strengthen the functions of directors	<p>1. Plan relevant training topics for directors. Provide directors with the latest regulations and policies and the development of the System every year. In 2021, the Company launched training classes for directors, which contains different topics e.g. impact of ESG & climate change on enterprises, insider trading and corporate social responsibility, etc.</p> <p>2. Provide directors with director liability insurance to protect them against lawsuits or claims.</p>
	Ways of Communication for Interested Parties	<p>1. For shareholders/investors: (1) Announcements through the website: Public Information Observatory, which had both Chinese and English version, (2) The Company has held 2 institutional investors' conferences by October 31st, 2021. (3) Aperiodic phone call conferences with shareholders.</p> <p>2. For end customers: (1) Provided technical support services (Field Application Engineering): 2,768 products technical services, 2,004 telephone consultation to help solve the problems, 414 on-site services. Obtain over 90% of FAE satisfaction from customers overall. (2) Customer satisfaction survey. 183 questionnaires were returned, among which the satisfaction of product quality was 96%, the satisfaction of sales service quality was 99% and the satisfaction of responses to customer complaints was 97%, which leads to the result of 95% of overall satisfaction. (3) The information provided by customers was classified and stored appropriately in accordance with the Trade Secrets Act, Personal Data Protection Act and the ISO27001 regulations, (4) In 2021, the Company successfully passed 149 on-site audits launched by end customers.</p> <p>3. To suppliers: The Responsible Business Alliance Code of Conduct (RBA 7.0) has been 100% communicated to suppliers. There are no actual or potential negative human rights impacts among suppliers.</p> <p>4. To employees: (1) In 2021, to meet with the adjustment of basic wage and refer to external wage standards, the wages of 2,853 employees in the Company were adjusted in 2021. (2) A total of 14,068 employees participated in employee welfare activities by the end of 2021. (3) Quarterly management and labor council/occupational safety meeting: In 2021, meetings above were held 6 times each. (4) Aperiodic information publication through the internal electronic/solid bulletin e.g. education and training courses, welfare activities, company regulations or important operation information etc.: In 2021, more than</p>

		<p>275 related information was established. (5) Qingyutang: Consulting Services provided by professionals from the PSA Charitable Foundation. They listen to the voices of employees and gather advices and get back to the Company.</p> <p>5. For governments and other non-profit organizations: (1) Aperiodic communication with the local governments to ensure the immediacy and accuracy of the reported information. (2) Aperiodic correspondences within the Company. (3) Aperiodic policies and regulations publicity meetings, surveys, training courses etc. within the Company. (4) In 2021, participated in the Government's Stable Employment Plan and hired 15 employees. (5) In 2021, offered 18 internship opportunities National Taipei University of Technology and Cheng Shiu University in order to help students familiarize the workplace in advance. (6) Walsin Charity Group has been sponsoring elementary schools in remote areas. In 2021, it donated NTD1,704,271 to 31 schools.</p>
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A .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, 84% of the company's income depends on donations from more than 400 members 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.

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.

The various donations of WTC Charity Society in 2021 are as follows:

unit:NT\$

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	Others activity fees	total
amount (NTD)	120,000	233,384	200,000	30,000	882,272	167,040	1,770	69,805	1,704,271
percentage	7.04%	13.69%	11.74%	1.76%	51.77%	9.8%	0.10%	4.10%	100.00%

B 、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.

C 、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. Sponsor domestic medical institutions, government agencies and public security units from time to time.

D 、 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. Every year, the company purchases gifts and agricultural products from caring groups or nursery factories and farmers to give employees and sponsor domestic medical institutions, government agencies and public security units from time to time , total about NTD 7.5 million in 2021.

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	
	V		(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 2021, all new 193 suppliers were added and all signed integrity commitments, and a total of new 1101 employees were newly recruited and all employees signed service agreements.	
2. Ethic Management Practice				
(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?	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.
(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?				
(3) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement	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	
<p>such policies properly?</p> <p>(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?</p> <p>(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?</p>	V		<p>formulation and promotion of the integrity management policy, and the audit unit is responsible for supervision.</p> <p>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.</p> <p>(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.</p> <p>(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.</p>	

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
	V		<p>(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> <p>The company participated in the Legal Department's 2021 year seminar on the protection of business secrets and system improvement, with 2 participants and a total of 7 hours.</p> <p>The company held a departmental business secret management review meeting in December 2021 to learn about the implementation results of each department's business secret protection and the future improvement direction of the review system. Directors (including independent directors) and corporate governance supervisors participated in the "From Insider Trading to Corporate Social Responsibility" conducted by the company's training Securities Foundation in October 2021. There are totally 3 hours.</p>	

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
<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>	V		<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 Integrity Management". It is clearly committed to protect informants from being improperly disposed of due to reports.</p>	(1)~(3) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>4. Enhancing information disclosure</p> <p>Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?</p>	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.
<p>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:</p> <p>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,</p>				

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
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 Other important information:

Information for 2021 and as of April 30, 2022 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	2021/04/09	Taiwan Corporate Governance Association	2021 Global Economic Outlook	3	9
		2021/10/06	SECURITIES & FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	
		2021/10/06	SECURITIES & FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Director	Chiao Yu-Cheng	2021/04/09	Taiwan Corporate Governance Association	2021 Global Economic Outlook	3	21
		2021/04/15	Taiwan Corporate Governance Association	Machine Learning - Hardware Design; Biden's Policy and the Impact of Soaring U.S. Bond Rates	3	
		2021/04/15	Taiwan Corporate Governance Association	Domestic and International Economic Outlook and the Impact of Major Events on the Industry and Its Response; Pricing Strategy & Value Selling	3	
		2021/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
		2021/09/30	Computer Audit Association	Information Security-Related Risk Trends and Business Continuity Issues	3	
		2021/10/28	Taiwan Corporate Governance Association	New Generation Communication, Communicating with New Generation; Seeing Taiwan's Opportunity from International	3	

				Trends; AI+5G+AIOT+Chromebook's Competitiveness		
		2021/10/28	Taiwan Corporate Governance Association	Semiconductor Innovation: Innovation History, Future Trends, Challenges, Opportunities, and Strategies; Impact of the US-China Trade War and the Pandemic on Cross-Strait Trade and Taiwan's Economy	3	
Director	Yeh Pei-Chen	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	6
		2021/08/13	Accounting Research and Development Foundation	The Application of Business Judgment Law in Economic Crime Cases and Analysis of Legal Liability	3	
Director	Lee Chia-Hwa	2021/10/06	SECURITIES &FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	6
		2021/10/06	SECURITIES &FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Director (Note)	Ku Li-Chin	2021/10/06	SECURITIES &FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	6
		2021/10/06	SECURITIES &FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Director	Shu Yao-Hsien	2021/04/27	TIDA TAIWAN	Independent Director Elite Academy-Independent Director and Corporate Governance Master Edition	3	12
		2021/09/30	TIDA TAIWAN	Independent Director Elite Academy-Independent Director and Corporate Governance Master Edition	3	
		2021/10/06	SECURITIES &FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	
		2021/10/06	SECURITIES &FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Independent Director	Fan Po-Kang	2021/10/06	SECURITIES &FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	6
		2021/10/06	SECURITIES &FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	

Independent Director	Tan Yong Chian	2021/10/06	SECURITIES & FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	6
		2021/10/06	SECURITIES & FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Independent Director	Francis Chi	2021/10/06	SECURITIES & FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	6
		2021/10/06	SECURITIES & FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	

◆ **Advanced Training Courses for Managers**

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
CEO	Chiao Yu-Heng	2021/04/09	Taiwan Corporate Governance Association	2021 Global Economic Outlook	3	9
		2021/10/06	SECURITIES & FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	
		2021/10/06	SECURITIES & FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Vice CEO/President	Ku Li-Chin	2021/10/06	SECURITIES & FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	6
		2021/10/06	SECURITIES & FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
Head of Financial and Accounting Div.	Yeh, Tse-Kuang	2021/08/13	Accounting Research and Development Foundation	The latest development of my country's IFRS policy and analysis of financial reporting/supervision legal compliance issues	3	12
		2021/08/19		ESG Sustainability Practices: How to Build Culture and Report	3	
		2021/08/20		Enterprises cooperate with accountants in auditing tasks: the responsibility of auditing financial reports for "fraud"	3	
		2021/09/16		Application of "Business Judgment Rule" in Economic Crime Cases and Analysis of Legal Liability	3	
Head of Audit	Lu, Wen-Chuan	2021/09/24	SECURITIES & FUTURES INSTITUTE	Enhanced audit planning, risk assessment, lack of expression and improvement suggestions	6	12
		2021/11/15	The Institute of Internal	Subsidiary Audit Service	6	

			Auditor-Chinese Taiwan			
Head of Corporate Governance	Chen, Yeh-Jeng	2021/09/07	Coporate Operation Sustainable Development Association	"Year 2021 of Mergers and Acquisitions and Corporate Governance Practical Operation" Series Courses	3	12
		2021/10/06	SECURITIES& FUTURES INSTITUTE	From insider trading to corporate social responsibility	3	
		2021/10/06	SECURITIES& FUTURES INSTITUTE	ESG in the business environment and the impact of climate change on business	3	
		2021/10/22	Taiwan Corporate Governance	Looking at the sustainable profit model and possible risks of enterprises from the financial report	3	

3.4.9 Implementation Status of Internal Control System:

◆ Statement of Internal Control System

Walsin Technology Corporation

Statement on Internal Control System

Date: February 22, 2022

Based on the findings of a self-assessment, Walsin Technology Corporation states the following with regard to its internal control system during the year 2021:

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, 2021, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law and that its financial reporting is reliable, 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 22, 2022, 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

President : Jui-Tsung Chang

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

3.4.10 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.

3.4.11 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:

The important resolution of the regular shareholders meeting held on July 08, 2021.

1. Proposal: Approval for the company's 2020 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 2020 Earnings distribution statement.

Resolution: According the voting result, the agreed weight exceeds the statutory amount, and this proposal is passed.

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

3. Proposal: Approval of the Proposal for Cash Distribution from Capital Surplus.

Resolution: According the voting result, the agreed weight exceeds the statutory amount, and this proposal is passed.

Implementation status: Has been implemented in accordance with the resolution:

The cash dividend (distribution of cash \$6.0123848 per share), and had paid on 2021.09.15

4. 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 exceeds the statutory amount, and the proposal is 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.

5.Proposal: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets.

Resolution: After the voting result, the agreed weight exceeds the statutory amount, and the proposal is 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.

6.Proposal:The proposal of amendments to the rule of the Procedures of Endorsement and Guarantee.

Resolution: After the voting result, the agreed weight exceeds the statutory amount, and the proposal is 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.

7.Proposal: Proposal of release the prohibition on directors from participation in competitive business.

Resolution: After the voting result, the agreed weight exceeds the statutory amount, and the proposal is 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.

Important resolutions of the board of directors in 2021 and up to the publication date of the 2021 annual report:

◆ Summary of important resolutions of the board of directors

The 14th Session of the 15th 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.

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

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

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

Result: Proposal passed .

Important resolution: WTC intends to sign a building purchase contract with Walton Advanced Engineering, Inc. to purchase part of its plant and plant engineering facilities in Kaohsiung Processing Zone A1 and A15 to expand the company's MLCC production capacity and office space, etc. , and submit the proposal for approval.

Result: Proposal passed .

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

Important resolution: WTC intends to participate in Silitech Technology Corp. private placement of common shares for cash capital increase and related authorization.

Result: Proposal passed .

Avoidance: Chiao Yu- Heng

Important resolution : In order to motivate employees and improve their centripetal force, the company intends to purchase shares of the company for the 16th time (second time in 2021) in accordance with the provisions of the first paragraph of Article 28-2 of the Securities and Exchange Act. 500 thousand shares will be transferred to employees within five years from the date of repurchase, and the proposal will be submitted for approval.

Result: After discussed, the number of repurchased shares was adjusted to 600 thousand shares, and the upper limit of the repurchased amount and related effects were adjusted accordingly, and the rest was passed as plan.

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

Result: Proposal passed .

The 17th Session of the 15th Board of Directors(2021.05.03)

Important resolution: Approval for the company's 2020 earning distribution statement.

Result: Proposal passed .

Important resolution:WTC intends to propose cash dividends distributed from capital surplus.

Result: Proposal passed .

Important resolution: Approval for the company's consolidated financial statements for the first quarter of 2021.

Result: Proposal passed .

Important resolution: Approval for the company's disposal of the right to use assets to the related party (Prosperity Dielectrics Co., Ltd.).

Result: Proposal passed .

Avoidance: Chiao Yu- Heng , Ku Li-Chin, Fan Po-Kang, Tan Yong- Chian

Important resolution: Approval for the company's disposal(subletting) of the right to use assets to the related party (Prosperity Dielectrics Co., Ltd.).

Result: Proposal passed .

Avoidance: Chiao, Yu- Heng , Ku, Li-Chin, Fan, Po-Kang, Tan, Yong- Chian

Important resolution: Approval for the company's acquire of the right to use assets to the related party (Walsin Lihwa Corporation.).

Result: Proposal passed .

Avoidance: Chiao, Yu- Heng, Chiao, Yu-Cheng

Important resolution: Walsin Technology Corporation (HK) Ltd. and Walsin Technology Holding Corporation(HK) Ltd are 100% owned by the WTC through Gallatown Developments Ltd., “ is intend to loan the funds to the company 99.99% owned by Kamaya Electric Co., Ltd and Kamaya Electric(M) SDN.BHD respectively through Gallatown Developments Ltd.

Result: Proposal passed.

Important resolution: In order to add duscuss item for the company's regular shareholders' meeting in 2021, the proposal is submitted for approval .

Result: Proposal passed

The 18th Session of the 15th Board of Directors(2021.06.15)

Important resolution: It is proposed to re-set the date of the company’s 2021 general meeting of shareholders

Result: Proposal passed

The 19th Session of the 15th Board of Directors(2021.08.06)

Important resolution: Approval for the company's consolidated financial statements for the second quarter of 2021.

Result: Proposal passed .

Important resolution: Approval for the company's accumulatively acquire assets from the same supplier within one year.
Result: Proposal passed .

Important resolution: Approval to release the non-competition responsibilities of managerial officer known to the company for self-operating or operating similar businesses for others.
Result: Proposal passed .

Important resolution: Approval to release the non-competition responsibilities of director and managerial officer known to the company for self-operating or operating similar businesses for others.
Result: Proposal passed .
Avoidance: Chiao, Yu- Heng

The 20th Session of the 15th Board of Directors(2021.08.06)

Important resolution: Approval for the company's consolidated financial statements for the second quarter of 2021.
Result: Proposal passed .

Important resolution:WTC intends to sigh a real estate contract with Prosperity Dielectrics Co., Ltd to sell idle land and factory workshops in Tainan.
Result: Proposal passed .
Avoidance: Chiao, Yu- Heng, Ku, Li-Chin, Fan, Po-Kang, Tan, Yong- Chian

The 21th Session of the 15th Board of Directors(2021.12.14)

Important resolution: Approval for the company's acquire assets from the same supplier within one year.
Result: Proposal passed .

The 22th Session of the 15th Board of Directors(2022.01.13)

Important resolution: Approval for the company's acquire of the right to use assets to the related party (Walsin Lihwa Corporation.).
Result: Proposal passed .
Avoidance: Chiao, Yu- Heng, Chiao, Yu-Cheng

The 23th Session of the 15th Board of Directors(2022.02.22)

Important resolution: Approval for the company's 2021 business report, stand-alone financial statements and consolidated financial statements.
Result: Proposal passed .

Important resolution : The company intends to engage in charitable donations and submitted the proposal for approval.
Result: Proposal passed.
Avoidance: Chiao Yu- Heng, Ku Li-Chin, Shu Yao-Hsien

The 24th Session of the 15th Board of Directors(2022.03.23)

Proposal: The four mainland subsidiaries, invested by Walsin Technology Holding Corporation (HK) Limited of the Company 100% comprehensive shareholding, plan to distribute dividends to investors respectively, total RMB 600 million, please proceed to discuss.

Result: Proposal passed .

Proposal: Gallatown Developments Limited, which is 100% owned by the Company, and its wholly owned Walsin Technology Holding Corporation (HK) Limited plan to reduce the capital and return the investment amount of US\$ 22 million respectively, please proceed to discuss.

Result: Proposal passed .

Important resolution: In order to regularly convene the company's regular shareholders' meeting in 2022, the proposal is submitted for approval .

3.4.12 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.

3.4.13 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:

2022/04/30

Title	Name	Inauguration date (note)	Resignation date	Reason
President	Ku Li-Chin	2022.02.23	--	Position Adjustment
President	Chang Jui Tsung	2020.04.01	2022.02.22	Position Adjustment
Research And Development Officer	Chang Jui Tsung	2022.02.23	--	Position Adjustment
Research And Development Officer	Chu Li Wen	2017.06.08	2022.02.22	Position Adjustment

3.5 Information on CPAs' Fees

3.5.1 (I) CPA fee schedule

Unit: NT\$ thousands

Name of CPA firm	CPA name	CPA audit period	Audit fees	Non-audit fees					Remarks
				System design	Business registration	Human Resources	Others	Sub-total	
Deloitte Touche Tohmatsu Limited	Chin-Chuan Shih	2021.01.01 ~2021.12.31	7,353	-	30	50	1,740	1,820	(Note)
	Hung-Bin Yu	2021.01.01 ~2021.03.31							
	Kuo-Tyan Hong	2021.04.01 ~2021.12.31							

(Note) "Others" item in the non- audit fees: Transfer pricing report 500 thousand dollars, Tax Advisory Service 90 thousand dollars, Country-by-Country Report and Master File Report 700 thousand dollars, The Investment Commission, Ministry of Economic Affairs (MOEAIC) declare cases 450 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: Since the original certified CPA Hong-Bin Yu has retired, the company's financial statement certified CPAs have been replaced from Chin-Chuan Shih and Hong-Bin Yu to Chin-Chuan Shih and Kuo-Tyan Hong from the second quarter of 2021.

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	2021		As of Closure Date April 17, 2022	
		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	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 Vice CEO	Ku Li-Chin	(82,000)	-	29,444	-
Director	HannStar Board Corp.	450,000	-	50,000	-
Director Representative	Shu Yao-Hsien	-	-	-	-
Independent director	Tan Yong Chian	-	-	-	-
Independent director	Fan Po-Kang	-	-	-	-
Independent director	Francis Chi	-	-	-	-
Executive Vice President and R&D Officer	Chang Jui-Tsung (Note 1)	227,408	-	-	-
Assistant Vice President	Chen Kuei-Chen	0	-	-	-
Assistant Vice President	Ko Fu-Fu	4,000	-	-	-
Assistant Vice President	Lee Ting-Chu	5,000	-	-	-
Assistant Vice President	Peng Chun-Hsiung	5,000	-	(5,000)	-
Assistant Vice President	Chen, Yeh-Jeng	8,000	-	-	-
Assistant Vice President	Chen Chin-Hui	6,000	-	1,500	-
Assistant Vice President	Chang, Jui-Jung	6,000	-	-	-
Assistant Vice President	Chen Yi-Kuang	5,000	-	-	-
Assistant Vice President	Liu, Hsiu-Chen	(5,000)	-	-	-
Assistant Vice President	Ou, Mei-Ying (Note 2)	4,000	-	N/A	-

Assistant Vice President	Chu, Li-Wen(Note 3)	4,000		-	
Assistant Vice President	Huang Chih-Liang	13,000	-	9,000	-
Assistant Vice President	Yang Tsung-Lin	30,000	-	-	-
Assistant Vice President	Chen Huey-Ru	7,000	-	18,500	-
Assistant Vice President	Chen Chun- Hsueh	5,000	-	(6,000)	-
Assistant Vice President	Ling Chek Leh	-	-	-	-
Assistant Vice President(Head of Financial and Accounting Div.)	Yeh, Tse-Kuang	5,000	-	-	-
Head of Audit Div	Lu Wen-Chuan	6,990	-	-	-

Note1. President Chang Jui-Tsung has been appointed as Executive Vice President and R&D officer since February 23, 2022

Note2. Ou, Mei-Ying resigned on Mar. 25,2022

Note3. Mr. Chu Li-Wen has been appointed since April 2021, and changes in equity shall be calculated from that date.

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

2022/4/17

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%	140,000	0.02%	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)	36,767,115	7.57%	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)	15,652,481	3.22%	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 Liwha 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	
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. representative: Chiao Yu-Hen	12,887,461	2.65%	50,082	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin Liwha 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	
Chunghwa Post Co., Ltd.	6,917,000	1.42%	0	0	0	0	N/A	N/A	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard	6,884,521	1.42%	0	0	0	0	N/A	N/A	

International Equity Index Funds									
Giga Investment Co.	6,678,085	1.37%	0	0	0	0	N/A	N/A	

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, 2022

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	1,133,759	0.66	75,320,227	43.79
HannStar Board Corp.	107,381,026	20.32	81,347,388	15.39	188,728,414	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	59,038,785	40.25	98,090,927	66.87
Inpaq Technology Co., Ltd.	47,848,650	34.13	8,430	0.01	47,857,080	34.14
Joyin Co., Ltd.	3,058,384	3.92	21,241,976	27.23	24,300,360	31.15
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	1.93	8,233,504	48.15	8,564,304	50.08

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 in 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

2022/4/17

Type of share	Authorized Capital			Remarks
	Circulating shares Issued and Outstanding (Publicly-traded Shares)	Unissued Shares	Total	
Common stock	485,804,299	314,195,701	800,000,000	None

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

4.1.3 Shareholder Structure

2022/4/17

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Institutional Entities	Individual	Foreign Institution and Foreigner	Total
No. of persons	4	33	175	78,235	329	78,776
Quantity of shares	9,139,583	11,933,569	183,972,379	216,203,967	64,554,801	485,804,299
Proportion of shareholding	1.88%	2.46%	37.87%	44.50%	13.29%	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

2022/04/17

Shareholding	Number of Shareholders	Quantity of Shares	Proportion of Shareholding
1 to 999	21,161	4,587,084	0.94
1,000 to 5,000	50,180	94,178,345	19.39
5,001 to 10,000	4,487	34,618,666	7.13
10,001 to 15,000	1,124	14,380,967	2.96
15,001 to 20,000	655	12,006,499	2.47
20,001 to 30,000	478	12,260,913	2.52
30,001 to 40,000	203	7,310,903	1.51
40,001 to 50,000	132	6,158,401	1.27
50,001 to 100,000	190	13,497,812	2.78
100,001 to 200,000	75	10,339,285	2.13
200,001 to 400,000	49	14,239,371	2.93
400,001 to 600,000	5	2,241,172	0.46
600,001 to 800,000	8	5,510,967	1.13
800,001 to 1,000,000	3	2,927,000	0.60
1,000,001 and more	26	251,546,914	51.78
Total	78,776	485,804,299	100.00

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

2022/4/17

Major Shareholders	Shares	Quantity of Shares	Proportion of Shareholding
Walsin Lihwa Corporation		88,902,325	18.30%
HannStar Board Corporation		36,367,115	7.57%
Global Brands Manufacture Ltd.		15,652,481	3.22%
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%
Winbond Electronics Corporation		8,600,117	1.77%
Chunghwa Post Co., Ltd.		6,917,000	1.42%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds		6,884,521	1.42%

Giga Investment Co.	6,678,085	1.37 %
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4.1.6 Stock Price, Net Value, Earnings, Dividends and Related Information for the Past Two Years

Unit: Dollar, share

Item \ Year			2020	2021	Unit: Dollar, share Current Year up to April 30, 2022 (Note8)
Share Price (Note 1)	High		262.00	291.50	180.50
	Low		130.50	138.00	116.00
	Average		190.56	202.54	146.25
Net Value per Share (Note 2)	Basic		79.50	91.56	-
	Diluted		73.50	85.56(Note 7)	-
Earnings per Share	Weighted average shares (thousand shares)		485,536	485,067	-
	Earnings per share		13.66	16.35	-
Dividend per Share	Cash dividend (Note3)		6.01	4.5(Note 7)	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	
		Stock Dividends Appropriated from Capital Reserve	-	-	
	Accumulated unpaid dividend		-	-	-
Return Analysis	Price-earningsratio(Note4)		13.95	12.39	-
	Price-dividendratio(Note5)		31.69	45.01(Note 7)	-
	Cashdividendyield(Note6)		3.16%	2.22%(Note 7)	-

Note 1: The highest and lowest share prices for each year are provided, with the average price for the year computed based on each year's transaction amount and volume.

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

Note 3: Cash dividends include earnings distribution and capital surplus.

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

Note 5: Price-dividend ratio = Average per share closing price for the year / cash dividend per share.

Note 6: Cash dividend yield = Cash dividend per share / average per share closing price for the year.

Note 7: The proposal for 2021 appropriation of earnings will be approved with resolution by the Company's board of directors and the 2022 shareholders' meeting.

Note 8: The net value per share and earnings per share should be filled in with the information of the Independent Auditors' (Review) Report in the most recent quarter of the annual report. The remaining fields should be filled in the year of the date of publication of the annual report.

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 Proposed dividend allocation for approval at annual shareholders' meeting

The Company's board of directors has not yet approved the proposed dividend allocation for 2021 as of publication date. The Company's board of directors expects to approve the proposal 40 days prior to the shareholders' meeting, and the related resolution will be announced on the Company's website and Market Observation Post System (MOPS).

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 and directors compensation, as set forth in the Articles of Incorporation of the Company.

The Company carried out the distribution of employees and directors 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 22, 2022 that the total amount of employees compensation and directors compensation for the year 2021 was NT\$278,548 thousand, and the total amount was distributed in cash. The estimates and distributions are as follows:

Unit: NT\$ thousands

Item	Estimated figure in 2021	Adoption of the resolution by the board of directors on 22 Feb., 2022	Discrepancy	Accounting treatment
Directors compensation	79,585	79,585	0	None
Employees compensation distributed in cash	198,963	198,963	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 and directors 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 or directors compensation, additionally the discrepancy, cause, and how it is treated. The resolution of the shareholders' meeting in 2020 was adopted the actual allotment in cash of NT\$ 67,945 thousand for directors remuneration and NT\$ 169,862 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 04/30/2022

Treasury stocks: Batch Order	16 th Batch	17 th Batch
Purpose of buy-back	transfer shares to employees	transfer shares to employees
Timeframe of buy-back	Forecast:2021/03/26~2021/05/25 Actual:2021/03/26~2021/04/01	Forecast:2021/05/04~2021/07/02 Actual:2021/05/04~2021/06/15
Price range	NTD240~252	NTD230~252
Class, quantity of shares repurchased	Common stock 600,000 shares	Common stock 400,000 shares
Value of shares repurchased (in NT\$ thousands)	NTD151,104,443	NTD85,275,824
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	100%	100%
Shares sold/transferred	0	0
Accumulated number of company shares held	600,000 shares	1,000,000 shares
Percentage of total company shares held (%)	0.12%	0.21%

4.2 Issuance of Corporate Bonds:

4.2.1 Corporate Bonds

As of 04/30/2022

Corporate Bond Type	1st Unsecured 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 30,2022
	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 shareholding dilution rate of 4.2%, 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	2021	As of the printing date of this annual report(2022/04/30)
Market price of the convertible bond	Highest	118	128	111.8
	Lowest	101.5	103	104
	Average	105.68	116.42	107.52
Convertible Price		NT\$240 (Conversion price adjusted to NT232.6 since 2020/08/12)	NT\$232.6 (Conversion price adjusted to NT225.6 since 2021/09/05)	NT\$225.6
Issue date and conversion price at issuance		Issue Date: 2020/04/29 Conversion price at issuance: NT\$240		
Conversion methods		Issuing of new stocks		

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary 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 progress of funds

Item	Scheduled Finish date	Actual Finish date
Purchase plant, equipment and factory facilities	Year 2022 Q1	Year 2021 Q3

D. Expected possible benefits:

A. Purchase of factory buildings: The original leased Kaohsiung factory has completed the transfer of ownership in the third quarter of 2021, which can save annual rental expenses, improve the company's autonomy in space utilization, and improve management efficiency and overall operating performance. Strengthen the long-term development of sustainable operation in the future.

2. Purchase of equipment and factory facilities: Although the related equipment and factory facilities for the purchase and production of this plan have been completed, the electronics industry is highly uncertain due to factors such as the Ukrainian-Russian war, inflation and chip shortages. The benefits of going into production will be deferred at a later date.

Operational Highlights

5.1 Business Activities

5.1.1 Business scope

(1) Business scope

1. Core Business - Products and Services

The company is engaged in the researching and developing, manufacturing, processing, and sales of assorted passive components. Product lineups include multiple-layer ceramic capacitors (MLCC), chip-resistor, RF devices, disc capacitors, inductors, varistor, chip fuse, ceramic dielectric powder, disc type semiconductive capacitor elements, diodes, and inductors.

2.Revenue ratio.

Primary products	Revenue Ratio of parent company	Revenue Ratio of Global sales
MLCC	75.2%	52.0%
Chip-R	15.4%	21.2%
Disc	0.7%	3.5%
Thin Film	0.0%	1.0%
RF	7.1%	12.9%
Others	1.6%	9.4%
Total	100%	100%

3. Products and Services

- (1) Multiple-layer ceramic capacitor (MLCC)
- (2) Chip Resistors (Chipr-R) and Chip-R Array
- (3) Disc Capacitors
- (4) RF Components
- (5) Varistors
- (6) Inductors
- (7) Chip Fuse
- (8) Dielectric porcelain powder
- (9) Disc type semiconductive capacitor elements
- (10) Diodes
- (11) Protection component

4. Recent development plan of new product

New product development directions on multi-layer ceramic capacitors (MLCC) in Walsin are the higher volumetric capacitance ($>20\mu\text{F}/\text{mm}^3$) and miniaturization, high frequency application and diversification, and high reliability for automotive application. After the self-owned ceramic thin-layer technology reaches a certain level, in addition to the planned listing of general-sized high-capacity products, ultra-miniaturized (including 01005 size) derivatives are also launched one after another. In response to the continuous changes in the recent technological revolution in vehicle, such as EV & ADAS, WTC has not only expanded the capacity of automotive MLCCs production, but also developed more competitive automotive MLCC specifications through its own development of material formulations and continuous improvement of process technology and

management. In terms of wireless communication application, several new series of microwave MLCC capacitors with high capacitance-accuracy ($\pm 0.02\text{pF}$), high temperature applications (X8G) and ultra-small size (01005) have also been developed in 2021. 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 with various temperature coefficients (X6S, X7S), Feedthrough MLCC, and 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, anti-surge and ultra-low ohm current sensing resistors. 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, WIFI7 and millimeter wave application, including diplexer 、 triplexer 、 bandpass filter and IOT 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 out band 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, WIFI 6E products are as reference design. Through new materials and the technical capabilities completed, recently, the ultra-small size product for module used have been developed and promoted to the market, such as N77 BPF and UWB diplexer. Besides, some automotive products and base station product 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

Passive components are essential and indispensable parts for electronic devices such as smartphones, computers, electrical home appliances, game consoles, network equipment, data storage systems, automotive electrics, industrial automation robots, medical devices, etc. The passive component industry is dominated by Japanese vendors, pursuing high-end automotive and industrial markets with suppliers based in Europe and the United States. On the other hand, suppliers from South Korea, Mainland China, and Taiwan contribute the most production capacity. The Asia-Pacific region consumes approximately 70% of the global passive component supply.

Based on the functions performed, the core passive electronic components are 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 classified into automotive, telecommunication, information technology (IT), consumer electronics, industrial, healthcare, and defense. In which,

telecommunication accounts for about 30% of the entire market.

The automotive and smartphone industries greatly influence the electronic component market. As infotainment, global positioning navigation, and other safety-enhanced features such as ADAS incorporated into 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 standard. 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 will continue to grow at a double-digit growth rate for years to come. 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 a 1.5 billion smartphones sold each year, nearly 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 increasing adoption of digitalization coupled with increased connectivity and mobility demand is further increasing the complexity of electronics. This is accelerating the demand for passive components in electronics.

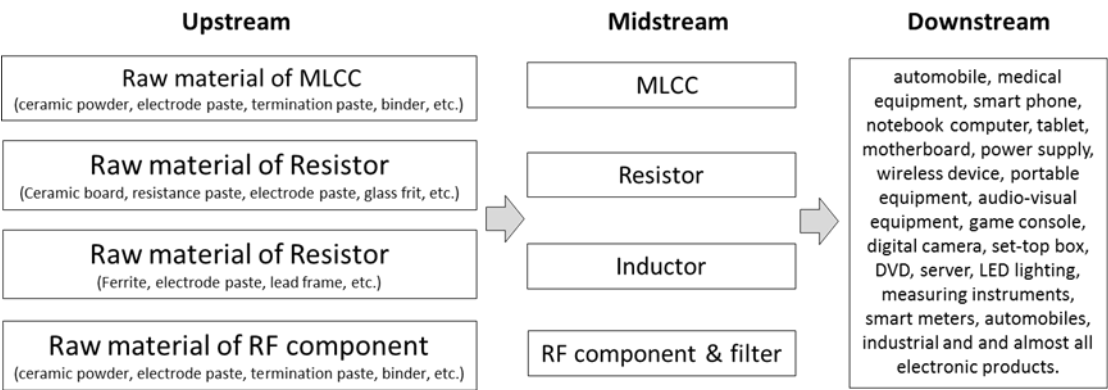
The global passive electronic component markets experienced a significant amount of financial turbulence in 2021, a situation brought about by global economic stimulus programs and the continued impact of the pandemic on key materials and component segments of the high-tech economy. In short, 2021 revenue and volume numbers for capacitors, resistors, inductors, and circuit protection components reached all-time highs. A significant portion of these revenues was then converted into capacity expansion, especially in areas of technological sophistication such as high voltage, high frequency, high temperature, and robust mechanical passive component designs.

Despite the outbreak of COVID-19 in 2020 and its impact on the passive electronic components decreased operation levels across the supply chain on the component production and raw material production level. The increasing adoption of digitalization coupled with increased connectivity and mobility demand is further increasing the complexity of electronics. This is accelerating the demand for passive components in electronics. According to Mordor Intelligence, the Global Passive Electronic Components Market was valued at USD 31.54 billion in 2020 and is expected to reach USD 40.81 billion by 2026 and grow at a CAGR of 4.5% over the forecast period (2021 - 2026). (Data source: Mordor Intelligence,)

If combined with interconnecting electronic components market, another research institute also confirms a positive trend and reported the global passive and interconnecting electronic components market was estimated at USD 176 billion in 2021 and is expected to reach over USD 273.9 billion by 2030, poised to grow at a CAGR of 5.6% from 2021 to 2030. (Data source:

Precedence Research, Nov. 11, 2021, Note: Interconnecting electronic components studied in the research report include: PCB, Connectors/Sockets, Switches, Relays, and others.)

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 automobiles, 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, 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 can provide enough capacitance for application need; therefore, developing for higher volumetric capacitance is important goal.
- Higher frequency application: In 2021, 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 reliability for automotive application: Due to the trend of automotive electrification sweeping the world in recent years, the demand for automotive MLCCs has risen rapidly. WTC has not only focused on expanding the capacity of automotive MLCCs production in 2021, but also created more competitive automotive MLCC specifications through its own development of material formulations and process technology.

(b) Chip-R products

- Chip-R has requirements for anti-sulfurization and high-power resistor 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

- Miniaturization and thinning: In response to the multi-functional requirements of smart phones and smart wearable devices, the usage amount of passive components has increased significantly. Under the same available layout area, miniaturization and thinning are the development trends of RF components.
- Modularization: As mentioned above, modular products are also a development trend, especially for the modularization of RF front-end receiving circuits has become a development trend. Therefore, the demand of ultra-thin filters for the module will also increase significantly.
- High reliability and automotive use: The construction of 5G base stations has become the development goal for major telecom operators. Therefore, RF components with high reliability and long life cycle must also be the direction of development in the coming years; In terms of vehicle use, due to the requirement for interconnection between vehicle networking and multimedia equipment, the demand for RF components must meet AEC-Q200 that will also grow significantly.

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 ($>20\mu\text{F}/\text{mm}^3$).
- 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 manufacturing and 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) There are four strategies for the RF component:

-RF products development for miniaturization and thinning: Full-scale mass production of 0402 size filters and continuous development of new specifications.

-RF products development for module used: Cooperate with module manufacturers to customize ultra-thin filters and provide solutions for module products

-RF products development for high reliability and automotive: Development and mass production relative product that can meet AEC-Q200.

-New development product can be approved continuously by IC design house.

5.1.3 Technologies and R&D Overview

1. R&D expenditures years end on March 31,2022 and 2021

Unit: NT\$ thousands

Item	2021	March 31,2022
R&D Expenditures	1,054,647	284,882
Net Revenue(%)	2.50%	2.93%

2. Successfully developed technologies or products in 2021

In order to enhance independent R&D capabilities and competitive advantages, WTC persists in a long-term strategy of intellectual properties. In 2021, there are 5 domestic and foreign patents issued, and applied several new important technical patents. All patented technologies will be used in our current and future products.

WTC has successfully developed and released plenty of products in 2021, including: high-capacitance X5R/X7R MLCCs product-range enhancing, automotive X7R/NPO MLCCs product-range enhancing, automotive microwave MLCCs product-range enhancing, Feedthrough MLCC, miniaturized (01005-size) X5R/NPO capacitors product-range enhancing, high-Q microwave MLCCs product-range enhancing, 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, WiFi 7 filters, UWB filters, IPD integrated modules, Automotive grade filters , module used filters 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 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) 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 products from the company's dedicated manufacturing line to keep up with the constant growing demand
- (2) Product research and development focus on miniaturization, integration, high-temperature, high voltage, and high stability to address product requirements of 5G and automotive application
- (3) Engage customers with need in high-capacitance and thin film and low resistance resistors
- (4) Leverage Walsin Technology Corporation's sales platform in Japan and proactively focus on Japan's key account penetration.

Mid-to-Long Term Business Plan

- (1) To deploy a multi-location production plan to cope with the uncertainties presented by the USA-China trade war and supply-chain rearrangement.
- (2) 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.
- (3) 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.
- (4) Continue to focus product development on high-capacitance, high-frequency, high-power, thin-film, low ohm, and other high precision products.
- (5) To further develop business in Europe and North America regions.
- (6) 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.
- (7) To expand customer base through merge and alliance.

5.2 Business Overview

5.2.1 Market, Production and Sales Overview

1. Market Analysis

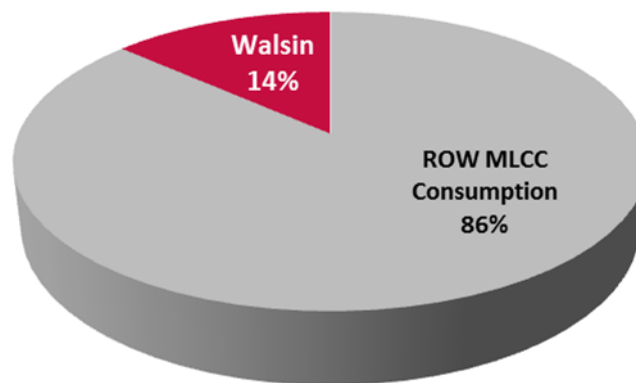
Sales region(s) of main products for Year 2021

Unit:NT thousnads		
Region(s)	Revenue Amount	%
Asia	37,547,371	89.17%
Americas	1,810,222	4.30%
Europe	2,751,115	6.53%
Total	42,108,708	100%

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

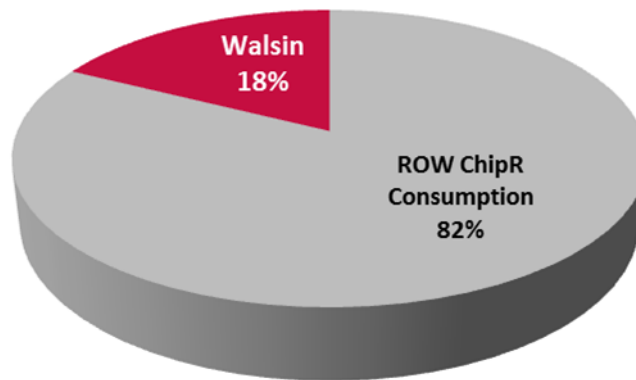
Multilayer ceramic capacitors (MLCCs) are generally the capacitor of choice for applications such as telecom, PC&P, and consumer electronics because of their compact size, better high-frequency performance compared to aluminum electrolytic capacitors, and better stability over temperature, depending on the temperature coefficient. MLCC shipment of Walsin Technology accounts for approximately 14% of the entire MLCC market in 2021.

Market share of Walsin Technology's MLCC for 2021

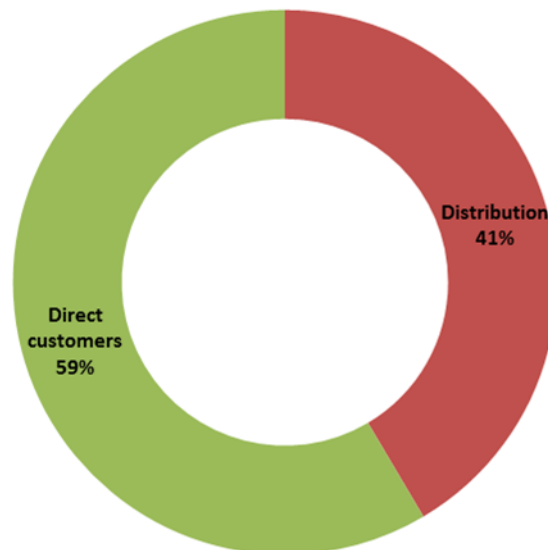


Walsin Technology has been proactively developing small-sized chip resistor, array, anti-surge, anti-sulfur, current-sensing metal plate, thin-film high precision, and other specialty products to address the latest evolution in consumer electronics, automotive application, etc. Chip resistor shipment of Walsin Technology accounts for approximately 18% of the entire Chip Resistor market in 2021.

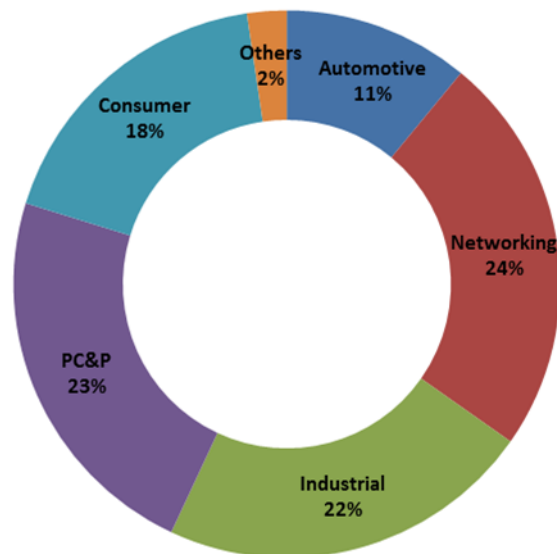
Market share of Walsin Technology's Chip Resistor for 2021



2021 Walsin Technology Revenues Breakdown by Channel



2021 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 for 2022 presents a positive outlook due to high dollar value growth opportunities in automotive electronics, cloud computing infrastructure, and 5G handsets. Meanwhile, personal NB demand is expected to be replaced by business NB and remote health-monitoring devices demand shall remain in the post-pandemic work environments.

For full-year 2022, expect market drivers for capacitors, resistors, and inductors to include:

- 5G infrastructure deployment
- 5G smartphones
- 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
- Business notebook computers upon the change of the work environment
- Remote health-monitoring devices

b. Market Supply Analysis

The passive component industry has been facing challenging times with successive waves of part shortages, price increases, 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 adopted 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 was significantly impacted because of the COVID-19 pandemic and new tech war in 2020 and 2021, 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.

As for 2022, the supply chain will most likely resume normal as the impact and disruption of COVID-19 might come to an end 2022. With new applications and increased component count in the new module, demand for MLCC, R chip, and LTCC is expected to grow steadily.

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 does 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 company deploys a multi-location production plan to cope with the uncertainties presented by the USA-China trade war and supply-chain rearrangement.
- 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.
- 2022 EV forecast YOY growth 48% despite IC shortage this year. Demand remains robust for the years to come.
- Commercial applications of automotive, 5G, Metaverse, and LEO Satellite (Low Earth Orbit Satellite) will drive the demand growth.

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

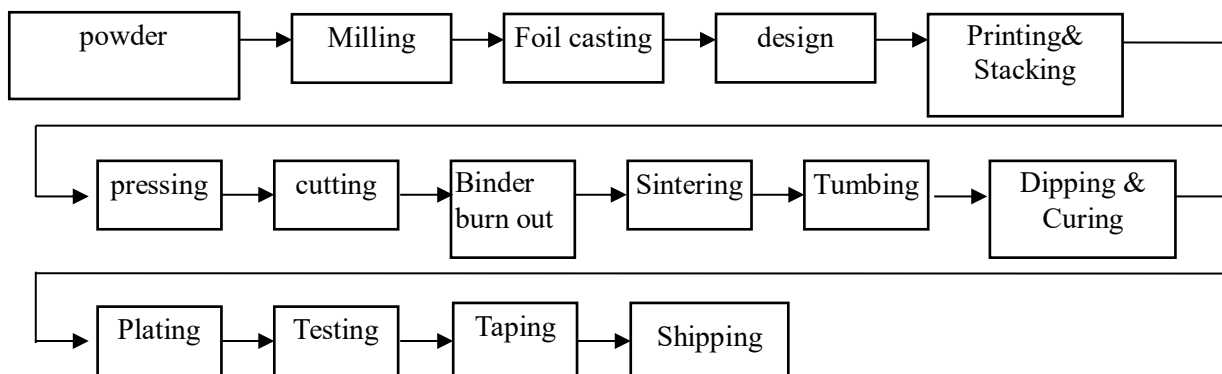
- Multi-location manufacturing facilities to minimize the possible impact caused by lockdown and transport restrictions and avoid high tariff zones.
- Automate those labor-intensive processes.
- Industry-competitive compensation and reward program and employee self-fulfillment support.
- To alleviate 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

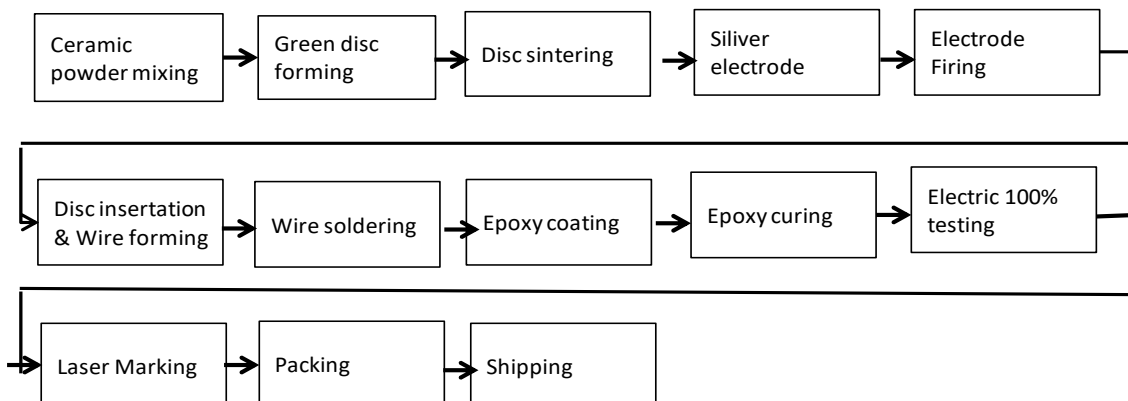
Main Products	The main purpose
MLCC	Used for the energy storage, bypass, smoothing, coupling, filtering, resonance, impedance-matching circuits, and applied to computer peripherals, communications products and consumer electronics, industrial/automotive electronics, household/Medical electronics, etc.
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 for automobile, set-top-box

◆ Manufacturing Processes:

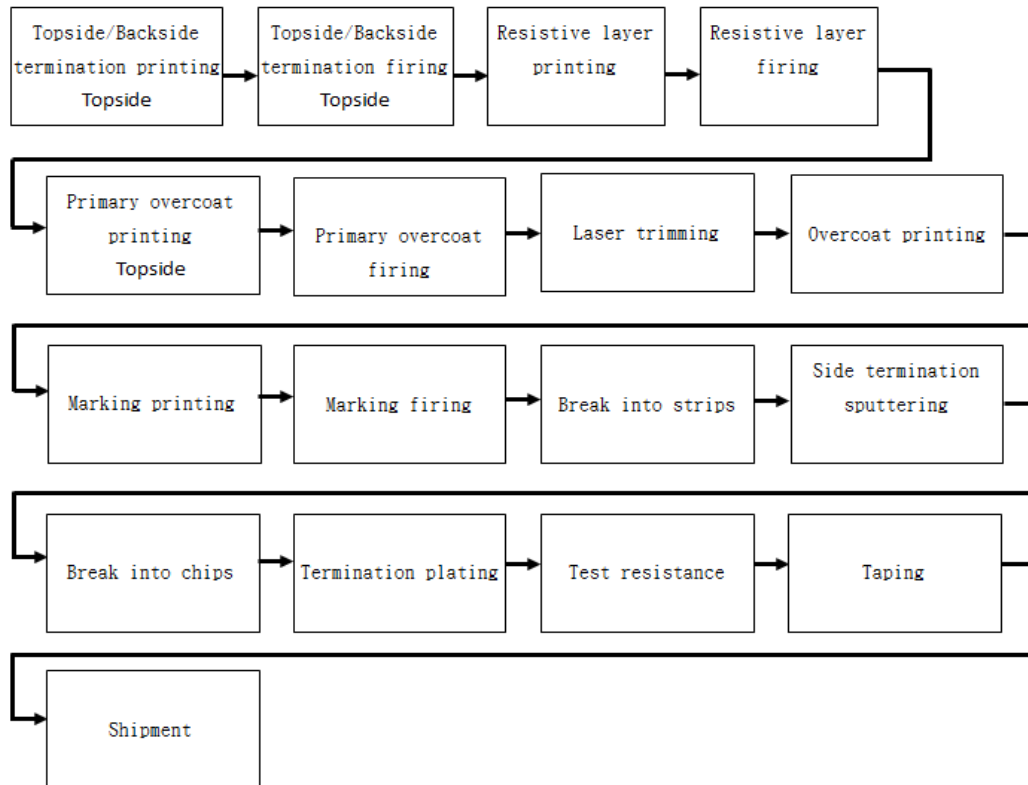
1. MLCC



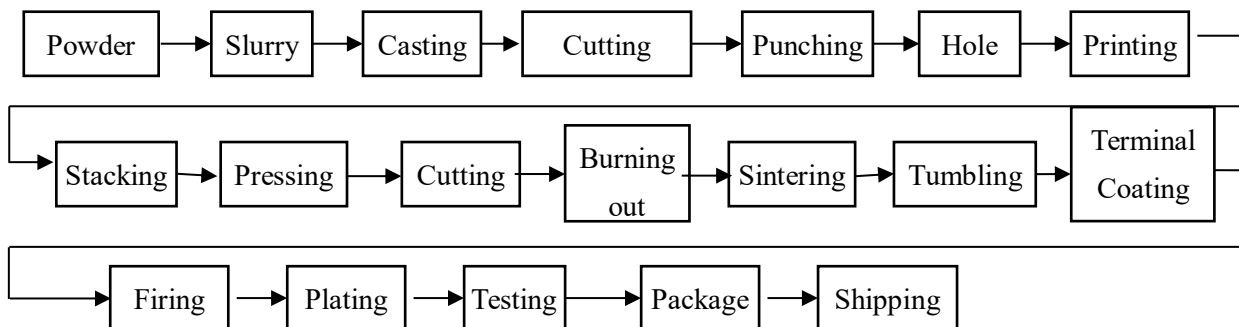
2. Disc



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		2020			2021		
		Capacity	Output volume	Value	Capacity	Output volume	Value
MLCC	Kpcs	564,412,700	495,662,463	17,280,722	642,521,000	527,236,220	20,582,882
Chip-R	Kpcs	601,824,000	499,398,766	6,345,565	652,370,122	596,323,567	7,932,095
RF	Kpcs	2,760,000	2,624,514	3,285,754	5,250,000	3,941,924	5,273,234
Protection components	Kpcs	11,100,000	9,571,946	1,092,417	20,000,000	17,617,140	2,351,571
Powder	Kgs	4,554,000	4,460,588	1,380,743	4,862,000	4,716,427	1,466,449
Others	Kpcs	571,600	464,677	691,996	401,100	358,482	688,058
Total	Kpcs	1,180,668,300	1,007,722,366	28,696,454	1,320,542,222	1,145,477,333	36,827,840
	Kgs	4,554,000	4,460,588	1,380,743	4,862,000	4,716,427	1,466,449

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	2020				2021			
		Domestic Sales		Exports		Domestic Sales		Exports	
		Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
MLCC	Kpcs	32,322,839	1,934,526	450,224,202	19,339,437	41,767,675	2,532,358	418,854,278	20,374,030
Chip-R	Kpcs	26,724,614	608,892	450,034,495	7,040,773	34,242,186	820,907	472,872,923	8,103,212
RF	Kpcs	89,499	360,710	2,294,434	3,240,254	502,092	2,259,845	2,508,259	3,159,830
Protection components	Kpcs	876,466	264,803	8,425,417	1,686,648	2,620,416	564,640	13,321,663	2,324,533
Powder	Kgs	461,192	163,454	1,070,887	266,522	559,881	180,834	620,063	151,803
Others	Kpcs	24,170	11,529	249,940	681,701	22,420	14,629	477,430	1,622,087
Total	Kpcs	60,037,588	3,343,914	911,228,488	32,255,335	79,154,789	6,373,213	908,034,553	35,735,495
	Kgs	461,192		1,070,887		559,881		620,063	

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		2020	2021	2022 up to March 31
Number of employees	Director Employee	10375	10710	8975
	Indirector Employee	3162	3214	3147
	Total	13537	13924	12122
Average age		31.4	31.8	33.5
Average years of service		4.4	4.7	5.5
Education background (%)	Ph.D	0.21%	0.19%	0.24%
	Master's	2.89%	2.97%	3.31%
	University/College	27.25%	29.14%	32.57%
	Senior High School	36.01%	22.48%	25.27%
	Senior High School and below	33.65%	45.22%	38.60%

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. The annual loss (as of the date of publishing annual report) due to environmental pollution is reported as follows, (including compensations for violating regulations for environment protection after being audited by environment protection officials. Itemize compensation with the information of date, penalty ID number, the regulations being violated, the details of the regulations, and the details of penalty.)

Unit : NT\$ thousands

Annual Pollution types	2021	Before the end of April 2022
Fail to follow Air Pollution Control Act or Water Pollution Control Act.	-	-
Fail to follow Toxic and Concerned Chemical Substances Control Act.	-	-
Fail to follow Waste Disposal Act.	21	-
Total (unit: NTD thousand)	21	-

(1) On August 9, 2021, Environmental Protection Bureau sent an inspector to one of our factories (new construction in Kaohsiung). He chose to audit an add-on construction on a vacant 2nd floor. He discovered that the construction started before the approval of the project on reducing waste water during the construction. The construction action violated Water Pollution Control Act No. 18; specifically the action violated water pollution control measures and test reporting management regulations10.1. The penalty was a fine of NTD 21,000.

(2) Actions to improve: The factory had obtained the lincense.

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 10 events were handled and a total of 14,068 person-times participated in the company's events in 2021.

(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 219 training courses in 2021 (including online courses. The training totals of 13,007 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 2021, a total of 14 retirees will be handled, and a total of NT\$20,541,102 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 2021, 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.

5.6 Cybersecurity management

1. Describe the information security risk management structure, information security policy, specific management plan and investment in information security management resources, etc:

To reinforce cyber security protection and management, Walsin Technology organized the “Cyber Security Committee” to guide the planning, execution and monitoring of cyber security policies. The committee was convened by the Chief Information Officer and the members of it were composed of Walsin Technology functional division heads. The Information department manager acted as the executive secretary. Cyber security task force, emergency response task force and cyber security auditing task force were established to initiate, execute, monitor and evaluate cyber security related tasks and projects. Each member of the committee has to attend professional cyber security training courses annually.

The vision of cyber security policies at Walsin Technology is to protect company’s trade secret from breaching, involve employees to the awareness of cyber-attacks, all-round implement cyber security management on daily operation and make sure high availability of all IT services. Through 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. We regularly conduct the network and equipment vulnerability scans, information security risk assessment, employee cyber security education, equipment risk assessment, notification and response to cyber security Incidents, and also disaster recovery rehearsal to block illegal network intrusion, enhance the operational safeness as well as prevent the potential risks in advance.

2. State clearly any losses, possible impacts, and countermeasures caused by significant cybersecurity incidents in the year prior to the annual report publication date; if they cannot be reasonably estimated, an explanation must be made as to the fact that they cannot be reasonably estimated:

Walsin Technology regularly conducts the network and equipment vulnerability scans. All the system security vulnerabilities were repaired and blocked according to the scanning findings. We also joined the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) to obtain the most updated cyber threat intelligence. We make all effort to prevent hackers from attacking our domain. In year 2021, the board management review of Cyber Security Committee has reported that there’s no major cyber security incident which serious impact operation occurred.

5.7 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	2021.08.25 ~ 2024.08.25	Total Credit line of NT\$2.5billion and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Taipei Fubon Bank	2021.09.14 ~ 2024.09.14	Total credit line of NT\$ 300 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Bank of Taiwan	2021.09.17 ~ 2024.09.17	Total Credit line of NT\$3.5 billion and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Entie Commercial Bank., Ltd.	2020.11.25 ~ 2023.11.25	Total credit line of NT\$ 600 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	E.Sun Commercial Bank, Ltd.	2021.09.14 ~ 2023.09.14	Total credit line of NT\$ 300 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	CTBC BANK	2021.07.31 ~ 2023.07.31	Total credit line of NT\$ 100 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	Taishin International Bank	2021.05.31 ~ 2024.07.31	Total credit line of NT\$ 300 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Cathay United Bank	2021.08.26 ~ 2023.08.26	Total credit line of NT\$ 200 million and promissory note guarantee	Two-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	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 1.58 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 Tokyo Branch (Note 6)	2020.06.22 2022.06.22	~ The total credit line of 550million yen and guarantee letter	Two-year period, principal repayment at maturity
Loan contract	Citibank Berhad (Note 7)	2020.09.01 2022.08.24	~ The total credit line of USD5 million and guarantee letter	Two-year period, principal repayment at maturity
Loan contract	Citibank Berhad (Note 7)	2021.09.01 2023.09.01	~ The total credit line of USD5 million and guarantee letter	Two-year period, principal repayment at maturity

Loan contract	United Overseas Bank(Note 8)	2021.04.16 2024.04.16	~ The total credit line of 740 million yen and guarantee letter	Three-year period, For the first 12 installments, only interest will be repaid each month, and the thirteenth to thirty-sixth installments will repay the principal plus interest every month.
Loan contract	Taishin International Bank (Note 9)	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 10)	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 11)	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 11)	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 12)	2021.12.24 2026.12.15	~ 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 13)	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 13)	2021.05.03 2031.04.15	~ Total credit line of NT\$ 384million	Ten-year period, Three-year grace period, repayment monthly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 13)	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 14)	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 15)	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	Taishin International Bank(Note 16)	2021.12.31 ~ 2023.12.31	Credit facilities amounted to NT\$500 million and promissory note guarantee	Two-year period, repayment after 180 days .
Loan contract	Cathay United Bank Co., Ltd. (Note 17)	2021.12.29 ~ 2022.05.26	Total credit line of NT\$ 300 million and promissory note	Two-yearperiod, repayment after 180 days .

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: The agreement was signed between Kamaya Electric Co., Ltd., a subsidiary of the company, and Citibank Tokyo branch, Japan.

Note 7: It was signed by KAMAYA ELECTRIC (M) SDN. BHD., a subsidiary of the company, and Citibank Bank.

Note 8: It was signed by KAMAYA ELECTRIC (M) SDN. BHD., a subsidiary of the company, and UOB Bank.

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

Note 10: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and E.Sun Commercial Bank, Ltd.

Note 11: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and First Commercial Bank.

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

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

Note 14: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Chang Hwa Commercial Bank.

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

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

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

Note 18: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Taishin International Bank

5.8 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.

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

1. The company's factories all follow Occupational Safety and Health Act for all employees when they are on duty. Routine protocols have been set up for employees, and occupational education and training have been offered to employees on a regular basis. These efforts have created a safe working environment, where employees will be protected when they are on duty.

2. The company's factories have passed the standards recognized by International ISO45001 Occupational Safety and Health Management System. We will set up a procedure manual for system operations. The internal inspection will be conducted annually and will receive an evaluation certificate from a third party to ensure that the company meets the criteria of the regulation in discussion in order to keep the safety of the employees.

3. Group insurance: all employees receive group insurance as benefits offered by the company. In case of work injury, every employee will be covered by worker insurance and group insurance with reasonable compensation. The employees will happily work without worrying about their health benefits

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)				
		2017	2018	2019	2020	2021
Current Assets		18,947,367	36,573,150	29,082,633	39,663,969	41,187,886
Property, Plant and Equipment		7,942,271	15,872,508	17,989,602	23,031,847	30,449,546
Intangible Assets		15,551	7,947	4,986	590,817	795,266
Other Asset		8,145,319	11,014,897	13,074,733	18,793,862	21,747,507
Total Assets		35,050,508	63,468,502	60,151,954	82,080,495	94,180,205
Current Liabilities	Before Distribution	12,219,685	21,234,642	16,322,976	19,655,382	21,557,432
	After Distribution	14,162,885	29,153,182	18,994,876	22,570,212	(Note2)
Noncurrent Liabilities		3,755,666	4,919,217	7,283,821	16,770,919	19,093,619
Total Liabilities	Before Distribution	15,975,351	26,153,859	23,606,797	36,426,301	40,651,051
	After Distribution	17,918,551	34,072,399	26,278,697	39,341,131	(Note2)
Equity Attributable to Shareholders of the Parent		17,054,417	34,694,408	33,829,062	38,620,462	44,388,842
Capital Stock		4,858,000	4,858,000	4,858,000	4,858,043	4,858,043
Capital Surplus		5,217,516	5,388,015	5,619,231	6,006,342	3,111,622
Retained Earnings	Before Distribution	6,213,164	24,091,592	22,843,141	26,686,269	34,665,792
	After Distribution	4,269,964	16,173,052	20,171,241	23,771,439	(Note2)
Other Equity		834,993	567,391	544,450	1,069,808	1,989,765
Treasury Shares		(69,256)	(210,590)	(35,760)	0	(236,380)
Noncontrolling Interests		2,020,740	2,620,235	2,716,095	7,033,732	9,140,312
Total Equity	Before Distribution	19,075,157	37,314,643	36,545,157	45,654,194	53,529,154
	After Distribution	17,131,957	29,396,103	33,873,257	42,739,364	(Note2)

Note 1: The financial data of the years from 2017 to 2021 have been audited by CPAs.

Note 2: The proposal for 2021 appropriation of earning will be approved with resolution by the Company's board of directors and 2022 shareholders' meeting.

6.1.2 Condensed Balance Sheet - Unconsolidated (Based on IFRSs)

Unit: NT\$ thousands

Years Items		Financial Summary for the Last Five Years				
		2017	2018	2019	2020	2021
Current Assets		4,289,503	11,230,033	4,264,954	12,818,862	9,233,860
Property, Plant and Equipment		3,836,328	8,718,051	10,259,785	12,842,862	17,661,063
Intangible Assets		8,438	2,488	1,762	85,251	72,032
Other Assets		19,485,939	31,634,451	36,574,735	38,775,576	44,923,736
Total Assets		27,620,208	51,585,023	51,101,236	64,522,551	71,890,691
Current Liabilities	Before Distribution	7,368,750	13,576,516	12,662,499	13,570,608	13,755,003
	After Distribution	9,311,950	21,495,056	15,334,399	16,485,438	Note1
Non-current Liabilities		3,197,041	3,314,099	4,609,675	12,331,481	13,746,846
Total Liabilities	Before Distribution	10,565,791	16,890,615	17,272,174	25,902,089	25,501,849
	After Distribution	12,508,991	24,809,155	19,944,074	28,816,919	Note1
Capital Stock		4,858,000	4,858,000	4,858,000	4,858,043	4,858,043
Capital Surplus		5,217,516	5,388,015	5,619,231	6,006,342	3,111,622
Retained Earnings	Before Distribution	6,213,164	24,091,592	22,843,141	26,686,269	34,665,792
	After Distribution	4,269,964	16,173,052	20,171,241	26,686,269	Note1
Other Equity		834,993	597,391	544,450	1,069,808	1,989,765
Treasury Stock		(69,256)	(210,590)	(35,760)	0	(236,380)
Total Equity	Before Distribution	17,054,417	34,694,408	33,829,062	38,620,462	44,388,842
	After Distribution	15,111,217	26,775,868	31,157,162	35,705,632	Note1

Note1 : The proposal for 2021 appropriation of earnings will be approved with resolution by the Company's board of directors and the 2022 shareholders' meeting.

6.1.3 Condensed Comprehensive Income Statement - IFRSs (Consolidated)

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

Item \ Year	Consolidated financial data of last 5 years (Note1)				
	2017	2018	2019	2020	2021
Operating Revenue	21,645,214	47,755,334	30,134,180	35,599,249	42,108,708
Gross Profit (Loss)	5,621,985	28,846,039	10,354,117	11,243,055	12,512,383
Income (Loss) from Operations	3,292,817	25,201,277	7,693,709	7,913,539	8,399,582
Non-operating Income and Expenses	289,970	406,626	1,272,859	1,121,268	2,250,332
Profit (Loss) before Income Tax	3,582,787	25,607,903	8,966,568	9,034,807	10,649,914
Profit (Loss) from continuing operations	2,805,026	20,529,452	7,081,196	7,217,645	8,961,076
Profit (Loss) from Discontinuing Operations	0	0	0	0	0
Net Income (Loss)	2,805,026	20,529,452	7,081,196	7,217,645	8,961,076
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	1,040,702	(449,643)	72,511	630,752	1,157,168
Total Comprehensive Income (Loss) for the Year	3,845,728	20,079,809	7,153,707	7,848,397	10,118,244
Net Income (Loss) Attributable to: Owners of the Parent Company	2,608,697	19,704,564	6,648,906	6,632,254	7,931,941
Net Income (Loss) Attributable to: Noncontrolling Interests	196,329	824,888	432,290	585,391	1,029,135
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	3,570,077	19,379,407	6,678,269	6,992,951	8,917,652
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	275,651	700,402	475,438	855,446	1,200,592
Earnings (Loss) Per Share	5.15	40.75	13.72	13.66	16.35

Note 1: The financial data of the years from 2017 to 2021 have been audited by CPAs.

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				
	2017	2018	2019	2020	2021
Net Sales	10,925,507	26,881,744	15,253,884	17,854,068	22,257,779
Gross Profit	1,982,375	13,384,316	2,430,568	4,884,530	5,350,426
Operating Income	1,096,190	10,101,480	3,012,847	3,357,599	3,763,948
Non-operating Revenue and Expense	1,842,455	11,655,903	4,669,690	3,954,028	4,800,300
Profit before Taxes	2,938,645	21,757,383	7,682,537	7,311,627	8,564,248
Gain from Continued Operations	2,608,697	19,704,564	6,648,906	6,632,254	7,931,941
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	2,608,697	19,704,564	6,648,906	6,632,254	7,931,941
Other comprehensive income, net of income tax	961,380	(325,157)	29,363	360,697	985,711
Total comprehensive income for the year	3,570,077	19,379,407	6,678,269	6,992,951	8,917,652
Earnings Per Share	5.15	40.75	13.72	13.66	16.35

6.1.5 Auditors' Opinions for past 5 years

Year	2017	2018	2019	2020	2021
CPA	MING-YU CHIU Hung-Bin Yu	MING-YU CHIU Hung-Bin Yu	Chin-Chuan Shih Hung-Bin Yu	Chin-Chuan Shih Hung-Bin Yu	Chin-Chuan Shih Kuo-Tyan Hong
Audit opinion	Unmodified opinion with other matter section	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion with other matter section

6.2 Financial Analysis

6.2.1 Financial Analysis - IFRSs (Consolidated)

Year Item(Note1)		Consolidated financial analysis of last 5 years (Note1)				
		2017	2018	2019	2020	2021
Capital Structure Analysis (%)	Debts Ratio	45.57	41.20	39.24	44.34	43.16
	Long-term Fund to Property, Plant and Equipment	287.45	266.08	243.63	271.03	238.50
Liquidity Analysis (%)	Current Ratio	155.05	172.23	178.16	201.79	191.06
	Quick Ratio	122.47	140.83	150.86	170.50	145.00
	Times Interest Earned (Times)	41.58	237.21	105.01	49.63	52.12
Operating Performance Analysis	Average Collection Turnover (Times)	3.18	4.29	2.70	3.80	3.81
	Days Sales Outstanding	115	85	135	96	96
	Average Inventory Turnover (Times)	4.45	3.70	3.68	4.74	3.78
	Average Payment Turnover (Times)	6.22	6.32	6.99	7.13	6.47
	Average Inventory Turnover Days	82	99	99	77	97
	Property, Plant and Equipment Turnover (Times)	3.14	4.01	1.77	1.73	1.57
	Total Assets Turnover (Times)	0.67	0.96	0.48	0.50	0.47
Profitability Analysis	Return on Total Assets (%)	9.01	41.85	11.56	10.35	10.35
	Return on Equity (%)	16.58	76.15	19.40	18.30	19.11
	Pre-tax Income to Paid-in Capital Ratio (%)	73.75	527.12	184.57	185.97	219.22
	Net Margin (%)	12.95	42.98	23.49	20.27	21.28
	Earnings (Loss) Per Share (NT\$)	5.15	40.75	13.72	13.66	16.35
Cash Flow	Cash Flow Ratio (%)	19.99	77.33	80.38	61.52	52.79
	Cash Flow Adequacy Ratio (%)	101.44	133.23	110.94	112.91	98.98
	Cash Flow Reinvestment Ratio (%)	4.10	22.48	7.69	10.33	7.83
Leverage	Operating Leverage	3.06	1.31	2.36	2.42	2.13
	Financial Leverage	1.02	1.00	1.01	1.02	1.02

Explanation for deviation of 2021 vs. 2020 financial ratios:

1. Decreased in Average Inventory Turnover (Times) and increased in Average Inventory Turnover Days : Mainly due to the inventory levels maintained at a high level.
2. Decreased in Cash Flow Reinvestment Ratio (%) : Mainly due to the increased in property, plant and equipment.

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		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Capital structure (%)	Debt Ratio	38.25	32.74	33.80	40.14	38.25
	Ratio of Long-term Capital to Property, plant and equipment	527.89	435.97	374.65	396.73	329.17
Liquidity analysis (%)	Current Ratio	58.21	82.72	33.68	94.46	67.13
	Quick Ratio	43.56	68.12	23.47	81.90	48.67
	Interest Coverage Ratio (times)	40.63	238.77	104.41	50.82	54.17
Operating Performance	Accounts Receivable Turnover (Times)	5.47	6.05	3.65	6.07	5.51
	Average Collection Period	66	60	100	60	66
	Inventory Turnover (Times)	9.18	9.37	8.20	8.93	8.18
	Accounts Payable turnover (times)	9.00	11.87	7.55	5.86	6.73
	Average Days in Sales	39	38	44	41	45
	Property, plant and equipment Turnover (Times)	3.39	4.28	1.61	1.55	1.45
	Total Assets Turnover (Times)	0.43	0.68	0.30	0.31	0.32
Profitability analysis	Return on Total Assets (%)	10.60	49.94	13.07	11.68	11.81
	Return on Stockholders' equity (%)	16.58	76.15	19.40	18.30	19.11
	Pre-tax Income to Paid-in Capital (%)	60.49	447.87	158.14	150.51	176.29
	Profit Ratio (%)	23.88	73.30	43.59	37.15	35.63
	Earnings Per Share (NT\$)	5.15	40.75	13.72	13.66	16.35
Cash Flow (Note 2)	Cash Flow Ratio (%)	16.85	66.81	54.52	23.86	65.63
	Cash Flow Adequacy Ratio (%)	94.37	122.26	83.40	71.78	76.49
	Cash Reinvestment Ratio (%)	2.18	15.41	(2.11)	0.91	8.61
Leverage	Operating Leverage	3.01	1.54	1.83	2.24	2.32
	Financial Leverage	1.07	1.01	1.03	1.05	1.04

Analysis for deviation over 20% of 2021 vs. 2020 financial ratio:

- A. Decreased in Current Ratio and Quick Ratio: mainly due to current assets for the year ended December 31, 2021 decreased.
- B. Increased in Pre-tax income to Paid-in Capital and Earnings Per Share: mainly due to profit growth for the year.
- C. Increased in each ratio of Cash Flow: mainly due to the net cash generated from operating activities increased.

Note : Financial analysis formulas see previous table.

6.3 Audit Committee's Review Report

Audit Committee's Review Report

To: The 2022 Annual General Shareholders' Meeting of Walsin Technology Corporation

The Board of Directors has prepared the Company's 2021 Business Report and Financial Statements. The Financial Statements had been audited by Deloitte & Touche Certified Public Accountants, Chin-Chuan Shih and Kuo-Tyan Hong and has issued an audit report.

The Business Report and Financial Statements 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

Feb 25, 2022

6.4 Financial Statement for the Most Recent Fiscal Year : Please refer to CPA's consolidate report which attached at the end of this annual report.(Page 203~Page 326)

6.5 A Parent Company Only Financial Statement for the Most Recent Fiscal Year: Please refer to CPA's parent company report which attached at the end of this annual report.(Page 327~Page 408)

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 2021 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	2021	2020	Difference	
			Amount	%
Current Assets	41,187,886	39,663,969	1,523,917	4%
Property, Plant and Equipment	30,449,546	23,031,847	7,417,699	32%
Intangible assets	795,266	590,817	204,449	35%
Other assets	21,747,507	18,793,862	2,953,645	16%
Total Assets	94,180,205	82,080,495	12,099,710	15%
Current Liabilities	21,557,432	19,655,382	1,902,050	10%
Non-current Liabilities	19,093,619	16,770,919	2,322,700	14%
Total Liabilities	40,651,051	36,426,301	4,224,750	12%
Total Equity attributable to owners of the Company	44,388,842	38,620,462	5,768,380	15%
Capital Stock	4,858,043	4,858,043	0	0%
Capital Surplus	3,111,622	6,006,342	(2,894,720)	(48%)
Retained Earnings	34,665,792	26,686,269	7,979,523	30%
Other equity	1,989,765	1,069,808	919,957	86%
Treasury Shares	(236,380)	0	(236,380)	100%
Non-controlling Interests	9,140,312	7,033,732	2,106,580	30%
Total Equity	53,529,154	45,654,194	7,874,960	17%

Explanation for significant changes :

1. Increased in Property, Plant and Equipment : Mainly due to parts of investment entities included in the consolidated financial statement since 2021 and expansion of production capacity in response to market demand growth.
2. Increased in Intangible assets : Mainly due to parts of investment entities included in the consolidated financial statement since 2021 caused patent increasing.
3. Decreased in Capital surplus : Mainly due distribution of cash dividends from capital surplus.
4. Increased in Retained earnings : Mainly due to increased in profit caused unappropriated earnings increasing.
5. Increased in Other equity : Mainly due to the increase in unrealized gain on financial assets at fair value through other comprehensive income.
6. Increased in Treasury shares : Mainly due to buying back treasury shares.
7. Increased in Non-controlling interests : Mainly due to the increase of not 100% shareholding subsidiaries.

7.2 Operating Results

Unit: NT\$ thousands

Item \ Year	2021	2020	Difference	%
	Amount	Amount		
Operating Revenue	42,108,708	35,599,249	6,509,459	18%
Cost of Goods Sold	29,596,325	24,356,194	5,240,131	22%
Gross Profit	12,512,383	11,243,055	1,269,328	11%
Operating Expenses	4,112,801	3,329,516	783,285	24%
Income (Loss) from Operations	8,399,582	7,913,539	486,043	6%
Non-operating Income and Expenses	2,250,332	1,121,268	1,129,064	101%
Income (Loss) before Income Tax	10,649,914	9,034,807	1,615,107	18%
Income Tax Expense (Benefit)	(1,688,838)	(1,817,162)	128,324	(7%)
Net Income (Loss)	8,961,076	7,217,645	1,743,431	24%
Net Profit Attributable to Owners of The Company	7,931,941	6,632,254	1,299,687	20%
Explanation for significant changes : 1. Cost of Goods Sold : Mainly due to 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 the continuous popular demand for passive components, and the increase in operating revenue caused the overall operating expenses increasing. 3. Non- operating income and expenses : Mainly due to increased in gain on disposal of investments and share of profit of associates accounted for using the equity method.				

7.3 Cash Flow

Analysis of Cash Flow

Unit: NT\$ thousands

Cash Balance 2021/1/1	Net Cash from Operating Activities in 2021	Net Cash Flow from Investing and Financing Activities in 2021	Cash Balance 2021/12/31	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
11,212,053	11,380,788	(11,331,337)	11,261,504	—	—
<p>1. Analysis of Cash Flow:</p> <p>Operating activities : the net cash inflows of NT\$ 11,380,788 thousand, mainly due to operating profit during the year.</p> <p>Investing activities : the net cash outflows of NT\$ 9,332,573 thousand, mainly due to the acquisition of Property, Plant and Equipment in response to the growth of demand for future market.</p> <p>Financing activities : the net cash outflows of NT\$ 2,194,496 thousand, mainly due to distribution of cash dividends.</p> <p>Effects of exchange rate changes : the net cash inflows of NT\$ 195,732 thousand, mainly due to the appreciation of the RMB 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 2021 and 2020	Actual Use of Capital	
			2021	2020
Factory building and Production Equipment	Cash flow generated from operations 、 loans and issue the first domestic unsecured conversion corporate bonds.	15,822,773	10,208,097	5,614,676

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:

Familiar with the development of customers and industries, achieve the investment arrangement, 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.	NT\$8,442,091 thousand	Overseas investment holding company	In 2021, the gains from these investments amounted to NT\$3,145,425 thousand mainly due to the stable operation profit of investments.	None	The plans depend on the demands of market.

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 2021	
		Amount	Ratio
Net value of Interest income (expenditure)	Individual financial report	(97,221)	-2.58%
	Consolidated financial report	258,345	3.08%
Net Values of exchange (profit) and loss	Individual financial report	20,329	0.54%
	Consolidated financial report	(7,405)	-0.09%

(1) Impact of interest rate changes

WTC net interest income (expenditure) from individual and consolidated financial reports for the year 2021 were (97,221) thousand and 258,345 thousand, respectively, accounting for -2.58% and 3.08% 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 2021 individual and consolidated financial report conversion net losses were 20,329 thousand and (7,405) thousand, respectively, accounting for 0.54% and -0.09% of operating profit. The U.S. dollar was weaker than Taiwan dollar, RMB and Japanese yen in Year 2021. 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: Supply chain problems since the 4th quarter of 2021: chip shortages, energy shortages, and transportation bottlenecks have caused prices to rise, leading countries to raise interest rates to curb the fluttering inflation, which has a negative impact on the global economy and brings the global expansion to be end.

(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, 2021, 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 2021, 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 2021, 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 2021, the company's maximum loan amount was NTD 26,633,304 thousand, and the balance of fund loan at the end of the period was NTD722,709 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 2021, 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 2021 was NTD 22,194,420thousand. As of the end of 2021, the balance of endorsement guarantee at the end of the period was NTD2,731,895 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 2021

The purpose of R&D in Walsin Technology Corporation is to produce the passive components with high quality and superior characteristics made by our own core technologies. Therefore, WTC has been striving to enhance our capability in manufacture and enrich the category of device 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 frequency operation and more diversified product-lines. In response to the continuous changes in the recent technological revolution in vehicle, such as EV & ADAS, WTC has not only expanded the capacity of automotive MLCCs production, but also developed more competitive automotive MLCC specifications through its own development of material formulations and

continuous improvement of process technology and management. In terms of wireless communication application, several new series of microwave MLCC capacitors with high capacitance-accuracy ($\pm 0.02\text{pF}$), high temperature applications (X8G) and ultra-small size (01005) have also been developed in 2021. 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 with various temperature coefficients (X6S, X7S), Feedthrough MLCC, and 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, in order to meet the market demand of mobile phones, wearables, vehicles, base stations, etc., we will continue to develop competitive products. In addition to continuing to develop Sub-6G relative products, the high reliability RF product for automotive and base stations will also be developed, as well as to develop thinning product for the module. Besides, millimeter-wave filters will also be developed and launched to meet future market demands.

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: Thousand NTD

Project title	Purpose	Estimated expense	Completion time	Key factor
Hi-cap X5R/X7R MLCCs development	Capacitance increasing	35,000	2022	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	2022	1. High precision manufacturing process 2. Sintering technology
Automotive MLCCs development	Capacitance & property enhancing	40,000	2022	1. Robust structure design 2. Hi-reliable ceramic recipes 3. Soft termination paste
Specialty MLCCs development	Specifications enhancing	10,000	2022	1. New ceramic recipe 2. Novel manufacturing process 3. Specialty MLCC design

Automotive big size thin film resistor product development	Specifications enhancing	15,000	2022	1. New device design 2. Novel manufacturing
Automotive anti-sulfuring thin film resistor product development	Specifications enhancing	5,000	2022	1. New device design 2. Novel manufacturing
Development of thin RF filter	In response to market demand and Provide a totally solution	20,000	2022	1. New ceramic recipe 2. Novel manufacturing process 3.Specialty architecture design
Development of filters for automotive and base stations	In response to market demand and Provide a totally solution	20,000	2022	1. New ceramic recipe 2. Novel manufacturing process 3.Specialty architecture design

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 of milestones are also planned and executed in accordance with its project schedule.

5. Key successful factors of new product by R&D

- ②(1) Establish core-competence in-house manufacturing technology
- ②(2) Product property and quality meets customer needs
- ②(3) Effective control of cost and yield in production
- ②(4) Become a leader or benchmark of product specification in industry

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(Including information security risks) and industry changes on the company's financial and business and corresponding measures

- A. 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 1,5000pcs

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.

- B. 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.
- C. 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.
- D. 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.
- E. 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.
- F. The application demand for industrial equipment and the market demand for LED lighting or backlight applications have maintained steady growth.

In view of this market change, WTC has developed new various products for automotive and gradually expanded capacity of production to meet customer needs.

Information security risks: The widespread of Internet of Things and wireless communication has become the major infrastructure to support the company's operation. Intellectualization has become the core objective during factory's digital transformation. The possibility of factory shut down has become a major risk if any equipment in the factory has been attacked or infected. The impact is not only the invisible data breach or goodwill loss, but the production and sales loss. Hence, setting up internal firewall, network segmentation, old equipment blocking and IP while-list are the precautions taken to prevent the cyber security incidents from happening. Walsin technology is aware of the risk and has implemented the precautions mentioned above to reduce the risk substantially.

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 on 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 50.08% stake of the total issued and outstanding ordinary shares of Soshin Electric Co. Ltd..

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 2021, 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 2021, 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

In response to the COVID-19 pandemic, employees are requested to work from home on alternate weeks. The demand of Virtual Private Network (VPN) and video conference to support remote working is dramatically increasing. Walsin Technology realizes the system security vulnerabilities in both VPN and video conference software may cause hacker cyber-attacks, such as password stealing and cracking. Hence, we upgrade the software patches in a timely manner. Besides, we also renew password management policies, encrypted trade-secret documents, reinforce the awareness of cyber-attack to all users, review all the VPN accounts and also restrict VPN account's permission in a limited area to reduce the cyber-attack risk.

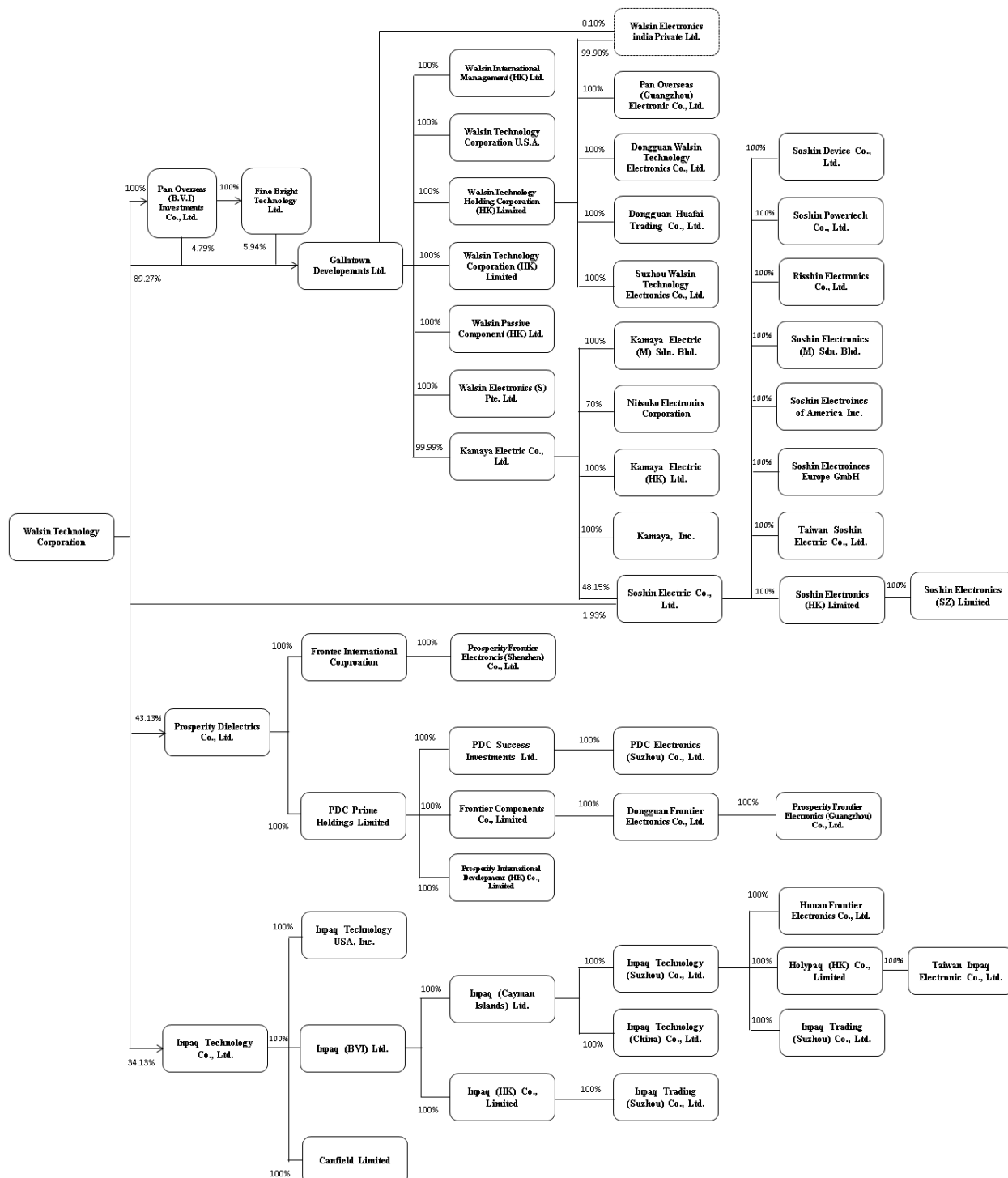
7.7 Other Important Matters: None.

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 2021/12/31

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 (27.69:1)	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 (27.69:1)	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 (27.69:1)	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 (27.69:1)	Investment holding
Walsin Electronics (S) Pte. Ltd.	Apr. 1999	24 Sin Ming Lane #04-100, Midview City, Singapore 573970	SGD607,025 (20.4626:1)	Marketing service
Walsin Technology Corporation U.S.A.	Apr. 1997	P.O. Box 2833, Castro Valley, CA 94546, USA	USD700,000 (27.69:1)	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 (3.5509:1)	Selling of 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 (27.69:1)	Selling of 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 (0.3718:1)	Manufacturing and selling of passive electronic components
Suzhou Walsin Technology Electronics Co., Ltd.	Mar. 2000	No. 369, Changyang Street, Suzhou Industrial Park, Jiangsu Province, China	USD69,000,000 (27.69:1)	Manufacturing and selling of 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 (27.69:1)	Manufacturing and selling of 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 (27.69:1)	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 (27.69:1)	Manufacturing and selling of 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 (27.69:1)	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 (0.2406:1)	Manufacturing and selling of 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 (27.69:1)	Selling of 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 (6.6315:1)	Manufacturing and selling of high-end electronic chip and resistors
Nitsuko Electronics Corporation	Apr. 1999	2031-1 Ogawara, Suzaka, Nagano 382-0071 Japan.	JPY100,000,000 (0.2406:1)	Manufacturing and selling of 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 (3.5509:1)	Selling of passive electronic components
Soshin Electric Co., Ltd.	Apr. 1944	No. 800-38, Nagatoro, Saku-City, Nagano 385-0021, Japan	JPY4,256,750,000 (0.2406:1)	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters
Soshin Device Co., Ltd.	Mar. 1990	No. 13-4, Oyamada, Takaoka-Town, Miyazaki-City, Miyazaki 880-2214, Japan	JPY100,000,000 (0.2406:1)	Manufacturing and selling of information and communication electronic components
Soshin Powertech Co., Ltd.	Jul. 1986	No. 2333-7, Hananoki, Yamanokuchi-Town, Miyakonojo-City, Miyazaki 889-1802, Japan	JPY100,000,000 (0.2406:1)	Manufacturing and selling of power electronic components

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Risshin Electronics Co., Ltd.	Dec. 1974	No. 871-8, Ichi, Komoro-City, Nagano 384-0083, Japan	JPY 50,000,000 (0.2406:1)	Manufacturing and selling of information and communications electronic components
Soshin Eelectronics (M) Sdn. Bhd.	Jul. 1989	Lot 14, Batu Berendam FTZ. Phase3, Batu Berendam 75350 Malacca, Malaysia	RM 16,000,000 (6.6315:1)	Manufacturing and selling of electronic components
Soshin Electronics of America Inc.	Jul. 1996	3001 Winchester Blvd., Suite 14, Campbell, CA 95008 USA	USD 100,000 (27.69:1)	Selling of electronic components
Soshin Electronics Europe GmbH	Aug. 2008	Westerbachstrasse 32 D-61476 Kronberg im Taunus, Germany	EUR 50,000 (31.3306:1)	Selling of electronic components
Taiwan Soshin Electric Co., Ltd.	Dec. 2008	2 F., No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City, Taiwan	NTD 5,000,000	Selling of electronic components
Soshin Electronics (HK) Limited	Jul. 2002	Unit 1303, 13/F., Austin Tower, 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong	HKD 18,737,823 (3.5509:1)	Selling of electronic components
Soshin Electronics (SZ) Limited	Apr. 2010	1403B, Level 14, Taiping Financial Tower, No. 6001 Yitian Road, Futian Distric, Shenzhen, China	USD 1,151,058 (27.69:1)	Selling of electronic components
Prosperity Dielectrics Co., Ltd.	May 1990	No. 566-1, Gaoshi Rd., Yangmei Dist., Taoyuan City, Taiwan	NTD1,720,000,000	Manufacturing and selling electric capacitors, resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
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 (27.69:1)	International trade
PDC Prime Holdings Limited	Oct. 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD23,464,538 (27.69:1)	Investment holding
PDC Success Investments Ltd.	Oct. 2003	3rd Floor, Standard Chartered Tower, 19 Cybercity Ebene, Republic of Mauritius	USD12,009,000 (27.69:1)	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 (27.69:1)	Manufacturing of electronic parts and ceramic components
Frontec International Corporation	Jul. 1997	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD8,221,614.62 (27.69:1)	Overseas investment
Dongguan Frontier Electronic Co., Ltd.	Jun. 1998	No. 658, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD6,100,000 (27.69:1)	Selling transformer, coils and rectifier diode
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 (27.69:1)	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 (27.69:1)	Manufacturing and selling of transformer, coils and rectifier diode

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	May 2021	No.277, Hongming RD., Eastern Section Econ.& Tech.Development Zone,Huangpu District, Guangzhou City, China	RMB1,000,000 (4.3476:1)	Manufacturing and selling of transformer, coils and rectifier diode
Inpaq Technology Co., Ltd.	Jun. 1998	No. 11, Keyi St., Zhunan Township, Miaoli County, 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	USD38,408,842 (27.69:1)	Investment holding
Inpaq (Cayman Islands) Ltd.	Dec. 2000	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD30,650,000 (27.69:1)	Investment holding
Inpaq Technology USA, Inc.	Jul. 2019	2055 Junction Ave Suite 100, San Jose, CA 95131	USD500,000 (27.69:1)	Sales
Canfield Limited	Nov. 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD600,000 (27.69:1)	Sales
Inpaq (HK) Co., Ltd.	Nov. 2008	Rm 2702-03, Cc Wu Bldg, 302-8 Hennessy Rd., Wanchai, Hong Kong	HKD66,857,630 (3.5509:1)	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 (27.69:1)	Manufacturing and selling of 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	USD27,500,000 (27.69:1)	Manufacturing and selling of 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 (27.69:1)	Selling of 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 (4.3476:1)	Selling of passive electronic components
Hunan Frontier Electronics Co., Ltd.	Jan. 2008	Fenghuan Road, Fenghuangyuan Economic Zone, Lengshuitan Town, Yongzhou City, Hunan Province, China	RMB102,515,290 (4.3476:1)	Manufacturing and selling of transformer, coils and magnetic component
Holypaq (HK) Co., Ltd.	Mar. 2012	Rm.2702-03, CC WU Bldg., 302-8 Hennessy Rd., Wanchai, Hong Kong	USD4,000,000 (27.69:1)	Investment holding

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Taiwan Inpaq Electronic Co., Ltd.	Oct. 2018	1F., No. 38, Keyi St., Zhunan Township, Miaoli County 350402, Taiwan	NTD122,239,694	Manufacturing and selling of 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 2021/12/31

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Gallatown Developments Ltd.	Director	Chiao, Yu-Heng		
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
	G.M.	Chang, Jui-Tsung		
			Walsin Technology Corporation 103,088,547	89.27%
			Fine Bright Technology Ltd. 6,861,747	5.94%
			Pan Overseas (B.V.I.) Investments Co., Ltd. 5,531,611	4.79%
Walsin Technology Holding Corporation (HK) Limited	Director	Chiao, Yu-Heng		
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
			Gallatown Developments Ltd. 185,837,562	100.00%
Walsin International Management (HK) Ltd.	Director	Chiao, Yu-Heng	-	-
	Director	Ku, Li-Chin	-	-
	Director	Chang, Jui-Tsung	-	-
			Gallatown Developments Ltd. 600,001	100.00%
Pan Overseas (B.V.I.) Investments Co., Ltd.	Director	Chiao, Yu-Heng	-	-
	Director	Ku, Li-Chin	-	-
	Director	Chang, Jui-Tsung	-	-
			Walsin Technology Corporation 28,400,000	100.00%
Walsin Electronics (S) Pte. Ltd.	Director	Liew Sie Yong	-	-
	Director	Chiao, Yu-Heng	-	-
	Director	Ku, Li-Chin	-	-
	Director	Chang, Jui-Tsung	-	-
	G.M.	Liew Sie Yong	-	-
			Gallatown Developments Ltd. 607,025	100.00%

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	Chang, Jui-Tsung Chen, Kuei-Chen Yeh, Tse-Kuang Peng, Chun-Hsiung Liao, Pin-Cheng	- Gallatown Developments Ltd. 1,953	100.00%
Walsin Passive Component (H.K.) Ltd.	Director Director	Peng, Chun-Hsiung Chang, Jui-Tsung	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	Chen, Kuei-Chen (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	Yang, Tsung-Lin		
	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	Chen, Kuei-Chen (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		
	Director	Chen, Yi-Kuang		
	Director	Mitsuhiro Miyashita		
	Director	Chiao, Yu-Heng		
	Director	Susumu Fujimoto		
	Director	Chen, Pei-Cheng		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Chen, Yi-Kuang		
			Gallatown Developments Ltd 357,996,992	99.99%
Kamaya Inc	Director	Chen, Yi-Kuang		
	Director	Chang, Jui-Tsung		
	Director	Tseng, Fan-Chu		
	G.M.	Tseng, Fan-Chu		
			Kamaya Electric Co., Ltd. 699(Note3)	100.00%
Kamaya Electric (M) Sdn. Bhd.	Director	Chang, Jui-Tsung		
	Director	Chen, Yi-Kuang		
	Director	Mitsuhiro Miyashita		
	Director	Yeh, Tse-Kuang		
	Director	Chee Wei Chieh		
	Director	Yang, Tsung-Lin		
	G.M.	Mitsuhiro Miyashita		
			Kamaya Electric Co., Ltd 242,125,250 (Note3)	100.00%
Nitsuko Electronics Corporation	Chairman	Chen, Yi-Kuang		
	Director	Susumu Fujimoto		
	Director	Chiao, Yu-Heng		
	Director	Chang, Jui-Tsung		
	Director	Kuniyuki Morioka		
	Director	Ryuichi Furukawa		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Susumu Fujimoto		
			Kamaya Electric Co., Ltd 37,333(Note3)	70.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Kamaya Electric (HK) Limited	Director	Chang, Jui-Tsung	-	-
	Director	Chen, Yi-Kuang	-	-
	Director	Chen, Kuei-Chen	-	-
			Kamaya Electric Co., Ltd 2,000,000(Note3)	100.00%
Soshin Electric Co., Ltd.	Chairman	Takashi Kamioka	13,900	0.08%
	Director	Masahiko Sugiyama	3,000	0.02%
	Director	Hiromitsu Takahashi	1,700	0.01%
	Director	Shigeki Kobayashi	1,000	0.01%
	Director	Yoshiki Makino	1,000	0.01%
	Director	Hiroshi Hataguchi	4,400	0.03%
	Director	Chang, Jui-Tsung	0	0.00%
	Director	Chen, Yi-Kuang	0	0.00%
	Director (Audit and Su. Comm.)	Haruo Kawasumi	0	0.00%
	Director (Audit and Su. Comm.)	Shigeo Kobayashi	2,200	0.01%
	Director (Audit and Su. Comm.)	Kinya Suzuki	800	0.00%
	Director (Audit and Su. Comm.)	Chen, Ming-Ching	0	0.00%
	President	Takashi Kamioka	13,900	0.08%
			Kamaya Electric Co., Ltd. 8,233,504(Note2)	48.15%
			Walsin Technology Coporation 330,880	1.93%
Soshin Device Co., Ltd.	Chairman	Kaichiro Hirahara		
	Director	Yoshiki Makino		
	Supervisor	Shuji Omori		
	G.M.	Kaichiro Hirahara	Soshin Electric Co., Ltd. 2,020(Not3)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Soshin Powertech Co., Ltd.	Chairman	Hiroaki Niitsu	-	-
	Director	Shigeki Kobayashi	-	-
	Supervisor	Shuji Omori	-	-
	G.M.	Hiroaki Niitsu	Soshin Electric Co., Ltd 10,000(Note3)	100.00%
Risshin Electronics Co., Ltd.	Chairman	Noriaki Fujimaki		
	Director	Eiji Shinohara		
	Supervisor	Takeshi Kuriyama		
	G.M.	Noriaki Fujimaki	Soshin Electric Co., Ltd. 159,290 (Note3)	100.00%
Soshin Electronics (M) Sdn. Bhd.	Director	Ryota Ikeda		
	Director	Shalizan Bin Sabtu		
	Director	Norayu Binti Abd. Ghani		
	Director	Shigeki Kobayashi		
	Director	Takeshi Kuriyama		
	G.M.	Ryota Ikeda	Soshin Electric Co., Ltd. 16,000,000 (Note3)	100.00%
Soshin Electronics of America Inc.	Director	Yoshiki Makino		
	Director	Katsuyuki Nekozyuka		
	Director	Tatsuro Suzuki		
	G.M.	Yoshiki Makino	Soshin Electric Co., Ltd. 100,000 (Note)	100.00%
Soshin Electronics Europe GmbH	Director	Yoshiki Makino	Soshin Electric Co., Ltd. 1,000 (Note3)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Taiwan Soshin Electric Co., Ltd.	Chairman	Rep. of Soshin Electric Co., Ltd.: Yoshiki Makino	500,000	100.00%
	Director	Rep. of Soshin Electric Co., Ltd.:Katsuyuki Nekozuka	500,000	100.00%
	Director	Rep. of Soshin Electric Co., Ltd.: Yasuhiko Mizutani	500,000	100.00%
	Director	Rep. of Soshin Electric Co., Ltd.: Shuji Omori	500,000	100.00%
	G.M.	Kota Komatsu		
Soshin Electronics (HK) Limited	Director	Shigeki Kobayashi		
	Director	Tomohiro Kobayashi		
	G.M.	Shigeki Kobayashi	Soshin Electric Co., Ltd. 18,737,823 shares (Note3)	100.00%
Soshin Electronics (SZ) Limited	Chairman	Shigeki Kobayashi		
	Director	Shigeki Kobayashi		
	Director	Shuji Omori		
	Supervisor	Takeshi Kuriyama		
	G.M.	Tomohiro Kobayashi	Soshin Electronics (HK) Limited USD 1,151,058 (Note3)	100.00%
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. Director	Fan, Po-Kang	-	-
	Ind. Director	Chen, Chun-Kuei	10,312	0.01%
	Ind. Director	Tan Yong Chian	-	-
	President	Hung, Chih-Mou	62,242	0.04%
Frontier Components Co., Limited	Director	Hung, Chih-Mou		
	Director	Chiao,Yu-Heng		
	Director	Lin,Wen-Ko	PDC Prime Holdings Ltd. USD9,001,000(Note4)	100.00%
PDC Prime Holdings Limited	Director	Hung, Chih-Mou		
	Director	Lin,Wen-Ko	Prosperity Dielectrics Co., Ltd. USD23,464,538(Note4)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
PDC Success Investments Ltd.	Director Director	Hung, Chih-Mou Lin, Wen-Ko	PDC Prime Holdings Ltd. USD12,009,000(Note4)	100.00%
PDC Electronics (Suzhou) Co., Ltd	Chairman Director Director Supervisor G.M.	Hung, Chih-Mou (Rep. of PDC Success Investments Ltd.) Kuang, Chi-Lin Wu, Hung-Chun Lo, Hsia-Ying Chen, Kuo-Chou	- - - - PDC Success Investments Ltd USD12,000,000(Note4)	- - - - 100.00%
Frontec International Corporation	Director Director	Rep. of Prosperity Dielectrics Co., Ltd.: Hung, Chih-Mou Rep. of Prosperity Dielectrics Co., Ltd.: Lin, Wen-Ko	USD8,221,614.62(Note4) USD8,221,614.62(Note4)	100.00% 100.00%
Dongguan Frontier Electronic Co., Ltd.	Director Director Director Supervisor G.M.	Hung, Chih-Mou (Rep. of Frontier Components Co., Ltd.) Chiang, Chien-Wen Lin, Wen-Ko Lo, Hsia-Ying Lin, Wen-Ko	Frontier Components Co., Ltd. USD6,100,000(Note4)	100.00%
Prosperity International Development (HK) Co., Limited	Director Director	Hung, Chih-Mou Lin, Wen-Ko	PDC Prime Holdings Ltd. USD2,401,000(Note4)	100.00%
Prosperity Frontier electronics (shenzhen) Co., Ltd.	Director Director Director Supervisor G.M.	Chen, Kuei-Chen (Rep. of Frontec International Corporation) Chen, Chun-Hsuen Chiang, Chien-Wen Lo, Hsia-Ying Chen, Kuei-Chen	Frontec International Corporation USD6,000,000(Note4)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Prosperity Frontier Electronics (Guangzhou) Co.,Ltd.	Director Director Director Supervisor G.M.	Chen, Kuei-Chen (Rep. of Frontec International Corporation) Hung, Chih-Mou Chen, Chun-Hsuen Lo, Hsia-Ying Chen, Kuei-Chen	Dongguan Frontier Electronic Co., Ltd. RMB1,000,000(Note4)	100.00%
Inpaq Technology Co., Ltd	Chairman Director Director Ind. Director Ind. Director Ind. Director President	Rep. of Walsin Technology Corporation: Chen, Pei-Cheng Rep. of Walsin Technology Corporation: Chiao, Yu-Heng Rep. of Walsin Technology Corporation: Tseng, Ming-Tsan Cheng, Duen-Jen Hon, Min-Hsiung Kao, Chi-Tzu Huang, Teh-Fu Tseng, Ming-Tsan	47,848,650 47,848,650 47,848,650 1,494,606 50,559 6 - 601,650	34.13% 34.13% 34.13% 1.07% 0.04% 0.00% - 0.43%
Inpaq (BVI) Ltd	Director	Chen, Pei-Cheng	Inpaq Technology Co., Ltd. 38,408,842(Note5)	100.00%
Inpaq(Cayman Islands) Ltd.	Director	Chen, Pei-Cheng	Inpaq (BVI) Ltd. 30,650,000(Note5)	100.00%
Canfield Limited	Director	Tseng, Ming-Tsan	Inpaq Technology Co., Ltd. 600,000(Note5)	100.00%
Inpaq Technology USA, Inc.	Director Director Director	Yang, Tsung-Ming Tseng, Ming-Tsan Yang, Wan-Fen	Inpaq Technology Co., Ltd. 5,000,000 (Note5)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Inpaq (HK) Co., Limited	Director	Tseng, Ming-Tsan	Inpaq (BVI) Ltd. 66,857,629 (Note5)	100.00%
Inpaq Trading (Suzhou) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq (HK) Co., Ltd.) Cheng, Duen-Jen Chang, Chi-Lung Huang, Kuo-Shu Tseng, Ming-Tsan	Inpaq (HK) Co., Ltd. USD700,000 (Note5)	100.00%
Inpaq Technology (China) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq (Cayman Islands) Ltd.) Cheng, Duen-Jen Chang, Chi-Lung Huang, Kuo-Shu Tseng, Ming-Tsan	Inpaq (Cayman Islands) Ltd. USD27,500,000(Note5)	100.00%
Inpaq Technology (Suzhou) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq (Cayman Islands) Ltd.) Cheng, Duen-Jen Chang, Chi-Lung Huang, Kuo-Shu Tseng, Ming-Tsan	Inpaq (Cayman Islands) Ltd. USD11,000,000(Note5)	100.00%
Inpaq Trading (Suzhou) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Cheng, Duen-Jen Chang, Chi-Lung Huang, Kuo-Shu Tseng, Ming-Tsan	Inpaq Technology (Suzhou) Co., Ltd. RMB2,000,000(Note5)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Hunan Frontier Electronics Co., Ltd.	Chairman	Tseng, Ming-Tsan (Rep. of Inpaq Technology (Suzhou) Co., Ltd.)	Inpaq Technology (Suzhou) Co., Ltd. RMB102,515,290(Note5)	100.00%
	Director	Chang, Chi-Lung		
	Director	Chen, Chun-Hung		
	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(Note5)	100.00%
Taiwan Inpaq Electronic Co., Ltd.	Director	Rep. of Holypaq (HK) Co., Ltd.: Tseng, Ming-Tsan	NTD122,239,694(Note5)	100.00%

Note1: It is the capital contribution.

Note 2: 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 of Kamaya Electric Co., Ltd.

Note 3: It is an investee company held by Soshin Electric Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Soshin Electric Co., Ltd.. The number of shares is all shares or capital contribution of Soshin Electric Co., Ltd..

Note 4: 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 5: 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 6: 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.	3,197,694	28,078,304	35,188	28,043,116	0	(30,301)	3,145,425	N/A
Walsin Technology Holding Corporation (HK) Limited	6,628,642	23,355,681	506,188	22,848,863	0	(2,970)	1,916,373	N/A
Walsin International Management (HK) Ltd.	166,140	155,917	28	155,889	0	(78)	10,809	N/A
Pan Overseas (B.V.I.) Investments Co., Ltd.	786,396	2,512,744	0	2,512,744	0	(71)	374,453	N/A
Walsin Electronics (S) Pte. Ltd.	12,421	8,787	1,081	7,706	6,527	1,103	1,238	N/A
Walsin Technology Corporation U.S.A.	19,383	17,361	559	16,802	8,907	2,596	2,368	N/A
Walsin Technology Corporation (HK) Ltd.	263,526	4,316,165	2,324,591	1,991,574	13,906,903	451,081	464,992	N/A
Walsin Passive Component (H.K.) Ltd.	83,070	1,003,607	239,357	764,250	3,492,609	95,876	96,146	N/A
Walsin Electronics India Private Limited	371	367	0	367	0	0	0	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.	1,910,610	6,461,272	1,205,564	5,255,708	5,415,469	227,966	442,067	N/A
Dongguan Walsin Technology Electronics Co. Ltd.	3,555,396	17,872,671	4,199,597	13,673,074	17,494,442	1,279,243	1,183,110	N/A
Fine Bright Technology Limited	145,018	1,273,953	10	1,273,943	0	(76)	186,820	N/A
Pan Overseas (Guangzhou) Electronic Co., Ltd.	456,885	1,377,622	341,977	1,035,645	979,346	68,692	71,081	N/A
Dongguan Huafai Trading Co., Ltd.	55,380	3,149,077	821,720	2,327,357	7,100,969	272,048	219,646	N/A
Kamaya Electric Co., Ltd.	120,059	5,922,544	4,614,290	1,308,254	2,579,219	159,087	437,299	N/A
Kamaya, Inc.	40,442	216,335	106,530	109,805	361,474	40,513	34,052	N/A
Kamaya Electric (M) Sdn. Bhd.	1,605,654	5,127,401	2,560,884	2,566,517	3,168,571	175,076	188,390	N/A
Nitsuko Electronics Corporation	24,060	597,747	145,111	452,636	421,933	10,120	27,160	N/A
Kamaya Electric (HK) Limited	7,102	155,682	118,863	36,819	480,925	15,647	13,823	N/A
Soshin Electric Co., Ltd.	1,024,174	2,800,481	934,470	1,866,011	2,818,964	198,474	199,610	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Soshin Device Co., Ltd.	24,060	472,908	153,404	319,504	986,629	38,502	42,314	N/A
Soshin Powertech Co., Ltd.	24,060	44,808	53,039	(8,231)	159,780	(6,802)	(6,857)	N/A
Risshin Electronics Co., Ltd.	12,030	56,504	27,845	28,659	33,444	4,411	4,122	N/A
Soshin Electronics (M) Sdn. Bhd.	106,104	157,598	51,296	106,302	306,710	5,320	7,644	N/A
Soshin Electronics of America Inc.	2,769	17,038	5,977	11,061	17,293	(34)	(117)	N/A
Soshin Electronics Europe GmbH	1,567	6,885	2,125	4,760	620	541	541	N/A
Taiwan Soshin Electric Co., Ltd.	5,000	6,581	50	6,531	3,210	248	5	N/A
Soshin Electronics (HK) Limited	66,536	63,237	626	62,611	6,843	1,659	1,890	N/A
Soshin Electronics (SZ) Limited	31,873	61,966	12,447	49,519	73,412	9,342	8,900	N/A
Prosperity Dielectrics Co., Ltd.	1,720,000	8,907,117	2,532,331	6,374,786	5,103,801	1,018,081	1,143,641	6.67
Frontier Components Co., Limited	249,238	1,030,724	301,709	729,015	1,647,805	58,709	145,176	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
PDC Prime Holdings Limited	728,456	1,634,737	0	1,634,737	0	0	311,007	N/A
PDC Success Investments Ltd.	387,932	837,607	0	837,607	0	0	161,591	N/A
PDC Electronics (Suzhou) Co., Ltd.	332,280	851,821	14,465	837,356	103,460	31,823	161,594	N/A
Frontec International Corporation	327,140	129,689	0	129,689	0	0	(14,534)	N/A
Dongguan Frontier Electronic Co., Ltd.	168,909	662,734	269,436	395,298	1,267,896	81,923	82,397	N/A
Prosperity International Development (HK) Co., Limited	66,484	62,352	0	62,352	0	0	4,324	N/A
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	166,140	171,880	42,346	129,534	133,397	(5,763)	(6,789)	N/A
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	4,348	9,376	5,796	3,580	0	(732)	(767)	N/A
Inpaq Technology Co., Ltd.	1,401,803	9,377,346	3,874,828	5,502,518	6,756,544	670,697	559,529	4.04
Inpaq (BVI) Ltd.	1,216,521	2,620,735	0	2,620,735	0	(64)	310,292	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Inpaq (Cayman Islands) Ltd.	960,775	2,629,659	1,731	2,627,928	0	(395)	310,368	N/A
Inpaq Technology USA, Inc.	15,315	8,224	2	8,222	0	(6,454)	(5,919)	N/A
Canfield Limited	18,960	34,108	5,870	28,238	0	(2,206)	9,344	N/A
Inpaq (HK) Co., Ltd.	277,988	2,512	(32)	2,544	0	(38)	(13)	N/A
Inpaq Technology (Suzhou) Co., Ltd.	360,643	3,030,593	1,280,209	1,750,384	3,396,308	443,241	258,371	N/A
Inpaq Technology (China) Co., Ltd.	852,705	1,147,095	293,003	854,092	1,027,883	63,302	51,180	N/A
Inpaq Trading (Suzhou) Co., Ltd.	23,179	418	274	144	0	(7)	10	N/A
Inpaq Trading (Suzhou) Co., Ltd.	9,463	82,029	58,692	23,337	159,343	1,048	1,085	N/A
Hunan Frontier Electronics Co., Ltd.	456,560	491,568	150,892	340,676	352,252	(26,293)	(26,887)	N/A
Holypaq (HK) Co., Ltd.	122,240	(143,154)	0	(143,154)	0	0	(97,443)	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	437,425	580,579	(143,154)	191,416	(235,702)	(97,443)	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.

8.5 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.

Walsin Technology Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WALSIN TECHNOLOGY CORPORATION

By

YU-HENG CHIAO
Chairman

February 22, 2022

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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

Revenue Recognition for MLCC Sales

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 compared to other sales portfolios and revenue is recognized in accordance with customer orders or contracts, we considered recognition of revenue from sales of MLCC as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021.

The audit procedures that we 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 - Use of Other Auditors

We did not audit the consolidated financial statements of some subsidiaries and investments accounted for using the equity method, which are included in the consolidated financial statements of the Group, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts and the information disclosed included for some subsidiaries and investments accounted for using the equity method, is based solely on the audit reports of other auditors. As of December 31, 2021, the amount of total assets of these subsidiaries (including investments accounted for using the equity method) was NT\$10,161,549 thousand, representing 10.79% of the consolidated total assets; for the year ended December 31, 2021, the amount of combined net operating revenue of these subsidiaries was NT\$6,006,450 thousand, representing 14.26% of the consolidated net operating revenue, and the share of loss of associates accounted for using the equity method for the year ended December 31, 2021 was NT\$5,867 thousand, representing (0.07%) of the consolidated comprehensive income.

Other Matter - the Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Walsin Technology Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with "Other Matter" paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that

are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

Notice to Readers

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

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,261,504	12	\$ 11,212,053	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,572,637	2	3,028,393	4
Financial assets at amortized cost - current (Notes 4 and 8)	6,347,388	7	7,381,204	9
Notes receivable from unrelated parties (Notes 4 and 9)	923,996	1	560,731	1
Trade receivables from unrelated parties (Notes 4 and 9)	9,916,600	10	10,567,154	13
Trade receivables from related parties (Notes 4, 9 and 28)	62,746	-	47,867	-
Finance lease receivable - current (Note 4)	27,435	-	11,248	-
Other receivables from unrelated parties	526,653	1	397,988	-
Other receivables from related parties (Note 28)	12,858	-	13,300	-
Inventories (Notes 4 and 10)	9,687,250	10	5,962,754	7
Other current assets	<u>848,819</u>	<u>1</u>	<u>481,277</u>	<u>-</u>
Total current assets	<u>41,187,886</u>	<u>44</u>	<u>39,663,969</u>	<u>48</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,440	-	12,957	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	5,899,491	6	4,158,977	5
Financial assets at amortized cost - non-current (Notes 4 and 8)	3,197,562	3	4,097,671	5
Investments accounted for using the equity method (Notes 4 and 13)	9,943,014	11	8,779,858	11
Property, plant and equipment (Notes 4 and 14)	30,449,546	32	23,031,847	28
Right-of-use assets (Notes 4 and 15)	1,019,242	1	808,140	1
Investment properties (Notes 4 and 16)	117,679	-	119,582	-
Intangible assets (Notes 4 and 17)	795,266	1	590,817	1
Deferred tax assets (Notes 4 and 23)	657,496	1	497,170	1
Guarantee deposits paid (Note 29)	96,668	-	123,069	-
Finance lease receivables - non-current (Note 4)	25,607	-	33,088	-
Other non-current assets (Notes 4 and 20)	<u>789,308</u>	<u>1</u>	<u>163,350</u>	<u>-</u>
Total non-current assets	<u>52,992,319</u>	<u>56</u>	<u>42,416,526</u>	<u>52</u>
TOTAL	<u>\$ 94,180,205</u>	<u>100</u>	<u>\$ 82,080,495</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 5,429,427	6	\$ 6,002,893	7
Short-term bills payable (Note 18)	-	-	99,980	-
Notes payable to unrelated parties	368,742	-	58,142	-
Trade payables to unrelated parties	4,431,637	5	4,283,826	5
Trade payables to related parties (Note 28)	2,502	-	1,765	-
Payables for equipment (Note 28)	3,684,849	4	2,686,042	3
Other payables (Note 28)	4,742,686	5	4,441,039	6
Current tax liabilities (Notes 4 and 23)	1,730,872	2	1,303,404	2
Lease liabilities - current (Notes 4 and 15)	136,372	-	98,177	-
Current portion of bonds payable (Notes 4 and 19)	474,486	1	136,396	-
Current portion of long-term borrowings (Note 18)	399,169	-	190,687	-
Other current liabilities	<u>156,690</u>	<u>-</u>	<u>353,031</u>	<u>1</u>
Total current liabilities	<u>21,557,432</u>	<u>23</u>	<u>19,655,382</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	4,654,244	5	5,130,218	6
Long-term borrowings (Note 18)	12,117,833	13	9,869,946	12
Current tax liabilities - non-current (Notes 4 and 23)	290,327	-	67,501	-
Deferred tax liabilities (Notes 4 and 23)	818,758	1	576,794	1
Lease liabilities - non-current (Notes 4 and 15)	559,160	1	418,028	1
Long-term payables	31,778	-	4,007	-
Deferred revenue - non-current (Note 4)	23,932	-	15,790	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	343,086	-	314,154	-
Guarantee deposits received	<u>254,501</u>	<u>-</u>	<u>374,481</u>	<u>-</u>
Total non-current liabilities	<u>19,093,619</u>	<u>20</u>	<u>16,770,919</u>	<u>20</u>
Total liabilities	<u>40,651,051</u>	<u>43</u>	<u>36,426,301</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	4,858,043	5	4,858,000	6
Bond conversion entitlement certificates	-	-	43	-
Capital surplus	3,111,622	3	6,006,342	7
Retained earnings				
Legal reserve	3,938,069	4	3,286,566	4
Special reserve	1,096,797	1	1,097,541	2
Unappropriated earnings	29,630,926	32	22,302,162	27
Other equity				
Exchange differences on translating foreign operations	(2,479,278)	(3)	(2,517,167)	(3)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	4,469,043	5	3,586,975	4
Treasury shares	<u>(236,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>44,388,842</u>	<u>47</u>	<u>38,620,462</u>	<u>47</u>
NON-CONTROLLING INTERESTS (Note 21)	<u>9,140,312</u>	<u>10</u>	<u>7,033,732</u>	<u>9</u>
Total equity	<u>53,529,154</u>	<u>57</u>	<u>45,654,194</u>	<u>56</u>
TOTAL	<u>\$ 94,180,205</u>	<u>100</u>	<u>\$ 82,080,495</u>	<u>100</u>

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

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
NET SALES (Notes 4, 28 and 35)	\$ 42,108,708	100	\$ 35,599,249	100
COST OF SALES (Notes 10 and 28)	<u>29,596,325</u>	<u>70</u>	<u>24,356,194</u>	<u>69</u>
GROSS PROFIT	<u>12,512,383</u>	<u>30</u>	<u>11,243,055</u>	<u>31</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,763,056	4	1,353,707	4
General and administrative expenses	1,295,098	3	1,112,534	3
Research and development expenses	<u>1,054,647</u>	<u>3</u>	<u>863,275</u>	<u>2</u>
Total operating expenses	<u>4,112,801</u>	<u>10</u>	<u>3,329,516</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>8,399,582</u>	<u>20</u>	<u>7,913,539</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	466,667	1	342,441	1
Rental income	25,031	-	27,130	-
Dividend income	166,007	-	87,482	-
Other income	256,758	1	227,326	1
Loss on disposal of property, plant and equipment	(2,220)	-	(18,815)	-
Gain (loss) on disposal of investments (Notes 4, 11 and 13)	229,750	1	(94,681)	-
Gain on financial assets at FVTPL	127,443	-	324,246	1
Other expenses	(127,041)	-	(88,880)	-
Foreign exchange loss, net	(7,405)	-	(191,802)	(1)
Interest expense	(208,322)	(1)	(185,765)	(1)
Share of profit of associates accounted for using the equity method (Notes 4 and 13)	<u>1,323,664</u>	<u>3</u>	<u>692,586</u>	<u>2</u>
Total non-operating income and expenses	<u>2,250,332</u>	<u>5</u>	<u>1,121,268</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	10,649,914	25	9,034,807	25
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(1,688,838)</u>	<u>(4)</u>	<u>(1,817,162)</u>	<u>(5)</u>
NET PROFIT FOR THE YEAR	<u>8,961,076</u>	<u>21</u>	<u>7,217,645</u>	<u>20</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 17,958	-	\$ (46,445)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,712,026	4	925,506	3
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(579,027)	(1)	12,316	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	51,027	-	(275,795)	(1)
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(44,816)</u>	<u>-</u>	<u>15,170</u>	<u>-</u>
Other comprehensive income for the year, net	<u>1,157,168</u>	<u>3</u>	<u>630,752</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,118,244</u>	<u>24</u>	<u>\$ 7,848,397</u>	<u>22</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 7,931,941	19	\$ 6,632,254	18
Non-controlling interests	<u>1,029,135</u>	<u>2</u>	<u>585,391</u>	<u>2</u>
	<u>\$ 8,961,076</u>	<u>21</u>	<u>\$ 7,217,645</u>	<u>20</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,917,652	21	\$ 6,992,951	20
Non-controlling interests	<u>1,200,592</u>	<u>3</u>	<u>855,446</u>	<u>2</u>
	<u>\$ 10,118,244</u>	<u>24</u>	<u>\$ 7,848,397</u>	<u>22</u>
EARNINGS PER SHARE (Notes 4 and 24)				
Basic	<u>\$ 16.35</u>		<u>\$ 13.66</u>	
Diluted	<u>\$ 15.72</u>		<u>\$ 13.44</u>	

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

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity					
	Share Capital			Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2020	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	\$ 2,716,095	\$ 36,545,157
Appropriation of the 2019 earnings (Note 21)													
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 21)													
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 21)	-	-	-	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 21)	-	-	-	-	-	-	(37,073)	-	37,073	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	3,462,189	3,462,189
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	7,033,732	45,654,194
Reversal by subsidiaries special reserve appropriated at the first-time adoption of IFRSs	-	-	-	-	-	(744)	744	-	-	-	-	-	-
Appropriation of the 2020 earnings (Note 21)													
Legal reserve	-	-	-	-	651,503	-	(651,503)	-	-	-	-	-	-
Other changes in capital surplus (Note 21)													
Change in capital surplus from associates accounted for using the equity method	-	-	-	24,882	-	-	(5,832)	-	-	-	19,050	-	19,050
Issuance of cash dividends from capital surplus	-	-	-	(2,914,830)	-	-	-	-	-	-	(2,914,830)	-	(2,914,830)
Other changes in capital surplus	-	-	-	55	-	-	-	-	-	-	55	-	55
Actual acquisition of interests in subsidiaries	-	-	-	(24,397)	-	-	(11,147)	-	-	-	(35,544)	(100,260)	(135,804)
Changes in percentage of ownership interests in subsidiaries	-	-	-	315	-	-	(1,193)	-	-	-	(878)	1,793	915
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	7,931,941	-	-	-	7,931,941	1,029,135	8,961,076
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	19,923	37,889	927,899	-	985,711	171,457	1,157,168
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	7,951,864	37,889	927,899	-	8,917,652	1,200,592	10,118,244
Convertible bonds converted to ordinary shares	-	43	(43)	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares (Note 21)	-	-	-	-	-	-	-	-	-	(351,616)	(351,616)	-	(351,616)
Transfer of treasury shares to employees (Note 21)	-	-	-	19,255	-	-	-	-	-	115,236	134,491	-	134,491
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,004,455	1,004,455
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	-	-	-	-	-	-	45,831	-	(45,831)	-	-	-	-
BALANCE, DECEMBER 31, 2021	485,804	\$ 4,858,043	\$ -	\$ 3,111,622	\$ 3,938,069	\$ 1,096,797	\$ 29,630,926	\$ (2,479,278)	\$ 4,469,043	\$ (236,380)	\$ 44,388,842	\$ 9,140,312	\$ 53,529,154

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

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 10,649,914	\$ 9,034,807
Adjustments for:		
Expected credit loss recognized on trade receivables	821	2,972
Depreciation expense	4,535,596	3,421,757
Amortization expense	103,308	64,130
Interest expense	208,322	185,765
Other non-cash items	(154,643)	(52,009)
Interest income	(466,667)	(342,441)
Dividend income	(166,007)	(87,482)
Share of profit of associates accounted for using the equity method	(1,323,664)	(692,586)
Loss on disposal of property, plant and equipment	2,220	18,815
Property, plant and equipment transferred to expense	-	448
Loss on disposal of intangible assets	5,026	100
Net gain on financial assets at FVTPL	(127,443)	(324,246)
(Gain) loss on disposal of investments	(229,750)	94,681
Impairment loss (gain) recognized on property, plant and equipments	52,257	(10,754)
Realized gain on transactions with associates	-	(43,187)
Net gain on foreign currency exchange	(89,998)	(35,944)
Write-downs of inventories	212,063	95,679
Compensation cost of employee share options	19,602	114,765
Gain on modification of lease	(378)	(594)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,329,469	3,115,179
Notes receivable from unrelated parties	(319,559)	(228,548)
Trade receivables from unrelated parties	1,732,182	(2,309,411)
Trade receivables from related parties	(14,879)	363,295
Other receivables from unrelated parties	4,231	(80,558)
Other receivables from related parties	442	17,622
Inventories	(3,572,979)	(1,054,808)
Other current assets	(338,761)	(177,855)
Other non-current assets	(91,036)	(90,903)
Notes payable to unrelated parties	212,411	(2,970)
Trade payables to unrelated parties	54,038	1,456,458
Trade payables to related parties	737	(289,205)
Other payables	15,857	737,076
Other current liabilities	(219,604)	(109,790)
Other non-current liabilities	(13,827)	(17,330)
Cash generated from operations	12,009,301	12,772,928
Interest received	342,274	188,782
Dividend received	454,242	274,613

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2021	2020
Interest paid	\$ (140,236)	\$ (133,171)
Income tax paid	<u>(1,284,793)</u>	<u>(1,009,384)</u>
Net cash generated from operating activities	<u>11,380,788</u>	<u>12,093,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(76,365)	(797,220)
Proceeds from financial assets at fair value through other comprehensive income	42,758	190,581
Proceeds from capital return of financial assets at fair value through other comprehensive income	6,493	2,147
Proceeds from (purchase of) financial assets at amortized cost - current	1,933,925	(8,202,691)
Acquisition of associates	(1,490,551)	(407,766)
Payments for property, plant and equipment	(10,208,097)	(5,614,676)
Proceeds from disposal of property, plant and equipment	18,196	47,975
Decrease in guarantee deposits paid	44,628	52,480
Payments for intangible assets	(25,087)	(83,309)
Net cash inflow on acquisition of subsidiaries (Note 25)	413,355	1,593,747
Decrease in finance lease receivables	<u>8,172</u>	<u>10,988</u>
Net cash used in investing activities	<u>(9,332,573)</u>	<u>(13,207,744)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(562,863)	(1,001,235)
(Decrease) increase in short-term bills payable	(99,980)	99,734
Proceeds from issuance of bonds payable	-	4,800,000
Repayment of bonds payable	(130,955)	(141,658)
Increase in long-term borrowings	2,488,904	4,094,397
Repayment of the principal portion of lease liabilities	(140,692)	(111,468)
Cash dividends	(2,914,858)	(2,671,900)
(Decrease) increase in guarantee deposits received	(119,980)	26,312
Payments for buy-back of ordinary shares	(351,616)	-
Proceeds from transfer of treasury shares to employees	114,889	35,652
Changes in non-controlling interests	(477,400)	(214,641)
Payments for transaction costs attributable to the issue of bonds	-	(5,000)
Other financing activities	<u>55</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(2,194,496)</u>	<u>4,910,193</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>195,732</u>	<u>(211,784)</u>
		(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2021	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 49,451	\$ 3,584,433
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,212,053</u>	<u>7,627,620</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,261,504</u>	<u>\$ 11,212,053</u>

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

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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 machineries, equipments and inventories for 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 22, 2022.

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

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

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

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

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

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

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

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

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

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

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

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 shall restate its comparative information when it initially applies the aforementioned amendments.

Upon initial application of the aforementioned amendments, there was no material impact for year 2021.

Except for the above impact, as of the date the consolidated financial statements were authorized for

issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

The amendments stipulate that, when the 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) Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

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, which 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, 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

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.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

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. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. 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.

m. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets (except goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets (except goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the 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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. 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 27.

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.

o. 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.

p. 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.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. 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 on 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 on the investee.

As stated in Note 13 to the consolidated financial statements, Silitech Technology Corporation ("Silitech") is an associate of the Group although the Group holds less than 20% of the voting rights as of December 31, 2020. The Group has significant influence over Silitech by taking two of the seven seats of its board.

- 2) The Group is the single largest shareholder with less than 50% of the voting rights in an investee; the Group does not have control but has significant influence over the investee.

As stated in Note 13 to the consolidated financial statements, 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.

As stated in Note 13 to the consolidated financial statements, the Group is the single largest shareholder with 25% of the voting rights in Silitech Technology Corporation on December 31, 2021. Considering the size of the Group's holding of voting rights relative to the size and dispersion of shareholdings of other shareholders, the Group is not able to direct the relevant activities and does not have control over Silitech Technology Corporation. Consequently, the management considered the Group as exercising significant influence over Silitech Technology Corporation and, therefore, classified Silitech Technology Corporation as an associate.

As stated in Note 13 to the consolidated financial statements, the Group is the single largest shareholder with 30.92% of the voting rights in Joyin Co., Ltd. Considering the size of the Group's holding of voting rights relative to the size and dispersion of shareholdings of other shareholders, the Group is not able to direct the relevant activities and does not have control over Joyin Co., Ltd. Consequently, the management considered the Group as exercising significant influence over Joyin Co., Ltd. and, therefore, classified Joyin Co., Ltd. as an associate.

b. Control over subsidiaries

As stated in Note 11 to the consolidated financial statements, 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 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 to the consolidated financial statements, 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 sufficient 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 on probability of default and loss given default. 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 to the consolidated financial statements. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties in the current year due to impact on credit risk of financial assets arising from the uncertainty on COVID-19 pandemic and volatility in financial markets.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 5,491	\$ 2,935
Checking accounts and demand deposits	7,363,580	6,448,560
Cash equivalents		
Time deposits with original maturity of less than 3 months	3,372,500	4,130,325
Repurchase agreements collateralized by bonds	519,127	630,233
Others	806	-
	<u>\$ 11,261,504</u>	<u>\$ 11,212,053</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	
	2021	2020
Bank balance	0.001%-4.125%	0.001%-3.00%
Repurchase agreements collateralized by bonds	0.23%-0.24%	0.22%-2.40%

- b. Deposits in the amounts of \$163,319 thousand and \$193,188 thousand as of December 31, 2021 and 2020, respectively, have been provided as guarantees for tariff, court, purchase of material from suppliers, deposit of purchase oil, borrowings and issuing of L/C, and recognized under financial assets at amortized cost, guarantee deposits paid and other current assets (refer to Note 29 to the consolidated financial statements).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<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)		
Foreign listed company private placement of convertible corporate bonds	\$ -	\$ 249,483
Non-derivative financial assets		
Domestic listed shares	775,839	663,149
Foreign listed shares	128,858	106,484
Fund beneficiary certificates	581,855	2,009,277
Government bonds	86,085	-
	<u>\$ 1,572,637</u>	<u>\$ 3,028,393</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily classified as at FVTPL

Derivative financial assets (not under hedge accounting)

Call option on domestic convertible corporate bonds (Note
19)

\$ 1,440

\$ 12,957

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Time deposits and restricted foreign currency deposits with original maturities of more than 3 months and segregated foreign exchange deposit account for offshore funds, etc.	<u>\$ 6,347,388</u>	<u>\$ 7,381,204</u>
<u>Non-current</u>		
Time deposits and restricted foreign currency deposits with original maturities of more than 1 year and segregated foreign exchange deposit account for offshore funds, etc.	<u>\$ 3,197,562</u>	<u>\$ 4,097,671</u>

The market interest rate intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	0.07%-4.125%	0.07%-4.125%

Refer to Note 29 to the consolidated financial statements for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Notes receivable from unrelated parties	\$ 923,996	\$ 560,731
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 923,996</u>	<u>\$ 560,731</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Trade receivables from unrelated parties	\$ 10,014,658	\$ 10,674,369
Less: Allowance for impairment loss	<u>(98,058)</u>	<u>(107,215)</u>
	<u>\$ 9,916,600</u>	<u>\$ 10,567,154</u>

Trade receivables from related parties (Note 28)

At amortized cost

Trade receivables from related parties	\$ 62,746	\$ 47,867
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 62,746</u>	<u>\$ 47,867</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 approach considering the 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 notes receivable and trade receivables from unrelated parties based on the Group's provision matrix.

December 31, 2021

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	\$ 8,721,325	\$ 42,949	\$ 107,212	\$ 1,238	\$ 1,663	\$ -	\$ 8,874,387
Loss allowance (Lifetime ECLs)	(68,567)	(2,147)	(10,721)	(248)	(832)	-	(82,515)
Loss allowance (individual customer ECLs)	<u>(958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(958)</u>
Amortized cost	<u>\$ 8,651,800</u>	<u>\$ 40,802</u>	<u>\$ 96,491</u>	<u>\$ 990</u>	<u>\$ 831</u>	<u>\$ -</u>	<u>\$ 8,790,914</u>

Group B

	Not Past Due	Up to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%	1.40%	100%	100%	
Gross carrying amount	\$ 1,941,774	\$ 109,436	\$ 4,286	\$ 8,771	\$ 2,064,267
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,528)</u>	<u>(4,286)</u>	<u>(8,771)</u>	<u>(14,585)</u>
Amortized cost	<u>\$ 1,941,774</u>	<u>\$ 107,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,049,682</u>

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>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 107,215	\$ 80,321
Add: Acquisitions through business combinations	952	23,681
Add: Amounts recognized	821	2,972
Add: Reclassification of loss allowance for overdue receivables	(93)	668
Foreign exchange differences	(349)	(201)
Less: Amounts written off	<u>(10,488)</u>	<u>(226)</u>
Balance at December 31	<u>\$ 98,058</u>	<u>\$ 107,215</u>

The increase in loss allowance of \$821 thousand resulted from total gross receivables (except related parties) decreased by \$296,446 thousand compared to January 1, 2021. The increase in loss allowance of \$2,972 thousand resulted from total gross receivables (except related parties) increased by \$3,760,434 thousand compared to January 1, 2020.

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 2,796,825	\$ 1,789,204
Supplies	199,021	162,546
Work in progress	1,885,519	1,321,000
Semi-finished goods	1,827,988	837,569
Finished goods	2,681,275	1,654,648
Inventory in transit	<u>296,622</u>	<u>197,787</u>
	<u>\$ 9,687,250</u>	<u>\$ 5,962,754</u>

The nature of the cost of goods sold were as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 29,384,262	\$ 24,260,515
Inventory losses	<u>212,063</u>	<u>95,679</u>
	<u>\$ 29,596,325</u>	<u>\$ 24,356,194</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 December 31		Note
			2021	2020	
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 integrated electrical protection component, hybrid microwave antenna module and multilayer type microwave communication component and module	34.13	33.02	b
	Soshin Electric Co., Ltd.	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters	1.93	-	c
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	89.27	
	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	
	Walsin International Management (HK) Limited ("WIM")	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	
WTHC-HK	Dongguan Walsin Technology Electronics Co., Ltd. ("DG")	Manufacturing and selling of passive electronic components	100.00	100.00	
	Suzhou Walsin Technology Electronics Co.,	Manufacturing and selling of passive electronic	100.00	100.00	

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			December 31		
			2021	2020	
	Ltd. (“SZ”) Dongguan Huafai Trading Co., Ltd. (“Huafai”)	components Trading of electronic parts, warehousing and commission agency	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			2021	2020	
POE-BVI	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	
FB	GDL	Investment holding	4.79	4.79	
	Fine Bright Technology Limited ("FB")	Investment holding	100.00	100.00	
Kamaya	GDL	Investment holding	5.94	5.94	
	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	
	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	
	Soshin Electric Co., Ltd.	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters	48.15	-	c
PDC	PDC Prime Holdings Limited ("PDC Holdings")	Investment holding	100.00	100.00	
PDC Holdings	Frontec International Corporation	Overseas investment	100.00	100.00	
	PDC Success Investments Ltd.	Investment holding	100.00	100.00	
	Frontier Components Co., Ltd.	International trade	100.00	100.00	
	Prosperity International Development (HK) Co., Limited	Investment holding	100.00	100.00	
PDC Success Investments Ltd.	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 components	-	100.00	d
	Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode	100.00	70.00	e
Frontier Components Co., Ltd.	Dongguan Frontier Electronics Co., Ltd.	Selling of transformer, coils and rectifier diode	100.00	100.00	
Dongguan Frontier Electronics Co., Ltd.	Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode	100.00	-	f
INPAQ	Inpaq (BVI) Ltd.	Investment holding	100.00	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	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	100.00	b
Inpaq (BVI) Ltd.	Inpaq (Cayman Islands) Ltd.	Investment holding	100.00	100.00	b
	Inpaq (HK) Co., Limited.	Investment holding	100.00	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	100.00	b
	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	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	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	100.00	b
	Holypaq (HK) Co., Limited	Investment holding	100.00	100.00	b
	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components.	100.00	-	d
Holypaq (HK) Co., Limited	Taiwan Inpaq electronic Co., Ltd.	Manufacturing, wholesaling and retailing of electronic components	100.00	100.00	b
Soshin Electric Co., Ltd.	Soshin Device Co., Ltd.	Manufacturing, selling of communications technology electronic components	100.00	-	c
	Soshin Powertech Co., Ltd.	Manufacturing and selling of power electronic components	100.00	-	c
	Risshin Electronics Co., Ltd.	Manufacturing, selling of communications technology electronic components	100.00	-	c
	Soshin Electronics (M) Sdn. Bhd.	Manufacturing and selling of power electronic components	100.00	-	c
Soshin Electronics (HK) Limited	Soshin Electroincs of America Inc.	Selling of electronic components	100.00	-	c
	Soshin Electroincs Europe GmbH	Selling of electronic components	100.00	-	c
	Taiwan Soshin Electric Co., Ltd.	Selling of electronic components	100.00	-	c
	Soshin Electronics (HK) Limited	Selling of electronic components	100.00	-	c
	Soshin Electronics (SZ) Limited	Selling of electronic components	100.00	-	c

(Concluded)

- Note a: Refer to Note 5(b) to the consolidated financial statements for the information.
- Note b: It has been recognized as a subsidiary since June 2020, please refer to Note 5(b) to the consolidated financial statements for the information.
- Note c: Soshin Electric Co., Ltd. is a subsidiary of the Company since November 2021. It was remeasured at fair value, and \$229,750 thousand of gain on disposal of investment was incurred.
- Note d: The Group underwent organizational restructuring in May 2021, and ownership of the subsidiary - Hunan Frontier Electronics Co., Ltd., which was originally 100% owned by Frontec International Corporation, was transferred to Inpaq Technology (Suzhou) Co., Ltd.
- Note e: Frontec International Corporation acquired 30% equity interest of Prosperity Frontier Electronics (Shenzhen) Co., Ltd. from an unrelated party in May 2021.
- Note f: Prosperity Frontier Electronics (Guangzhou) Co., Ltd. was established in May 2021.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 5,690,754	\$ 3,974,871
Investments in debt instruments at FVTOCI	<u>208,737</u>	<u>184,106</u>
	<u>\$ 5,899,491</u>	<u>\$ 4,158,977</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2021	2020
<u>Non-current</u>		
Domestic investments		
Listed shares		
Walton Advanced Engineering Inc.	\$ 1,202,359	\$ 880,241
Gigabyte Technology Co., Ltd.	1,335,745	668,302
Walsin Lihwa Corporation	1,404,924	1,023,209
Singatron Enterprise Co., Ltd.	329,642	246,717
APAQ Technology Co., Ltd.	334,780	308,858
King Polytechnic Engineering Co., Ltd.	1,801	1,679
TECO Electric and Machinery Co., Ltd.	157,744	137,808
Fubon Financial Holding Co., Ltd. Preferred Shares C	30,050	-
Unlisted shares		
Chin-Xin Investment Co., Ltd.	566,007	425,771
Euroc Venture Capital Corp.	310	1,006
Phoenix Innovation Venture Capital Co., Ltd.	35,580	31,860
Yuanrong Venture Capital Co., Ltd.	-	7,733

	December 31	
	2021	2020
AICP Technology Corporation	17,472	13,344
		(Continued)

	December 31	
	2021	2020
Foreign investments		
Listed shares		
Sony Corporation	\$ 213,061	\$ 171,287
Murata Manufacturing Co., Ltd.	21,177	24,387
Kyosan Electric Manufacturing Co., Ltd.	2,155	-
Nippon Signal Co., Ltd.	3,467	-
Mitsubishi UFJ Financial Group, Inc.	5,251	-
Nagano Keiki Co., Ltd.	6,413	-
Others	1,561	-
Unlisted shares		
SAWNICS INC.	12,113	12,113
UNION TECHNOLOGY CORP.	-	18,997
Suzaka Spa Corporation	-	99
Hokko Denshi Kogyo Corporation	1,291	1,460
Ueno Co., Ltd.	4,871	-
Sakusakuhimawari limited liability partnership	2,612	-
Others	368	-
	<u>\$ 5,690,754</u>	<u>\$ 3,974,871</u>
		(Concluded)

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31	
	2021	2020
<u>Non-current</u>		
Foreign investments		
Listed corporate bonds - Apple Inc.	\$ 91,264	\$ 102,059
Listed corporate bonds - Amazon.com, Inc.	49,916	55,904
Listed corporate bonds - Microsoft Corporation	23,567	26,143
Listed corporate bonds - Saudi Arabian Oil Company	43,990	-
	<u>\$ 208,737</u>	<u>\$ 184,106</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a.

Investment in Associates	December 31	
	2021	2020
<u>Significant associates</u>		
HannStar Board Corp. (“HannStar”)	\$ 6,043,308	\$ 6,071,615
<u>Associates that are not individually material</u>		
Suzhou Walsin Color Trading Co., Ltd. (“Walsin Color-SZ”)	167,870	129,770
Walsin Color Corporation (“WC”)	930,229	999,807
Falcon Automation Equipment Corporation (“Falcon”)	109,105	66,416
Chongqing Ruishuang Technology Co., Ltd. (“Ruishuang”)	57,317	32,938
Chongqing Xincheng Electronic Co., Ltd. (“Xincheng”)	44,730	25,641
Chongqing Shuohong Investment Co., Ltd. (“Shuohong”)	1,308,113	997,209
GHPW Enterprise Corp. (HK), Ltd. (“GHPW”)	218,154	200,688
Silitech Technology Corporation (“Silitech”)	683,938	245,228
Joyin Co., Ltd. (“Joyin”)	366,824	-
Others	<u>13,426</u>	<u>10,546</u>
	<u>\$ 9,943,014</u>	<u>\$ 8,779,858</u>

b. Share of profit (loss) of associates for the years ended December 31, 2021 and 2020 was summarized as follows:

	2021	2020
HannStar	\$ 756,923	\$ 642,215
INPAQ	(Note a)	22,549
Walsin Color-SZ	37,028	(456)
WC	(5,240)	16,327
Falcon	57,809	23,043
Ruishuang	24,086	(1,610)
Xincheng	18,856	(1,265)
Shuohong	302,582	(12,798)
GHPW	15,132	(2,292)
Silitech	16,866	5,674
Soshin	96,866	-
	(Note c)	
Joyin	(627)	-
Others	<u>3,383</u>	<u>1,199</u>
	<u>\$ 1,323,664</u>	<u>\$ 692,586</u>

- c. 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	
	2021	2020
HannStar	21.39%	21.39%
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	25.00%	15.00%
	(Note b)	
Joyin	30.92%	-

Note a: Inpaq Technology Co., Ltd. is a subsidiary of the Group since June 2020, refer to Note 5(b). It was remeasured at 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.

Note b: On March 25, 2021, the Group acquired 8,000,000 shares of the private shares of Silitech Technology Corporation, the shareholding increased from 15% to 25%. Based on the relevant laws and regulations, the Group cannot transfer the private shares within 3 years from the date of acquisition, refer to Note 5(a) and Note 28.

Note c: Kamaya Electric Co., Ltd. acquired 6,254,800 shares of Soshin by a tender offer before the expiration date on January 4, 2021, and the Company and Kamaya Electric Co., Ltd. further acquired 807,000 shares from the open market during the nine months ended September 30, 2021. The Group control over Soshin after Kamaya Electric Co., Ltd. acquired 1,502,504 shares by convertible bonds converted into ordinary shares in November 2021. At the end of the reporting period, the shares and the proportion of voting rights held by the Group were respectively 8,564,304 shares and 50.08%. Refer to Note 11(c).

Refer to Table 8 “Information on Investments” and Table 9 “Information on Investments in Mainland China” to the consolidated financial statements for the nature of activities, principal places of business and countries of incorporation of the associates.

- d. Fair values (Level 1) of investments in associates with available published price quotations were summarized as follows:

Name of Associate	December 31	
	2021	2020
HannStar	\$ 5,132,441	\$ 4,900,689
Silitech	\$ 613,700	\$ 300,150

- e. 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, 2021 and 2020 were based on the associates' audited financial statements.

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, 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	(6,620)	(14,860)	(91,056)	8,478	(6,009)	(110,067)
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	(747)	(227)	(18,226)	6,079	-	(13,121)
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 amount 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>
<u>Cost</u>						
Balance at January 1, 2021	\$ 2,472,970	\$ 10,006,392	\$ 32,178,335	\$ 3,559,116	\$ 3,535,519	\$ 51,752,332
Additions	40,572	39,552	403,657	184,453	10,527,817	11,196,051
Acquisitions through business combinations	174,896	1,196,944	2,101,211	168,117	15,050	3,656,218
Disposals	-	(22,031)	(335,925)	(55,128)	(3,270)	(416,354)
Reclassified	-	2,272,616	4,842,907	453,804	(7,515,301)	54,026
Effects of foreign currency exchange differences	(67,986)	(110,595)	(125,308)	(17,869)	(28,567)	(350,325)
Balance at December 31, 2021	<u>\$ 2,620,452</u>	<u>\$ 13,382,878</u>	<u>\$ 39,064,877</u>	<u>\$ 4,292,493</u>	<u>\$ 6,531,248</u>	<u>\$ 65,891,948</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 62,735	\$ 5,220,165	\$ 20,710,796	\$ 2,726,789	\$ -	\$ 28,720,485
Acquisitions through business combinations	-	982,953	1,637,156	133,643	-	2,753,752
Disposals	-	(21,228)	(320,452)	(54,258)	-	(395,938)
Reclassified	-	5,703	69,775	2,362	-	77,840
(Reversal of) impairment losses recognized in profit or loss	68,818	(5,703)	(10,858)	-	-	52,257
Depreciation expense	-	503,033	3,576,736	322,155	-	4,401,924
Effects of foreign currency exchange differences	(11,063)	(55,847)	(89,659)	(11,349)	-	(167,918)
Balance at December 31, 2021	<u>\$ 120,490</u>	<u>\$ 6,629,076</u>	<u>\$ 25,573,494</u>	<u>\$ 3,119,342</u>	<u>\$ -</u>	<u>\$ 35,442,402</u>
Carrying amount at December 31, 2021	<u>\$ 2,499,962</u>	<u>\$ 6,753,802</u>	<u>\$ 13,491,383</u>	<u>\$ 1,173,151</u>	<u>\$ 6,531,248</u>	<u>\$ 30,449,546</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	15-51 years
Electrical mechanical and power equipment	2-21 years
Engineering system	2-30 years
Others	2-35 years
Machinery and equipment	1-15 years
Other equipment	1-10 years

- b. Refer to Note 28 to the consolidated financial statements for property transactions with related parties.
- c. Refer to Note 29 to the consolidated financial statements for information on land and buildings pledged as collateral.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 723,193	\$ 640,138
Buildings	270,517	139,208
Office equipment	1,957	379
Transportation equipment	19,942	22,374
Other equipment	<u>3,633</u>	<u>6,041</u>
	<u>\$ 1,019,242</u>	<u>\$ 808,140</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 197,860</u>	<u>\$ 227,914</u>
Depreciation charge for right-of-use assets		
Land	\$ 39,651	\$ 30,235
Buildings	75,362	54,080
Office equipment	339	388
Transportation equipment	13,658	14,357
Other equipment	<u>2,759</u>	<u>2,816</u>
	<u>\$ 131,769</u>	<u>\$ 101,876</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 136,372</u>	<u>\$ 98,177</u>
Non-current	<u>\$ 559,160</u>	<u>\$ 418,028</u>

Range of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	0%-1.675%	1%-1.33%
Buildings	0%-1.675%	1%-1.61%
Office equipment	0%-1.15%	0.98%-1.15%
Transportation equipment	0%-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, 2020 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	
	2021	2020
Expenses relating to short-term leases	<u>\$ 134,614</u>	<u>\$ 169,481</u>
Expenses relating to low-value asset leases	<u>\$ 1,565</u>	<u>\$ 1,081</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 516</u>	<u>\$ 746</u>
Total cash outflow for leases	<u>\$(277,387)</u>	<u>\$(282,776)</u>

16. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Cost	\$ 246,299	\$ 246,299
Accumulated depreciation	(53,903)	(52,000)
Accumulated impairment	<u>(74,717)</u>	<u>(74,717)</u>
	<u>\$ 117,679</u>	<u>\$ 119,582</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 as 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, 2021 and 2020 were both NT\$22,804 thousand.

17. INTANGIBLE ASSETS

	Patents and Trademark	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 398,766	\$ 277,003	\$ 113,721	\$ 789,490
Additions	-	25,087	-	25,087
Acquisitions through business combinations	246,710	59,660	11,069	317,439
Disposals	-	(5,026)	-	(5,026)
Reclassified	27,450	6,001	(27,450)	6,001
Effects of foreign currency exchange differences	<u>-</u>	<u>(2,337)</u>	<u>(27)</u>	<u>(2,364)</u>
Balance at December 31, 2021	<u>\$ 672,926</u>	<u>\$ 360,388</u>	<u>\$ 97,313</u>	<u>\$ 1,130,627</u>
Accumulated amortization and impairment				
Balance at January 1, 2021	\$ 35,405	\$ 153,400	\$ 9,868	\$ 198,673
Acquisitions through business combinations	-	44,063	-	44,063
Amortization expense	55,039	32,380	7,241	94,660
Reclassified	4,600	-	(4,600)	-
Effects of foreign currency exchange differences	<u>-</u>	<u>(2,030)</u>	<u>(5)</u>	<u>(2,035)</u>
Balance at December 31, 2021	<u>\$ 95,044</u>	<u>\$ 227,813</u>	<u>\$ 12,504</u>	<u>\$ 335,361</u>
Carrying amount at December 31, 2021	<u>\$ 577,882</u>	<u>\$ 132,575</u>	<u>\$ 84,809</u>	<u>\$ 795,266</u>
<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> (Continued)

	Patents and Trademark	Computer Software	Others	Total
<u>Accumulated amortization and impairment</u>				
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> (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 or perform impairment test

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2021		2020	
	Interest Rate	Amount	Interest Rate	Amount
Unsecured borrowings				
Line of credit borrowings	0.55%-0.89%	<u>\$ 5,429,427</u>	0.65%-1.00%	<u>\$ 6,002,893</u>

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ -	\$ 100,000
Less: Unamortized discount on short term bills payable	<u>-</u>	<u>(20)</u>
	<u>\$ -</u>	<u>\$ 99,980</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	
	2021	2020
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	\$ 10,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2024. The principal is repayable in full upon maturity.	300,000	-
Taishin Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023. As of December 31, 2021, the principal has been repaid in full in advance.	-	10,000
Bank of Taiwan		
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, 2021, the principal has been repaid in full in advance.	-	1,200,000
Unsecured loan; loan period is from March 18, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	32,703	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	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	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	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	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	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	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	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	67,160
Unsecured loan; loan period is from December 9, 2020 to March 18, 2025. The principal is repayable on April	57,860	57,860

15, 2023.

(Continued)

	December 31	
	2021	2020
Unsecured loan; loan period is from January 8, 2021 to March 18, 2025. The principal is repayable on April 15, 2023.	\$ 35,252	\$ -
Unsecured loan; loan period is from September 17, 2021 to September 17, 2024. The principal is repayable on December 17, 2023.	850,000	-
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	10,000
E.SUN Bank		
Unsecured loan; loan period is from April 8, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	600,000	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	400,000
Unsecured loan; loan period is from December 24, 2020 to December 23, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2023. The principal is repayable in full upon maturity.	300,000	-
Entie Bank		
Unsecured loan; loan period is from October 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from November 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	200,000
Cathay Bank		
Unsecured loan; loan period is from August 26, 2020 to August 26, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	200,000
Unsecured loan; loan period is from December 30, 2021 to August 26, 2023. The principal is repayable in full upon maturity.	200,000	-
First Bank		

	December 31	
	2021	2020
Unsecured loan; loan period is from April 30, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	340,000	340,000
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	160,000	160,000
Unsecured loan; loan period is from November 30, 2021 to November 15, 2026. The principal is repayable from December 15, 2024.	500,000	-
		(Continued)

	December 31	
	2021	2020
Unsecured loan; loan period is from April 9, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	\$ 58,520	\$ -
Unsecured loan; loan period is from May 10, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	51,170	-
Unsecured loan; loan period is from August 12, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	179,120	-
Unsecured loan; loan period is from August 26, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	300,000	-
Unsecured loan; loan period is from August 27, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	370,000	-
Unsecured loan; loan period is from September 22, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	41,190	-
KGI Bank		
Unsecured loan; loan period is from February 17, 2020 to January 3, 2023. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	990,000
Unsecured loan; loan period is from August 25, 2020 to August 25, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	1,000,000
Unsecured loan; loan period is from August 25, 2021 to August 25, 2024. The principal is repayable on February 25, 2023.	1,440,000	-
Unsecured loan; loan period is from August 31, 2021 to August 25, 2024. The principal is repayable on February 25, 2023.	600,000	-
Unsecured loan; loan period is from December 29, 2021 to August 25, 2024. The principal is repayable on February 25, 2023.	100,000	-
Hua Nan 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, 2021, the principal has been repaid in full in advance.	-	600,000
Unsecured loan; loan period is from November 30, 2020 to August 28, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	400,000

(Continued)

		December 31	
		2021	2020
Chang Hwa Bank			
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	\$	10,000	\$ 10,000
Unsecured loan; loan period is from July 24, 2020 to July 24, 2023. The principal is repayable on January 24, 2023. As of December 31, 2021, the principal has been repaid in full in advance.		-	100,000
Unsecured loan; loan period is from August 20, 2020 to July 24, 2023. The principal is repayable on January 24, 2023. As of December 31, 2021, the principal has been repaid in full in advance.		-	300,000
Unsecured loan; loan period is from September 13, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.		180,000	-
Unsecured loan; loan period is from November 12, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.		285,000	-
Unsecured loan; loan period is from December 30, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.		235,000	-
Far Eastern Bank			
Unsecured loan; loan period is from August 17, 2021 to October 13, 2023. The principal is repayable in full upon maturity.		390,000	-
Chinatrust Commercial Bank Tokyo Branch			
Unsecured loan; loan period is from September 25, 2020 to September 25, 2023. The principal is repayable in full upon maturity.		361,355	408,855
Citibank Tokyo Branch			
Unsecured loan; loan period is from June 22, 2020 to June 22, 2022. The principal is repayable in full upon maturity.		132,496	149,913
E.SUN Bank Tokyo Branch			
Unsecured loan; loan period is from September 25, 2020 to September 25, 2023. The principal is repayable in full upon maturity.		240,903	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.		452,898	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. As of December 31, 2021, the principal has been repaid in full in advance.		-	204,428
Unsecured loan; loan period is from September 30, 2021 to May 31, 2024. The principal is repayable in full		180,677	-

upon maturity.

December 31	
2021	2020

(Continued)

		December 31	
		2021	2020
Citibank Berhad			
Unsecured loan; loan period is from May 6, 2019 to May 5, 2021. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.		\$ -	\$ 149,802
Unsecured loan; loan period is from September 1, 2020 to August 24, 2022. The principal is repayable in full upon maturity.		138,640	140,537
Unsecured loan; loan period is from September 1, 2021 to September 1, 2023. The principal is repayable in full upon maturity.		138,640	-
UOB BERHAD			
Unsecured loan; loan period is from April 16, 2021 to April 16, 2024. The principal is repayable in full upon maturity.		178,381	-
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.		99,033	98,546
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.		99,033	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.		197,980	197,005
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.		98,990	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.		78,996	78,608
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.		98,746	98,260
Unsecured loan; loan period is from November 9, 2021 to June 15, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.		59,247	-
First Bank			
Unsecured loan; loan period is from March 2, 2020 to March 2, 2025. Repayment of principal will be made in		93,964	93,502

	December 31	
	2021	2020
24 equal monthly payments starting 2 years before the maturity date.		
		(Continued)

	December 31	
	2021	2020
Chinatrust Commercial Bank		
Unsecured loan; loan period is from December 24, 2021 to December 15, 2026. The principal is repayable on January 15, 2025.	\$ 28,918	\$ -
E.SUN Bank		
Unsecured loan; loan period is from March 16, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	470,837	200,193
Hua Nan Bank		
Unsecured loan; loan period is from December 18, 2020 to December 18, 2025. The principal is repayable on January 18, 2023.	300,000	300,000
Chang Hwa Bank		
Unsecured loan; loan period is from August 24, 2020 to August 15, 2027. The principal is repayable on September 15, 2023.	244,286	4,048
Unsecured loan; loan period is from May 3, 2021 to April 15, 2031. The principal is repayable on June 15, 2024.	192,982	-
Far Eastern Bank		
Unsecured loan; loan period is from December 30, 2021 to March 8, 2024. Monthly interest payment, the principal is repayable in full upon maturity.	220,000	-
Less: Current portion	<u>(399,169)</u>	<u>(190,687)</u>
Long-term borrowings total	<u>\$ 12,117,833</u>	<u>\$ 9,869,946</u> (Concluded)

The annual effective interest rate intervals of the above-mentioned borrowings for the years ended December 31, 2021 and 2020 were 0.45%-1.47% and 0.45%-1.54%, respectively.

The Group should maintain certain financial ratios in its annual and semiannual consolidated financial statements during the loan duration. The Group's consolidated financial statements for the year ended December 31, 2021 showed that the Group was in compliance with the agreed financial ratio requirements.

The long-term loans of Kamaya and Kamaya Electric (M) Sdn. Bhd. 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 29 to the consolidated financial statements.

19. BONDS PAYABLE

	December 31	
	2021	2020
Unsecured domestic convertible bonds	\$ 4,654,244	\$ 4,593,360
Unsecured overseas bonds	474,486	673,254
Less: Current portions	<u>(474,486)</u>	<u>(136,396)</u>

\$ 4,654,244 \$ 5,130,218

- 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, 2021 and 2020 were \$225.6 per share and \$232.6 per share, respectively.
- 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%	101,641
Convertible bonds converted into ordinary shares	<u>(957)</u>

Liability component at December 31, 2021 \$ 4,654,244

- 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.

20. 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, Kamaya and Soshin group all 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	
	2021	2020
Present value of defined benefit obligation	\$ 1,524,929	\$ 644,724
Fair value of plan assets	<u>(1,563,954)</u>	<u>(330,570)</u>
Net defined benefit (assets) liabilities	<u>\$ (39,025)</u>	<u>\$ 314,154</u>
	December 31	
	2021	2020
Net defined benefit assets (classified as other non-current assets)	\$(382,111)	\$ -
Net defined benefit liabilities	<u>343,086</u>	<u>314,154</u>
	<u>\$ (39,025)</u>	<u>\$ 314,154</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2021	<u>\$ 644,724</u>	<u>\$ (330,570)</u>	<u>\$ 314,154</u>
Service cost			
Current service cost	18,465	-	18,465
Past service cost and loss on settlements	3,806	-	3,806
Net interest expense (income)	<u>3,453</u>	<u>(1,614)</u>	<u>1,839</u>
Recognized in profit or loss	<u>25,724</u>	<u>(1,614)</u>	<u>24,110</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	18,654	-	18,654
Actuarial profit - changes in financial assumptions	(5,496)	-	(5,496)
Actuarial profit - experience adjustments	(18,198)	-	(18,198)
Net defined benefit liabilities remeasurement	-	(564)	(564)
Return on the plan assets	<u>(8,288)</u>	<u>(3,488)</u>	<u>(11,776)</u>
Recognized in other comprehensive income	<u>(13,328)</u>	<u>(4,052)</u>	<u>(17,380)</u>
Contributions from the employer	-	<u>(10,541)</u>	<u>(10,541)</u>
Benefits paid from the plan assets	<u>(121,111)</u>	<u>106,721</u>	<u>(14,390)</u>
Business combinations	1,023,168	(1,345,862)	(322,694)
Effect of exchange rate changes	<u>(34,248)</u>	<u>21,964</u>	<u>(12,284)</u>
Balance at December 31, 2021	<u>\$ 1,524,929</u>	<u>\$(1,563,954)</u>	<u>\$ (39,025)</u>
Balance at January 1, 2020	<u>\$ 554,602</u>	<u>\$ (290,544)</u>	<u>\$ 264,058</u>
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>(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>(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>

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	
	2021	2020
Discount rates	0.52%-0.625%	0.32%-0.50%
Expected rates of salary increase	2.00%-3.00%	2.00%-3.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$(11,091)</u>	<u>\$(14,057)</u>
0.25% decrease	<u>\$ 11,528</u>	<u>\$ 14,608</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 11,115</u>	<u>\$ 14,075</u>
0.25% decrease	<u>\$(10,754)</u>	<u>\$(13,620)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 10,039</u>	<u>\$ 11,148</u>
The average duration of the defined benefit obligation	10.5-13.48 years	10.3-14 years

21. EQUITY

a. Share capital Ordinary shares

	December 31	
	2021	2020
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>485,804</u>	<u>485,800</u>
Shares issued	<u>\$ 4,858,043</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.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 692,809	\$ 3,607,639
Conversion of bonds	1,428,808	1,428,808
Treasury share transactions	574,608	555,353
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	161,893	137,011
Changes in percentage of ownership interest in subsidiaries		
(2)	62	24,144
Others	55	-
<u>Not for other usage</u>		
Share warrants	<u>253,387</u>	<u>253,387</u>
	<u>\$ 3,111,622</u>	<u>\$ 6,006,342</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 Company's articles of incorporation (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 in the Articles, refer to employees' compensation and remuneration of directors in Note 22(b) to the consolidated financial statements.

The Company's Articles 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 deficit. 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.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on July 8, 2021 and June 15, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ 651,503	\$ 667,009	\$ -	\$ -
Cash dividends	-	2,671,900	-	5.5

In addition, on July 8, 2021, the shareholders' meeting resolved to distribute cash totaling \$2,914,830 thousand from the capital surplus at \$6 dollar per share.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	<u>\$ 1,097,541</u>	<u>\$ 1,097,541</u>
Balance at December 31	<u>\$ 1,096,797</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; due to the subsidiary Prosperity Dielectrics Co., Ltd.'s disposal of its subsidiary to the subsidiary of Inpaq Technology Co., Ltd. in 2021, the Company reversed \$744 thousand from the special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$(2,517,167)	\$(2,226,191)
Exchange differences arising on translation of the financial statements of foreign operations	84,116	(304,163)
Share from associates accounted for using the equity method	(46,227)	(34,248)
Disposal of subsidiaries	-	5
Disposal of associates accounted for using the equity method	-	47,430
Balance at December 31	<u>\$(2,479,278)</u>	<u>\$(2,517,167)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,586,975	\$ 2,770,641
Unrealized gain on investments in equity instruments at FVTOCI	1,503,136	674,416
Share of other comprehensive income from associates accounted for using the equity method	(575,237)	54,766
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(45,831)	37,073
Disposal of subsidiaries	-	(13)
Disposal of associates accounted for using the equity method	-	50,092
Balance at December 31	<u>\$ 4,469,043</u>	<u>\$ 3,586,975</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 7,033,732	\$ 2,716,095
Share in profit for the year	1,029,135	585,391
Other comprehensive income/(loss) during the period		

Exchange differences on translation the financial statements of foreign operation	(33,089)	28,368
Share of the other comprehensive income of associates accounted for using the equity method - exchange differences on translation of the financial statements of foreign operations	1,411	1,988
Unrealized gain/(loss) on financial assets at FVTOCI	208,890	251,090
		(Continued)

	For the Year Ended December 31	
	2021	2020
Share of other comprehensive income of associates accounted for using the equity method-unrealized gain/(loss) on financial assets at FVTOCI	\$ (3,790)	\$ 4,980
Remeasurement of defined benefit plans	(1,965)	(16,371)
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	-	19,501
Non-controlling interests from acquisition of subsidiaries (see Note 25)	1,346,044	3,662,575
Buy-back of subsidiary's ordinary shares by the subsidiary	(54,371)	-
Disposal (acquisition) of non-controlling interests in subsidiaries	(100,260)	2,977
Adjustments relating to changes in equity of associates	1,793	-
Cash dividends distributed by the subsidiaries	<u>(287,218)</u>	<u>(222,862)</u>
Balance at December 31	<u>\$ 9,140,312</u>	<u>\$ 7,033,732</u> (Concluded)

g. Treasury shares

Treasury shares transactions were summarized as follows:

Unit: Shares

	For the Year Ended December 31, 2021			
Purpose of Acquisition	Treasury Shares Held as of January 1, 2021	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2021
Treasury shares granted to employees	<u>-</u>	<u>1,500,000</u>	<u>(500,000)</u>	<u>1,000,000</u>

	For the Year Ended December 31, 2020			
Purpose of Acquisition	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>

In the first quarter of 2021, the Company's board of directors resolved to transfer 500,000 shares for employees' subscription. Based on the fair value at the grant date, \$19,602 thousand was accounted for as compensation costs and \$19,255 thousand was accounted for as capital surplus - treasure share transactions when the employee's subscription were transferred.

In the first quarter of 2020, the Company's board of directors passed a resolution to transfer 937,838

shares for employees' subscription. 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 - treasure share transactions when the employee's subscription were transferred.

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.

22. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Main categories of expenses

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits	\$ 5,728,089	\$ 2,027,443	\$ 7,755,532	\$ 4,398,284	\$ 1,656,255	\$ 6,054,539
Post-employment benefits	\$ 208,792	\$ 73,467	\$ 282,259	\$ 93,584	\$ 49,600	\$ 143,184
Depreciation	\$ 4,279,394	\$ 256,202	\$ 4,535,596	\$ 3,225,542	\$ 196,215	\$ 3,421,757
Amortization	\$ 11,470	\$ 91,838	\$ 103,308	\$ 9,784	\$ 54,346	\$ 64,130

b. Employees' compensation and remuneration of directors

The Company accrues employees' compensation and remuneration of directors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on February 22, 2022 and February 25, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
<u>Accrual rate</u>		
Employees' compensation	2.25%	2.25%
Remuneration of directors	0.90%	0.90%
	Cash	
	For the Year Ended December 31	
	2021	2020
<u>Amounts</u>		
Employees' compensation	\$ 198,963	\$ 169,862
Remuneration of directors	\$ 79,585	\$ 67,945

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, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved

by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	\$ 1,710,434	\$ 1,739,916
Income tax on unappropriated earnings	298,397	166,559
Adjustments for prior periods	(369,392)	(176,290)
Others	<u>(1,478)</u>	<u>(2,229)</u>
	1,637,961	1,727,956
Deferred tax		
In respect of the current period	<u>50,877</u>	<u>89,206</u>
Income tax expense recognized in profit or loss	<u>\$ 1,688,838</u>	<u>\$ 1,817,162</u>

- b. The reconciliation of accounting profit and taxable income were as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 2,823,434	\$ 2,591,116
Nondeductible in determining taxable income	(1,113,000)	(851,200)
Recognition and reversal of temporary differences	50,877	89,206
Income tax on unappropriated earnings	298,397	166,559
Adjustments for prior periods	(369,392)	(176,290)
Others	<u>(1,478)</u>	<u>(2,229)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,688,838</u>	<u>\$ 1,817,162</u>

- c. The components of deferred income tax assets were as follows:

	December 31	
	2021	2020
Deferred income tax assets		
Tax losses	\$ 94,041	\$ 116,414
Allowance for inventories loss	122,461	97,197
Unrealized sales gross profit	169,000	99,000
Property, plant and equipment	125,304	53,627
Others	<u>146,690</u>	<u>130,932</u>
	<u>\$ 657,496</u>	<u>\$ 497,170</u>
Deferred income tax liabilities		
Defined benefit obligation	\$ (48,064)	\$ (19,000)
Property, plant and equipment	(13,970)	(27,598)
Unrealized gain from financial investments	<u>(62,056)</u>	<u>(49,587)</u>

Provisions	(31,075)	(31,075)
Appropriations of earnings of subsidiaries	-	(90,000)
Share of profits of subsidiaries of using the equity method	(210,290)	(209,439)
Others	<u>(453,303)</u>	<u>(150,095)</u>
	<u><u>\$ (818,758)</u></u>	<u><u>\$ (576,794)</u></u>

- d. Income tax returns of the Company, PDC and INPAQ through 2019 have been assessed and approved by the tax authorities.

24. EARNINGS PER SHARE

Earnings per share were calculated as follows:

	For the Year Ended December 31, 2021		
	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			
From continuing operations	\$ 7,931,941	485,067	<u>\$ 16.35</u>
Compensation of employees	-	1,286	
Interest on convertible bonds (after tax)	<u>48,707</u>	<u>21,272</u>	
Diluted earnings per share - ordinary shares	<u>\$ 7,980,648</u>	<u>507,625</u>	<u>\$ 15.72</u>
	For the Year Ended December 31, 2020		
	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	\$ 6,632,254	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>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be 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.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Soshin	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters	November 2021	50.08	<u>\$238,808</u>
INPAQ	Researching, developing, manufacturing and selling of integrated electrical protection component, hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	June 2020	33.07	<u>\$ -</u>

Consideration transferred of Soshin, please refer to Note 13(c) to the consolidated financial statements.

b. Assets acquired and liabilities assumed at the date of acquisition

	Soshin	INPAQ
Current assets		
Cash and cash equivalents	\$ 413,355	\$ 1,593,747
Trade and other receivables	1,103,617	1,473,099
Other financial assets - current	-	18,475
Inventories	349,276	565,572
Other current assets	28,781	102,982
Non-current assets		
Financial asset at fair value through other comprehensive income	26,620	415,008
Property, plant and equipment	902,466	2,166,425
Patent and trademark	246,710	395,061
Others	698,860	539,646
Current liabilities		
Current portion of long-term borrowings	-	(88,464)
Notes payable	(98,189)	-
Trade and other payables	(438,827)	(847,437)
Others	(110,642)	(319,547)
Non-current liabilities		

Long-term borrowings	-	(259,466)
Others	<u>(425,841)</u>	<u>(282,665)</u>
	<u>\$ 2,696,186</u>	<u>\$ 5,472,436</u>

The initial accounting for the acquisition of Soshin Electric Co., Ltd. was only provisionally determined at the end of the year. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate of the likely tax values.

The acquisition - date fair value of the receivables is equal to the book value. The receivables are expected to be recoverable.

c. Goodwill (gain from bargain purchase) recognized on acquisitions

	Soshin	INPAQ
Consideration transferred	\$ 238,808	\$ -
Plus: Non-controlling interests (49.92% in Soshin, 66.93% in INPAQ)	1,346,044	3,662,575
Plus: Fair value of previously held rights on acquisitions	1,122,403	1,757,852
Less: Fair value of identifiable net assets acquired	<u>(2,696,186)</u>	<u>(5,472,436)</u>
Goodwill (gain from bargain purchase) recognized on acquisitions	<u>\$ 11,069</u>	<u>\$ (52,009)</u>

The goodwill recognized in the acquisitions of Soshin Electric Co., Ltd. mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

d. Net cash inflow on the acquisition of subsidiaries

	Soshin	INPAQ
Consideration paid in cash	\$ -	\$ -
Less: Cash and cash equivalents acquired	<u>(413,355)</u>	<u>(1,593,747)</u>
	<u>\$ (413,355)</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:

	Soshin	INPAQ
Revenue	<u>\$ 520,794</u>	<u>\$ 3,523,183</u>
Profit	<u>\$ 31,208</u>	<u>\$ 259,523</u>

Had Soshin Electric Co., Ltd. acquisition been in effect at the beginning of the financial year, the Group's revenue would have been \$44,526,647 thousand, and the profit would have been \$9,207,735 thousand for the year ended December 31, 2021. Had INPAQ Technology Co., Ltd. acquisition 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 at the beginning of the acquisition year, nor is it intended to be a projection

of future results.

26. 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.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate the fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2021 and 2020.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 775,839	\$ -	\$ -	\$ 775,839
Foreign listed shares	128,858	-	-	128,858
Mutual funds	581,855	-	-	581,855
Government bonds	-	86,085	-	86,085
Domestic convertible bonds call option	-	1,440	-	1,440
	<u>\$ 1,486,552</u>	<u>\$ 87,525</u>	<u>\$ -</u>	<u>\$ 1,574,077</u>
Financial assets at fair value through other comprehensive income				
Domestic listed shares	\$ 4,797,045	\$ -	\$ -	\$ 4,797,045
Domestic unlisted shares	-	566,317	53,052	619,369
Foreign listed shares	253,085	-	-	253,085
Foreign unlisted shares	-	-	21,255	21,255
Debt securities	<u>208,737</u>	<u>-</u>	<u>-</u>	<u>208,737</u>
	<u>\$ 5,258,867</u>	<u>\$ 566,317</u>	<u>\$ 74,307</u>	<u>\$ 5,899,491</u>

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	<u>184,106</u>	<u>-</u>	<u>-</u>	<u>184,106</u>
	<u>\$ 3,646,594</u>	<u>\$ 426,777</u>	<u>\$ 85,606</u>	<u>\$ 4,158,977</u>

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
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
Government bonds	Evaluated by public market quotations provided by third-party institutions

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

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 11,261,504	\$ 11,212,053
Financial assets at amortized cost (current and non-current)	9,544,950	11,478,875
Notes receivables from unrelated parties	923,996	560,731
Trade receivables from unrelated parties	9,916,600	10,567,154
Trade receivables from related parties	62,746	47,867
Finance lease receivables (current and non-current)	53,042	44,336
Other receivables from unrelated parties	526,653	397,988
Other receivables from related parties	12,858	13,300
Guarantee deposits paid	96,668	123,069
Financial assets at FVTPL (current and non-current)	1,574,077	3,041,350
Financial assets at FVTOCI - non-current	5,899,491	4,158,977
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	5,429,427	6,002,893
Short-term bills payable	-	99,980
Notes payable to unrelated parties	368,742	58,142
Trade payables to unrelated parties	4,431,637	4,283,826
Trade payables to related parties	2,502	1,765
Payables for equipment	3,684,849	2,686,042
Other payables	4,742,686	4,441,039
Current portion of long-term borrowings and bonds payable	873,655	327,083
Bonds payable	4,654,244	5,130,218
Long-term borrowings	12,117,833	9,869,946
Long-term payables	31,778	4,007
Guarantee deposits received	254,501	374,481

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.

	USD Impact		JPY Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020	2021	2020
Profit or loss	<u>\$ 34,670</u>	<u>\$ 28,522</u>	<u>\$ (5,534)</u>	<u>\$ 2,553</u>	<u>\$ 28,090</u>	<u>\$ 35,967</u>

b) Interest rate risk

Interest rate risk refers to the risk that the changes in fair value of financial instruments due to changes in market interest rates. The Group was exposed to interest rate risk mainly arising from fixed-income investments and borrowings at floating interest rates.

The Group's sensitivity analysis of interest rate risk was determined based on changes in fair value of the financial assets and liabilities at fixed interest rate at the end of the reporting period. If interest rates had been higher/lower by one percentage, the Group's profit before income tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$43,610 thousand and \$11,382 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, 2021

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 5,828,596	\$ 12,117,833	\$ 17,946,429
Fixed interest rate liabilities	474,486	-	474,486
Lease liabilities	<u>136,372</u>	<u>559,160</u>	<u>695,532</u>
	<u>\$ 6,439,454</u>	<u>\$ 12,676,993</u>	<u>\$ 19,116,447</u>

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>

28. 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
HannStar Board Corporation	Associate
Walsin Color Corporation	Associate
Global Brands Manufacture (Dongguan) Ltd.	Associate
Kunshan Yuansong Electronics Technology Co., Ltd.	Associate
Silitech Technology Corporation	Associate (after September 2020)
Inpaq Korea Co., Ltd	Associate (after June 2020)
Inpaq Europe GmbH	Associate (after June 2020)
Inpaq Technology Co., Ltd.	Associate (before June 2020)
Taiwan Inpaq electronic Co., Ltd.	Associate (before June 2020)

Inpaq Technology (China) Co., Ltd.
Inpaq Technology (Suzhou) Co., Ltd.
VVG Inc.

Associate (before June 2020)
Associate (before June 2020)
Associate

(Continued)

Related Party Name	Related Party Category
Falcon Automation Equipment Corporation	Associate
CMK Global Brands Manufacture Ltd.	Associate
Global Brands Manufacture Ltd.	Associate
Chongqing Songjia Property Co., Ltd.	Associate
ELNA Printed Circuits Co., Ltd.	Associate
GBM Electronics (M) SDN. BHD.	Associate
DongGuan Yujia Electronics Technology Co., Ltd.	Associate
Suzhou Walsin Color Trading Co., Ltd.	Associate
Joyin Co., Ltd.	Associate (after April 2021)
Dongguan Joyin Electronics Co., Ltd.	Associate (after April 2021)
Walton Advanced Engineering Inc.	Other related party
Winbond Electronics Corporation	Other related party
APAQ Technology Co., Ltd.	Other related party
Phoenix Innovation Venture Capital Co., Ltd.	Other related party
Career Technology (Mfg.) Co., Ltd.	Other related party
Kamaya Life Co., Ltd.	Other related party
PSA Charitable Foundation	Other related party
PSA VVG Culture and Arts Foundation	Other related party
Walsin Technology Charitable Group	Other related party
Hannspree (Shanghai) Inc.	Other related party
Info-Tek Electronics (Suzhou) Co., Ltd.	Other related party
Info-Tek Corporation	Other related party
Callisto Holding Limited	Other related party

(Concluded)

b. Details of transactions

1) Sales of goods

	For the Year Ended December 31	
	2021	2020
Associates	\$ 168,747	\$ 133,240
Other related parties	<u>17,240</u>	<u>17,852</u>
	<u>\$ 185,987</u>	<u>\$ 151,092</u>

Price and terms were determined in accordance with mutual agreements.

2) Purchases of goods

	For the Year Ended December 31	
	2021	2020
Associates	<u>\$ 9,884</u>	<u>\$ 251,076</u>

Price and terms were determined in accordance with mutual agreements.

3) The outstanding balances at the end of the reporting period were as follows:

		Trade Receivables from Related Parties	
		December 31	
		2021	2020
Associates		\$ 58,370	\$ 36,656
Other related parties		<u>4,376</u>	<u>11,211</u>
		<u>\$ 62,746</u>	<u>\$ 47,867</u>
		Other Receivables from Related Parties	
		December 31	
		2021	2020
Associates		\$ 9,157	\$ 10,212
Other related parties		<u>3,701</u>	<u>3,088</u>
		<u>\$ 12,858</u>	<u>\$ 13,300</u>
		Trade Payables to Related Parties	
		December 31	
		2021	2020
Associates		<u>\$ 2,502</u>	<u>\$ 1,765</u>
		Payables for Equipment and Other Payables	
		December 31	
		2021	2020
Investors that exercise significant influence over the Group		\$ 10,029	\$ 8,498
Associates		162,806	188,226
Other related parties		<u>6,354</u>	<u>8,736</u>
		<u>\$ 179,189</u>	<u>\$ 205,460</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 payables for related parties are unsecured and payable by cash, receivables from related parties are also unsecured. No allowance was recognized for impairment of receivables with respect to the amounts owed by related parties for the years ended December 31, 2021 and 2020.

4) Acquisition of property, plant and equipment

Related Party Categories	Item	Purchase Price For the Year Ended December 31	
		2021	2020
Investors that exercise significant influence over the Group	Right-of-use asset and office equipment	\$ 54,159	\$ 295
Associates	Machinery	485,290	334,512
Others	Buildings and right-of-use asset	748,353	82,766
Others	Other equipment	<u>19</u>	<u>16</u>
		<u>\$ 1,287,821</u>	<u>\$ 417,589</u>

Purchase prices of land and buildings were based on valuation report by professionals.

Purchase prices of equipment were based on their carrying amounts and market price.

5) Disposal of property, plant and equipment

Related Party Category	Item	Disposal Price For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
		2021	2020	2021	2020
Associates	Machinery	<u>\$ 95</u>	<u>\$ 100</u>	<u>\$ 95</u>	<u>\$ 100</u>

6) Lease arrangements

Item	Related Party Category	December 31	
		2021	2020
Lease liabilities	Investors that exercise significant influence over the Group	\$ 42,630	\$ 31,462
Lease liabilities	Other related parties	<u>69,131</u>	<u>13,777</u>
		<u>\$ 111,761</u>	<u>\$ 45,239</u>
Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Interest expense	Investors that exercise significant influence over the Group	\$ 496	\$ 695
	Other related parties	<u>587</u>	<u>61</u>

\$ 1,083

\$ 756
(Continued)

Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Rental expense	Investors that exercise significant influence over the Group	\$ 584	\$ 535
	Other related parties	<u>35,969</u>	<u>71,858</u>
		<u>\$ 36,553</u>	<u>\$ 72,393</u> (Concluded)

7) Acquisition of shares

For the year ended December 31, 2021

Related Party Category	Financial Statement Account	Number of Shares Acquired	Proportion of Voting Rights	Acquisition Target	Acquisition Price
Silitech Technology Corporation	Investments accounted for using the equity method	8,000,000	10%	Private shares	\$ 264,000

8) Dividends income

	For the Year Ended December 31	
	2021	2020
Walsin Lihwa Corporation	\$ 47,714	\$ 22,758
APAQ Technology Co., Ltd.	24,731	13,016
Phoenix Innovation Venture Capital Co., Ltd.	4,100	-
Chin-Xin Investment Co., Ltd.	<u>3,760</u>	<u>6,266</u>
	<u>\$ 80,305</u>	<u>\$ 42,040</u>

c. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 201,380	\$ 177,318
Post-employment benefits	263	291
Share-based payments	<u>2,352</u>	<u>32,618</u>
	<u>\$ 203,995</u>	<u>\$ 210,227</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as collateral or for security were as follows:

	December 31	
	2021	2020
Pledged deposits (classified as financial assets at amortized cost)	\$ 142,840	\$ 187,596
Pledged deposits (classified as guarantee deposits paid)	20,479	5,592
Land	264,309	299,053
Buildings (net)	<u>38,962</u>	<u>44,083</u>
	<u>\$ 466,590</u>	<u>\$ 536,324</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 3,094,629</u>	<u>\$ 5,071,136</u>

b. Contingencies

As of December 31, 2021 and 2020, the Group's outstanding letters of credit were summarized as follows:

Unit: Thousand Dollars

December 31			
2021		2020	
Currency	Carrying Value	Currency	Carrying Value
USD	USD 92	USD	USD 390
JPY	JPY 3,663,212	JPY	JPY 1,023,946
EUR	EUR 1,274	EUR	EUR 118

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 13, 2022, the board of directors of the Company resolved a tender offer to purchase securities of a Japanese listed company, Matsuo Electric Co., Ltd., through its subsidiary, Kamaya Electric Co., Ltd., and acquired 638,000 shares at JPY 783 per share that issued by Matsuo Electric Co., Ltd. for specific persons. The total is JPY499,554 thousand. The purpose of this investment is to increase their share of the market in Japan, strengthen product portfolio in passive components and expand application in automotive, etc.

32. OTHER ITEMS

The operations of the Group had not been affected by the COVID-19 pandemic in the 2021; however, the Group's operations was affected by the COVID-19 pandemic in 2020, while some of the Group's operating sites had temporarily suspended their operations. Nevertheless, operations quickly resumed, and the Group was not seriously affected by the pandemic. All of the Group's subsidiaries have resumed normal operations by the end of 2020.

33. 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					
	2021			2020		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>						
Monetary items						
USD	\$ 558,591	27.6900	\$ 15,467,385	\$ 441,124	28.1000	\$ 12,395,587
JPY	5,455,309	0.2406	1,312,547	5,014,510	0.2725	1,366,454
RMB	766,385	4.3476	3,331,935	1,351,863	4.3131	5,830,720
Non-monetary items						
Investments accounted for using the equity method						
RMB	38,612	4.3476	167,870	30,087	4.3131	129,770
<u>Financial liabilities</u>						
Monetary items						
USD	433,385	27.6900	12,000,431	339,620	28.1000	9,543,322
JPY	7,755,532	0.2406	1,865,981	4,077,559	0.2725	1,111,135
RMB	120,283	4.3476	522,942	517,955	4.3131	2,233,992

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on 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 (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 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 27)
 - 10) Intercompany relationships and significant intercompany transactions (Table 7)
 - 11) Information on investees (Table 8)
- c. Information on investments in mainland China (Table 9)
- 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 mainland China area
 - 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:
 - 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
- d. Information of major shareholders (Table 10):
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

35. 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
 Segment other - 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, 2021 and 2020 were as follows:

	For the Year Ended December 31, 2021					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Net sales	\$ 32,562,961	\$ 6,010,110	\$ 6,647,143	\$ 520,794	\$ (3,632,300)	\$ 42,108,708
Cost of sales	(23,487,089)	(4,423,600)	(4,961,728)	(378,775)	3,654,867	(29,596,325)
Gross profit	9,075,872	1,586,510	1,685,415	142,019	22,567	12,512,383
Operating expenses	(2,558,451)	(408,748)	(1,008,250)	(103,430)	(33,922)	(4,112,801)
Operating income	6,517,421	1,177,762	677,165	38,589	(11,355)	8,399,582
Nonoperating income and expenses	2,698,358	260,444	2,830	(1,437)	(709,863)	2,250,332
Income before income tax	\$ 9,215,779	\$ 1,438,206	\$ 679,995	\$ 37,152	\$ (721,218)	\$ 10,649,914

	For the Year Ended December 31, 2020					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Net sales	\$ 29,723,242	\$ 5,207,861	\$ 5,247,322	\$ (4,579,176)	\$ (4,579,176)	\$ 35,599,249
Cost of sales	(20,750,105)	(3,901,196)	(3,845,752)	4,140,859	4,140,859	(24,356,194)
Gross profit	8,973,137	1,306,665	1,401,570	(438,317)	(438,317)	11,243,055
Operating expenses	(2,350,464)	(398,712)	(873,541)	293,201	293,201	(3,329,516)
Operating income	6,622,673	907,953	528,029	(145,116)	(145,116)	7,913,539
Nonoperating income and expenses	1,499,045	83,971	(43,520)	(418,228)	(418,228)	1,121,268
Income before income tax	\$ 8,121,718	\$ 991,924	\$ 484,509	\$ (563,344)	\$ (563,344)	\$ 9,034,807

All intercompany transactions have been eliminated upon consolidation.

b. Segment assets and liabilities

Segment assets

	December 31, 2021					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 8,492,796	\$ 1,312,198	\$ 1,087,882	\$ 368,628	\$ -	\$ 11,261,504
Notes and trade receivables	7,241,173	1,129,876	2,270,649	1,085,711	(824,067)	10,903,342
Inventories	7,431,039	820,570	1,114,006	360,010	(38,375)	9,687,250
Other current assets	8,063,291	895,164	356,105	60,557	(39,327)	9,335,790
Total current assets	31,228,299	4,157,808	4,828,642	1,874,906	(901,769)	41,187,886
Financial assets at fair value through other comprehensive income - non-current	3,969,548	1,607,074	553,513	26,698	(257,342)	5,899,491
Investments accounted for using the equity method	14,772,745	834,223	290,655	-	(5,954,609)	9,943,014
Property, plant and equipment	23,858,613	2,218,674	3,096,334	676,890	599,035	30,449,546
Other non-current assets	4,578,866	268,337	608,202	570,107	674,756	6,700,268
Total assets	\$ 78,408,071	\$ 9,086,116	\$ 9,377,346	\$ 3,148,601	\$ (5,839,929)	\$ 94,180,205

	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>

Segment liabilities

	December 31, 2021					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Short-term borrowings	\$ 5,277,137	\$ -	\$ 152,290	\$ -	\$ -	\$ 5,429,427
Notes and trade payables	3,666,406	553,155	1,165,992	256,087	(838,759)	4,802,881
Current tax liabilities	1,528,406	137,270	33,201	31,995	-	1,730,872
Other payables and payables on equipment	6,804,589	734,901	633,578	274,753	(20,286)	8,427,535
Other current liabilities	<u>1,011,503</u>	<u>50,063</u>	<u>73,395</u>	<u>62,801</u>	<u>(31,045)</u>	<u>1,166,717</u>
Total current liabilities	18,288,041	1,475,389	2,058,456	625,636	(890,090)	21,557,432
Non-current liabilities	<u>15,595,126</u>	<u>1,235,941</u>	<u>1,816,372</u>	<u>301,846</u>	<u>144,334</u>	<u>19,093,619</u>
Total liabilities	<u>\$ 33,883,167</u>	<u>\$ 2,711,330</u>	<u>\$ 3,874,828</u>	<u>\$ 927,482</u>	<u>\$ (745,756)</u>	<u>\$ 40,651,051</u>

	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>

All intercompany transactions have 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	
	2021	2020
Multi-layer ceramic capacitors	\$ 21,907,241	\$ 20,412,074
Chip resistors	8,924,119	7,649,665
Radio frequency devices	5,419,675	3,600,964
Others	<u>5,857,673</u>	<u>3,936,546</u>
	<u>\$ 42,108,708</u>	<u>\$ 35,599,249</u>

d. Geographical information

The Group operates in Asia mainly.

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	
	2021	2020	2021	2020
Asia	\$ 37,547,371	\$ 32,853,372	\$ 33,267,663	\$ 24,869,854
America	1,810,222	1,277,234	46	39
Europe	<u>2,751,115</u>	<u>1,468,643</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,108,708</u>	<u>\$ 35,599,249</u>	<u>\$ 33,267,709</u>	<u>\$ 24,869,893</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, 2021 and 2020.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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		
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	\$ 722,709	\$ 722,709	\$ 722,709	0.70	Short-term financing	\$ -	Operating turnover	\$ -	Promissory note	\$ 722,709	\$ 17,755,536 (Note 5)	\$ 26,633,304 (Note 6)
1	Walsin Technology Holding Corporation (HK) Limited	Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	415,350	415,350	415,350	0.80	Short-term financing	-	Operating turnover	-	Promissory note	415,350	9,139,545 (Note 5)	13,709,318 (Note 6)
		Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	469,761	469,761	469,761	0.90	Short-term financing	-	Operating turnover	-	Promissory note	469,761	9,139,545 (Note 5)	13,709,318 (Note 6)
2	Walsin Technology Corporation (HK) Ltd.	Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	429,195	235,365	235,365	0.80	Short-term financing	-	Operating turnover	-	Promissory note	235,365	796,630 (Note 5)	1,194,944 (Note 6)
		Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	166,140	166,140	166,140	0.8	Business Transaction	317,650	-	-	Promissory note	166,140	796,630 (Note 5)	1,194,944 (Note 6)
		Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	359,416	359,416	359,416	0.8-0.9	Short-term financing	-	Operating turnover	-	Promissory note	359,416	796,630 (Note 5)	1,194,944 (Note 6)
3	Nitsuko Electronics Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	144,542	144,542	144,542	0.7-1.0	Short-term financing	-	Operating turnover	-	Promissory note	144,542	181,054 (Note 5)	271,582 (Note 6)
4	Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	Receivables from related parties	Yes	180,000	180,000	-	-	Short-term financing	-	Operating turnover	-	None	-	1,375,630 (Note 2)	2,201,007 (Note 2)
		Inpaq Technology (Suzhou) Co., Ltd.	Receivables from related parties	Yes	180,000	180,000	-	-	Short-term financing	-	Operating turnover	-	None	-	1,375,630 (Note 2)	2,201,007 (Note 2)
		Taiwan Inpaq electronic Co., Ltd.	Receivables from related parties	Yes	500,000	500,000	443,000	2.366	Short-term financing	-	Operating turnover	-	None	-	1,375,630 (Note 2)	2,201,007 (Note 2)
5	Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Technology (China) Co., Ltd.	Receivables from related parties	Yes	219,365	-	-	-	Short-term financing	-	Operating turnover	-	None	-	700,154 (Note 2)	700,154 (Note 2)
6	Soshin Electric Co., Ltd.	Soshin Device Co., Ltd.	Receivables from related parties	Yes	132,497	132,497	42,158	0.707	Short-term financing	-	Operating turnover	-	None	-	132,497 (Note 3)	132,497 (Note 3)
		Soshin Powertech Co., Ltd.	Receivables from related parties	Yes	48,181	48,181	31,558	0.707	Short-term financing	-	Operating turnover	-	None	-	48,181 (Note 3)	48,181 (Note 3)
7	Risshin Electronics Co., Ltd.	Soshin Electric Co., Ltd.	Receivables from related parties	Yes	48,181	48,181	31,679	0.307	Short-term financing	-	Operating turnover	-	None	-	48,181 (Note 3)	48,181 (Note 3)
8	Soshin Electronics (HK) Limited	Soshin Electric Co., Ltd.	Receivables from related parties	Yes	27,709	27,709	27,709	0.707	Short-term financing	-	Operating turnover	-	None	-	27,709 (Note 3)	27,709 (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:

- 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.
- With the need of short-term financing: Both of total financing and individual financing amounts must not exceed 40% of each lender's net worth presented in the latest financial statements audited or reviewed by auditors.
- When engaging in short-term financing between company's directly and indirectly holding 100% shares foreign companies, the total financing amount and individual financing limits for a single company are limited to 100% of lender's net worth presented in the latest financial statements audited or reviewed by auditors., but the loan period cannot exceed three years.

Note 2: 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:

- 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.
- 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.

If with the need of short-term financing between Inpaq Technology Co., Ltd.'s directly or indirectly holding 100% shares foreign companies, the total amount of loans shall not exceed 40% of the lender's net worth, and the amount of loans to individual companies shall not be more than 40% of the loaned company's net worth.

- Note 3:
- The total financing amount and the total limit for individual subsidiaries of Soshin Electric Co., Ltd. is JPY750,000,000.
 - The total financing amount and the total limit for individual subsidiaries of Risshin Electronics Co., Ltd. is JPY200,000,000.
 - The total financing amount and the total limit for individual subsidiaries of Soshin Electronics (HK) Limited is US\$1,000,000.

Note 4: Exchange rate as of December 31, 2021

USD:NTD = 1:27.69
RMB:USD = 1:0.1570
JPY:USD = 1:0.0087

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.

TABLE 2

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 Borrowed 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	\$ 13,656,333 (Note 1)	\$ 1,818,818	\$ 1,638,140	\$ 1,638,140	\$ -	3.89	\$ 22,194,420 (Note 3)	Y	N	N
		Kamaya Electric (M) Sdn. Bhd.	2	15,399,101 (Note 1)	1,093,755	1,093,755	456,885	-	2.60	22,194,420 (Note 3)	Y	N	N
1	Inpaq Technology Co., Ltd.	Taiwan Inpaq electronic Co., Ltd.	2	1,100,504 (Note 2)	851,700	830,700	-	-	15.10	2,201,007 (Note 4)	Y	N	N
		Inpaq Technology (Suzhou) Co., Ltd.	2	1,100,504 (Note 2)	312,290	304,590	-	-	5.54	2,201,007 (Note 4)	Y	N	Y
		Inpaq Technology (China) Co., Ltd.	2	1,100,504 (Note 2)	537,320	526,110	-	-	9.56	2,201,007 (Note 4)	Y	N	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.

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, 2021

USD:NTD = 1:27.69
JPY:USD = 1:0.0087
RMB:USD = 1:0.1570

Note 7: Endorsement guarantee objects:

1. Subsidiaries that directly hold more than 50% of ordinary shares.
2. Subsidiaries where parent company and subsidiaries hold more than 50% of the ordinary shares.
3. Companies with business relations.
4. The Company.

TABLE 3-1

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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, 2021				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	\$ 10,000	-	\$ 10,000	
	Taiwan Semiconductor Manufacturing Company Limited	"	"	190,000	116,850	-	116,850	
	Chunghwa Telecom Company Limited	"	"	200,000	23,300	-	23,300	
	APAQ Technology Co., Ltd.	Substantive related party	"	2,960,000	179,672	3.33	179,672	
	TECO Electric and Machinery Co., Ltd.	None	"	1,800,000	56,970	0.08	56,970	
	<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	600,751	6.11	600,751	
	Walsin Lihwa Corporation	Investment company evaluated the Company by the equity method	"	46,016,000	1,219,424	1.34	1,219,424	
	TECO Electric and Machinery Co., Ltd.	None	"	4,984,000	157,744	0.23	157,744	
	Gigabyte Technology Co., Ltd.	"	"	8,590,000	1,335,745	1.35	1,335,745	
	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's	"	9,032,056	407,932	1.86	407,932	
	Euroc Venture Capital Corp.	Substantive related party	"	7,499	310	2.50	310	
	SAWNICS INC.	None	"	102,667	12,113	4.81	12,113	

TABLE 3-2

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kamaya Electric Co., Ltd.	<u>Shares</u>							
	Taiyo Yuden Co., Ltd.	None	Financial assets at fair value through profit or loss - current	80,800	\$ 128,858	-	\$ 128,858	
	Sony Corporation	"	Financial assets at fair value through other comprehensive income - non-current	61,100	213,061	-	213,061	
	Murata Manufacturing Co., Ltd.	"	"	9,600	21,177	-	21,177	
	Hokko Denshi Kogyo Corporation	"	"	7,000	1,291	14.00	1,291	
Dongguan Huafai Trading	<u>Fund</u>							
	Southern Cash-increasing Monetary Fund B	None	"	20,000,000	87,698	-	87,698	
	Ping'an Caifubao Monetary Fund A	"	"	30,000,000	131,190	-	131,190	
	GF Money Market Fund B	"	"	30,000,000	131,196	-	131,196	
	Huaxia Shouyibao Monetary Fund B	"	"	30,000,000	131,189	-	131,189	
	China Universal Hejubao Cash Money Market Fund	"	"	10,000,000	43,648	-	43,648	
	<u>Bonds</u>							
	2021 Book-entry 1th Treasury Coupon Bonds	"	Financial assets at amortized cost - current	490,000	216,459	-	216,459	
Prosperity Dielectrics Co., Ltd.	<u>Listed 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	31,915,536	601,608	6.12	601,608	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company's	"	7,000,000	185,500	0.20	185,500	
	Singatron Enterprise Co., Ltd.	Substantive related party	"	10,301,314	329,642	8.39	329,642	
	APAQ Technology Co., Ltd.	"	"	739,000	44,857	0.83	44,857	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	"	500,000	30,050	-	30,050	
	APAQ Technology Co., Ltd.	Substantive related party	Financial assets at fair value through profit or loss - current	4,541,000	275,639	5.10	275,639	
	Singatron Enterprise Co., Ltd.	"	"	723,717	23,159	0.59	23,159	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Chunghwa Telecom Company Limited	None	Financial assets at fair value through profit or loss - current	400,000	\$ 46,600	0.01	\$ 46,600	
	E.SUN Financial Holding Co., Ltd.	"	"	318,333	8,929	-	8,929	
	Yuanta Financial Holding Co., Ltd.	"	"	400,000	10,120	-	10,120	
	Mega Financial Holding Co., Ltd.	"	"	400,000	14,220	-	14,220	
	CTBC Financial Holding Co., Ltd.	"	"	400,000	10,380	-	10,380	
	<u>Shares</u> Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company's	Financial assets at fair value through other comprehensive income - non-current	3,500,000	158,075	0.72	158,075	
	<u>Bonds</u> 2021 Book-entry 6th Treasury Coupon Bonds	None	Financial assets at fair value through profit or loss - current	198,000	86,085	-	86,085	
	<u>Fund</u> GF Money Market Fund B	"	"	5,000,000	21,936	-	21,936	
	CCB Principal Profit Raise Money Market ETF Fund A	"	"	8,000,000	34,998	-	34,998	
	<u>Shares</u> KING Polytechnic Engineering Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	143,470	1,801	0.20	1,801	
Dongguan Frontier Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Substantive related party	"	4,776,329	289,923	5.37	289,923	
	Phoenix Innovation Venture Capital Co., Ltd.	"	"	3,000,000	35,580	9.38	35,580	
	PAN WIN Biotechnology Inc.	None	"	100,000	-	5.00	-	
	AICP Technology Corporation	"	"	600,000	17,472	8.00	17,472	
	<u>Corporate bonds</u> Apple Inc.	"	"	7,500	22,975	-	22,975	
	Apple Inc.	"	"	20,000	68,289	-	68,289	
	Amazon.com, Inc.	"	"	15,000	49,916	-	49,916	
	Microsoft Corporation	"	"	7,500	23,567	-	23,567	
	Saudi Arabian Oil Company	"	"	15,000	43,990	-	43,990	
	<u>Shares</u> Oki Electric industry Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	75	16	-	16	
PDC Electronics (Suzhou) Co., Ltd.	Kyosan Electric Manufacturing Co., Ltd.	"	"	19,321	2,155	0.03	2,155	
	Toshiba Corporation	"	"	430	490	-	490	
	NEC Corporation	"	"	67	86	-	86	
	Nippon Signal Co., Ltd.	"	"	15,728	3,467	0.02	3,467	
	Hitachi, Ltd.	"	"	300	450	-	450	
Inpaq Technology Co., Ltd.								
Soshin Electric Co., Ltd.								

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Mitsubishi UFJ Financial Group, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	34,880	\$ 5,251	-	\$ 5,251	
	Mitsubishi Electric Corporation	"	"	28	10	-	10	
	W-Scope Corporation	"	"	100	19	-	19	
	Sony Corporation	"	"	100	349	-	349	
	Okaya Electric Industries Co., Ltd.	"	"	100	8	-	8	
	Sumida Corporation	"	"	100	31	-	31	
	Canon Inc.	"	"	100	67	-	67	
	SoftBank Corp.	"	"	100	35	-	35	
	Ueno Co., Ltd.	"	"	1,280	4,871	19.89	4,871	
	Sakusakuhimawari limited liability partnership	"	"	2	2,612	14.00	2,612	
	Kcm Cooprtative	"	"	1	2	-	2	
	Satsuki Industrial Cooperative Association	"	"	1	2	-	2	
	Saku Grand Hotel	"	"	2	-	-	-	
	General Incorporated Association Industrial Education Center	"	"	1	120	-	120	
Risshin Electronics Co., Ltd.	Stec Co., Ltd.	"	"	10	241	2.50	241	
	Nagano Keiki Co., Ltd.	"	"	16,882	6,413	0.09	6,413	
Soshin Device Co., Ltd.	The Shoko Chukin Bank, Ltd.	"	"	1	3	-	3	

(Concluded)

TABLE 4

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling price	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Technology Corporation	Soshin Electric Co., Ltd.	Investments accounted for using the equity method	Shareholder from the open market	Unrelated party	-	\$ -	330,800	\$ 39,248	-	\$ -	\$ -	\$ -	330,800	\$ 39,248
Kamaya Electric Co., Ltd.	Soshin Electric Co., Ltd.	"	NGK Insulators, Ltd.	Unrelated party	-	-	5,560,000	656,830	-	-	-	-	5,560,000	656,830
	"	"	Other shareholders participating in the sale	"	-	-	694,800	82,080	-	-	-	-	694,800	82,080
	"	"	Shareholder from the open market	"	-	-	476,200	78,282	-	-	-	-	476,200	78,282
	"	"	Soshin Electric Co., Ltd.	Related party	-	-	1,502,504	238,808	-	-	-	-	1,502,504	238,808

- Note 1: The marketable securities listed in the table above refer to marketable securities derived from shares, bonds, beneficiary certificates and the above listed items.
- Note 2: Marketable securities recognized as investments accounted for using the equity method are required to be disclosed in column 2 of the above table.
- Note 3: The amount of securities acquired or disposed of should be calculated individually based on the market price to determine if they have reached NT\$300 million or 20% of the paid-in capital.
- Note 4: Paid-in capital refers to the parent company’s paid-in capital. For shares issued that have no face value or whose fair values are not NT\$10, the calculation of paid-in capital is based on 10% of the equity attributable to the owners of the parent company as stated in the balance sheet

TABLE 5

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, 2021
(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	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	\$ (628,092)	(3)	According to the commercial terms agreed by both parties	\$ -	-	\$ 154,936	4	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(8,679,470)	(39)	"	-	-	1,355,115	34	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(904,427)	(4)	"	-	-	153,661	4	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(2,665,681)	(12)	"	-	-	707,355	18	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(533,746)	(2)	"	-	-	27,925	1	
	KAMAYA Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(167,040)	(1)	"	-	-	67,128	2	
Walsin Technology Corporation (HK) Ltd.	Walsin Technology Corporation	Parent company	Sale	(3,277,686)	(24)	"	-	-	902,406	35	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(139,801)	(1)	"	-	-	72,236	3	
	Dongguan Huafai Trading Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(6,544,019)	(47)	"	-	-	711,874	27	
	Kamaya Electric (M) Sdn. Bhd	99.99% indirectly owned subsidiary by parent company	Sale	(317,650)	(2)	"	-	-	87,405	3	
Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(182,461)	(3)	"	-	-	66,839	7	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(1,242,875)	(23)	"	-	-	3,802	-	
	Walsin Technology Corporation	Parent company	Sale	(423,335)	(2)	"	-	-	65,363	2	
	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(638,247)	(4)	"	-	-	67,403	2	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(11,505,169)	(66)	"	-	-	1,397,171	43	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(1,555,956)	(9)	"	-	-	109,390	3	
	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Sale	(150,851)	(1)	"	-	-	37,115	1	
	Kamaya Electric (HK) Limited	99.99% indirectly owned subsidiary by parent company	Sale	(264,478)	(2)	"	-	-	51,605	2	
	Kamaya Electric (M) Sdn. Bhd	99.99% indirectly owned subsidiary by parent company	Sale	(660,157)	(4)	"	-	-	302,819	9	
Dongguan Huafai Trading Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(113,826)	(2)	"	-	-	28,960	3	
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(735,410)	(75)	"	-	-	244,656	73	

(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	
Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	\$ (1,275,309)	(37)	According to the commercial terms agreed by both parties	\$ -	-	\$ 8	-	
Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Parent company	Sale	(711,710)	(29)	"	-	-	294,114	37	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(370,674)	(15)	"	-	-	76,467	10	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(185,158)	(8)	"	-	-	34,240	4	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(171,079)	(7)	"	-	-	32,213	4	
	Kamaya Electric (M) Sdn. Bhd	99.99% indirectly owned subsidiary by parent company	Sale	(161,293)	(6)	"	-	-	57,720	7	
Kamaya Electric (M) Sdn. Bhd	KAMAYA Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(128,137)	(4)	"	-	-	27,084	4	
	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Sale	(1,231,357)	(39)	"	-	-	316,245	46	
	Kamaya Electric (HK) Limited	99.99% indirectly owned subsidiary by parent company	Sale	(146,684)	(5)	"	-	-	37,470	5	
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(1,050,313)	(21)	"	-	-	224,408	22	
	Walsin Technology Corporation	Parent company	Sale	(1,020,648)	(20)	"	-	-	194,407	19	
Frontier Components Co., Ltd.	Dongguan Frontier Electronics Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(1,059,091)	(64)	"	-	-	161,611	55	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(359,627)	(22)	"	-	-	63,415	21	
PDC Electronics (Suzhou) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(101,352)	(98)	"	-	-	42,165	97	
Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(505,445)	(7)	"	-	-	139,392	6	
	Inpaq Technology Co., Ltd.	34.13% owned subsidiary	Sale	(497,895)	(7)	"	-	-	155,815	6	
Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(155,123)	(2)	"	-	-	12,608	-	
	Taiwan Inpaq electronic Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(179,689)	(3)	"	-	-	8,824	-	
Hunan Frontier Electronics Co., Ltd.	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	(123,077)	(2)	"	-	-	-	-	
	Inpaq Technology Co., Ltd.	34.13% owned subsidiary	Sale	(152,055)	(2)	"	-	-	-	-	
Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(304,286)	(5)	"	-	-	118,964	5	
	Inpaq Technology (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(112,249)	(2)	"	-	-	-	-	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(334,444)	(5)	"	-	-	176,987	7	
	Inpaq Technology Co., Ltd.	34.13% owned subsidiary	Sale	(361,870)	(5)	"	-	-	18,877	-	
Soshin Device Co., Ltd.	Soshin Electric Co., Ltd.	48.15% owned subsidiary by Kamaya	Sale	(988,402)	(100)	"	-	-	85,553	100	

(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	
Soshin Powertech Co., Ltd.	Soshin Electric Co., Ltd.	48.15% owned subsidiary by Kamaya	Sale	\$ (160,105)	(100)	According to the commercial terms agreed by both parties	\$ -	-	\$ 17,613	100	
Soshin Electronics (M) Sdn. Bhd.	Soshin Electric Co., Ltd.	48.15% owned subsidiary by Kamaya	Sale	(274,068)	(93)	"	-	-	35,570	89	

Note: Purchase and sales transactions and accounts receivables/payable between merged entities have been eliminated.

(Concluded)

TABLE 6

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, 2021

(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	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Accounts receivable	\$ 154,936	3.14	\$ -	-	\$ 57,378	\$ -
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	1,355,115	5.62	-	-	552,927	-
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	153,661	4.75	-	-	58,790	-
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	707,355	3.84	-	-	211,928	-
Walsin Technology Corporation (HK) Ltd.	Walsin Technology Corporation	Parent company	Accounts receivable	902,406	4.57	-	-	373,506	-
	Dongguan Huafai Trading Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	711,874	4.51	-	-	409,005	-
Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	1,397,171	5.61	-	-	1,076,803	-
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Accounts receivable	109,390	12.88	-	-	-	-
	Kamaya Electric (M) Sdn. Bhd	99.99% indirectly owned subsidiary by parent company	Accounts receivable	302,819	3.11	-	-	76,622	-
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	244,656	3.03	-	-	64,958	-
Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Parent company	Accounts receivable	294,114	3.66	-	-	69,688	-
Kamaya Electric (M) Sdn. Bhd	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Accounts receivable	316,245	4.98	-	-	107,889	-
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Accounts receivable	224,408	6.73	-	-	76,276	-
	Walsin Technology Corporation	Parent company	Accounts receivable	194,407	10.50	-	-	106,498	-
Frontier Components Co., Ltd.	Dongguan Frontier Electronics Co., Ltd.	100% indirectly owned subsidiary by PDC	Accounts receivable	161,611	5.16	-	-	-	-
Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable	139,392	-	-	-	33,207	-
	Inpaq Technology Co., Ltd.	34.13% owned subsidiary	Accounts receivable	155,815	-	-	-	37,619	-
Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Accounts receivable	118,964	-	-	-	1,043	-
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Accounts receivable	176,987	-	-	-	58,287	-

Note: Purchase and sales transactions and accounts receivables/payable between consolidated entities have been eliminated.

TABLE 7**WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021****(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	Prosperity Dielectrics Co., Ltd.	Parent company to subsidiary	Sales	\$ 628,092	According to the commercial terms agreed by both parties	1
		"	"	Accounts receivable	154,936	"	-
		Dongguan Walsin Technology Electronics Co., Ltd.	"	Sales	8,679,470	"	21
		"	"	Accounts receivable	1,355,115	"	1
		Walsin Technology Corporation (HK) Ltd.	"	Sales	904,427	"	2
		"	"	Accounts receivable	153,661	"	-
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	2,665,681	"	6
		"	"	Accounts receivable	707,355	"	1
		Walsin Passive Component (H.K.) Limited	"	Sales	533,746	"	1
		"	"	Accounts receivable	27,925	"	-
1	Walsin Technology Corporation (HK) Ltd.	KAMAYA Inc.	"	Sales	167,040	"	-
		"	"	Accounts receivable	67,128	"	-
		Walsin Technology Corporation	Subsidiary to parent company	Sales	3,277,686	"	8
		"	"	Accounts receivable	902,406	"	1
		Dongguan Walsin Technology Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	139,801	"	-
		"	"	Accounts receivable	72,236	"	-
		Dongguan Huafai Trading Co., Ltd.	"	Sales	6,544,019	"	16
		"	"	Accounts receivable	711,874	"	1
		Kamaya Electric (M) Sdn. Bhd	"	Sales	317,650	"	1
		"	"	Accounts receivable	87,405	"	-
2	Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	"	Sales	182,461	"	-
		"	"	Accounts receivable	66,839	"	-
		Walsin Passive Component (H.K.) Limited	"	Sales	1,242,875	"	3
		"	"	Accounts receivable	3,802	"	-

(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.	Walsin Technology Corporation	Subsidiary to parent company	Sales	\$ 423,335	According to the commercial terms agreed by both parties	1
		"	"	Accounts receivable	65,363	"	-
		Frontier Components Co., Ltd.	Subsidiary to subsidiary	Sales	638,247	"	2
		"	"	Accounts receivable	67,403	"	-
		Walsin Technology Corporation (HK) Ltd.	"	Sales	11,505,169	"	27
		"	"	Accounts receivable	1,397,171	"	1
		Walsin Passive Component (H.K.) Limited	"	Sales	1,555,956	"	4
		"	"	Accounts receivable	109,390	"	-
		Kamaya Electric Co., Ltd.	"	Sales	150,851	"	-
		"	"	Accounts receivable	37,115	"	-
		Kamaya Electric (HK) Limited	"	Sales	264,478	"	1
		"	"	Accounts receivable	51,605	"	-
		Kamaya Electric (M) Sdn. Bhd	"	Sales	660,157	"	2
		"	"	Accounts receivable	302,819	"	-
4	Dongguan Huafai Trading Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	113,826	"	-
		"	"	Accounts receivable	28,960	"	-
5	Pan Overseas (Guangzhou) Electronic Co., Ltd.	Walsin Technology Corporation (HK) Ltd.	"	Sales	735,410	"	2
		"	"	Accounts receivable	244,656	"	-
6	Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	1,275,309	"	3
		"	"	Accounts receivable	8	"	-
7	Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Subsidiary to parent company	Sales	711,710	"	2
		"	"	Accounts receivable	294,114	"	-
		Dongguan Walsin Technology Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	370,674	"	1
		"	"	Accounts receivable	76,467	"	-
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	185,158	"	-
		"	"	Accounts receivable	34,240	"	-
		Walsin Passive Component (H.K.) Limited	"	Sales	171,079	"	-
		"	"	Accounts receivable	32,213	"	-
		Kamaya Electric (M) Sdn. Bhd	"	Sales	161,293	"	-
		"	"	Accounts receivable	57,720	"	-
8	Kamaya Electric (M) Sdn. Bhd	KAMAYA Inc.	"	Sales	128,137	"	-
		"	"	Accounts receivable	27,084	"	-
		Kamaya Electric Co., Ltd.	"	Sales	1,231,357	"	3
		"	"	Accounts receivable	316,245	"	-
		Kamaya Electric (HK) Limited	"	Sales	146,684	"	-
		"	"	Accounts receivable	37,470	"	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
9	Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Ltd.	Subsidiary to subsidiary	Sales	\$ 1,050,313	According to the commercial terms agreed by both parties	3
		"	"	Accounts receivable	224,408	"	2
		Walsin Technology Corporation	Subsidiary to parent company	Sales	1,020,648	"	3
		"	"	Accounts receivable	194,407	"	-
10	Frontier Components Co., Ltd.	Dongguan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	1,059,091	"	3
		"	"	Accounts receivable	161,611	"	2
		Dongguan Walsin Technology Electronics Co., Ltd.	"	Sales	359,627	"	1
		"	"	Accounts receivable	63,415	"	-
11	PDC Electronics (Suzhou) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	"	Sales	101,352	"	-
		"	"	Accounts receivable	42,165	"	-
12	Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	"	Sales	304,286	"	1
		"	"	Accounts receivable	118,964	"	2
		Inpaq Trading (Suzhou) Co., Ltd.	"	Sales	112,249	"	-
		"	"	Accounts receivable	-	"	-
13	Inpaq Technology (Suzhou) Co., Ltd	Inpaq Technology Co., Ltd.	"	Sales	497,895	"	1
		"	"	Accounts receivable	155,815	"	2
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	505,445	"	1
		"	"	Accounts receivable	139,392	"	-
		Inpaq Trading (Suzhou) Co., Ltd.	"	Sales	155,123	"	-
		"	"	Accounts receivable	12,608	"	-
		Taiwan Inpaq electronic Co., Ltd.	"	Sales	179,689	"	-
		"	"	Accounts receivable	8,824	"	-
14	Hunan Frontier Electronics Co., Ltd.	Prosperity Dielectrics Co., Ltd.	"	Sales	123,077	"	-
		"	"	Accounts receivable	-	"	-
		Inpaq Technology Co., Ltd.	"	Sales	152,055	"	-
		"	"	Accounts receivable	-	"	-
15	Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	"	Sales	334,444	"	1
		"	"	Accounts receivable	176,987	"	2
		Inpaq Technology Co., Ltd.	"	Sales	361,870	"	1
		"	"	Accounts receivable	18,877	"	-
16	Soshin Device Co., Ltd.	Soshin Electric Co., Ltd.	"	Sales	988,402	"	2
		"	"	Accounts receivable	85,553	"	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
17	Soshin Powertech Co., Ltd.	Soshin Electric Co., Ltd.	Subsidiary to subsidiary	Sales	\$ 160,105	According to the commercial terms agreed by both parties	-
		"	"	Accounts receivable	17,613	"	-
18	Soshin Electronics (M) Sdn. Bhd.	Soshin Electric Co., Ltd.	"	Sales	274,068	"	1
		"	"	Accounts receivable	35,570	"	-

Note: Only transactions with related parties with an amount exceeding NT\$100 million or more than 20% of the paid-in capital will be disclosed, and relative related party transactions will not be disclosed.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 2,761,777	\$ 1,143,641	\$ 490,732	
	HannStar Board Corporation	Taiwan	Production and sale of printed circuit boards	2,018,888	2,018,888	107,381,026	20.32	5,785,966	3,724,959	756,923	
	Pan Overseas (B.V.I.) Investments Co., Ltd.	British Virgin Islands	Investment holding	879,837	879,837	28,400,000	100.00	2,410,162	374,453	362,088	
	Gallatown Developments Ltd.	Cayman Islands	Investment holding	8,054,061	8,054,061	103,088,547	89.27	24,846,284	3,145,425	2,705,012	
	Walsin Color Corporation	Taiwan	Investment holdings and management of group companies	411,330	411,330	39,052,142	26.62	825,865	(17,475)	(4,652)	
	Falcon Automation Equipment Corporation	Taiwan	Mechanical equipment manufacturing	9,000	9,000	2,160,000	43.90	109,105	131,675	57,809	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of integrated electrical protection component, hybrid microwave antenna module and Multilayer type microwave communication component and module	2,021,276	1,925,768	47,848,650	34.13	2,094,055	566,412	182,439	
	Silitech Technology Corporation	Taiwan	Keypads and module products, mechanical integrated components	561,329	297,329	17,000,000	25.00	683,938	61,826	16,866	
	Soshin Electric Co., Ltd.	Japan	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters	39,248	-	330,800	1.93	52,531	277,867	5,387	
	Joyin Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of passive electronic components and automatic production equipment	46,655	-	2,591,957	3.99	46,802	(71,222)	613	
Gallatown Developments Ltd.	Walsin Technology Corporation (HK) Ltd.	Hong Kong	Selling of passive electronic components	265,141 (Note 3)	265,141 (Note 3)	1,953	100.00	1,991,574	464,992	464,992	
	Walsin Technology Holding Corporation (HK) Ltd.	Hong Kong	Investment holding	6,628,642 (Note 3)	6,628,642 (Note 3)	185,837,562	100.00	22,848,863	1,916,373	1,916,373	
	Walsin Electronics (S) Pte. Ltd.	Singapore	Marketing service	4,692 (Note 3)	4,692 (Note 3)	607,025	100.00	7,707	1,238	1,238	
	Walsin Technology Corporation U.S.A.	USA	Marketing service	23,913 (Note 3)	23,913 (Note 3)	7,000,000	100.00	16,801	2,368	2,368	
	Walsin Passive Component (H.K.) Limited	Hong Kong	Selling of passive electronic components	83,070 (Note 3)	83,070 (Note 3)	23,400,100	100.00	764,251	96,146	96,146	
	Kamaya Electric Co., Ltd.	Japan	Manufacturing and selling of high level electric chip resistors	1,269,457 (Note 3)	1,269,457 (Note 3)	357,996,992	99.99	2,275,796	683,768	683,690	
	Walsin International Management (HK) Ltd.	Hong Kong	Investment holding	166,140 (Note 3)	166,140 (Note 3)	600,001	100.00	155,889	10,809	10,809	
	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	166,140 (Note 3)	166,140 (Note 3)	6,000,000	25.00	155,825	43,237	10,809	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Pan Overseas (B.V.I.) Investments Co., Ltd.	Gallatown Developments Ltd.	Cayman Islands	Investment holding	\$ 198,028 (Note 3)	\$ 198,028 (Note 3)	5,531,611	4.79	\$ 1,069,889	\$ 3,145,425	\$ 150,666	
	Fine Bright Technology Ltd.	Hong Kong	Investment holding	418,155 (Note 3)	418,155 (Note 3)	40,783,927	100.00	1,273,943	186,820	186,820	
Fine Bright Technology Ltd.	Gallatown Developments Ltd.	Cayman Islands	Investment holding	190,002 (Note 3)	190,002 (Note 3)	6,861,747	5.94	1,273,657	3,145,425	186,896	
Walsin Technology Holding Corporation (HK) Ltd.	Walsin Electronics India Private Ltd.	India	Manufacturing and selling of passive electronic components	399 (Note 3)	399 (Note 3)	999	99.90	367	-	-	
Kamaya Electric Co., Ltd.	Kamaya Electric (M) Sdn. Bhd.	Malaysia	Manufacturing and selling of high level electric chip resistors	1,669,797 (Note 3)	1,669,797 (Note 3)	242,125,250	100.00	2,566,517	188,390	188,390	
	Kamaya Electric (HK) Limited	Hong Kong	Selling of passive electronic components	5,041 (Note 3)	5,041 (Note 3)	2,000,000	100.00	36,818	13,823	13,823	
	Kamaya, Inc.	USA	Selling of passive electronic components	24,327 (Note 3)	24,327 (Note 3)	699	100.00	109,806	34,052	34,052	
	Nitsuko Electronics Corporation	Japan	Manufacturing and selling of film capacitors	341,439 (Note 3)	341,439 (Note 3)	37,333	70.00	316,845	27,160	19,012	
	Soshin Electric Co., Ltd.	Japan	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters	1,056,000 (Note 3)	- (Note 3)	8,233,504	48.15	1,303,588	277,867	107,107	
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Holding company	728,456	728,456	23,464,538	100.00	1,616,933	311,007	311,007	
	Frontec International Corporation	British Virgin Islands	Overseas investment	327,140	695,113	8,221,615	100.00	127,178	(14,534)	(14,534)	
	Walsin Color Corporation	Taiwan	Holding company	51,928	51,928	4,934,995	3.36	104,364	(17,475)	(588)	
	Joyin Co., Ltd.	Taiwan	Electronics components manufacturing	47,073	-	2,659,517	4.09	42,793	(71,222)	(4,753)	
	HannStar Board Corporation	Taiwan	Manufacturing and selling of printed circuit board	152,212	152,212	5,668,332	1.07	257,342	3,724,959	-	
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Republic of Mauritius	Holding company	387,932	387,932	12,009,000	100.00	837,607	161,591	161,591	
	Frontier Components Co., Ltd.	Hong Kong	International trade	249,238 (Note 2)	249,238 (Note 2)	70,036,752	100.00	729,015	143,176	143,176	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Holding company	66,484 (Note 2)	66,484 (Note 2)	2,401,000	100.00	62,352	4,324	4,324	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Holding company	66,456 (Note 2)	66,456 (Note 2)	2,400,000	10.00	62,330	43,237	4,324	
Inpaq Technology Co., Ltd.	Inpaq (BVI) Ltd.	BVI	Holding company	1,216,521	1,119,361	34,408,842	100.00	2,620,735	310,292	302,074	
	Joyin Co., Ltd.	Taiwan	Sales	276,383	-	14,847,108	22.84	277,229	(71,222)	3,513	
	Inpaq Korea Co., Ltd.	Korea	Sales	12,864	12,864	76,828	44.77	9,448	6,984	3,127	
	Inpaq Technology USA, Inc.	USA	Sales	15,315	15,315	5,000,000	100.00	8,222	(5,919)	(5,919)	
	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00	1,595	2,518	478	
	Canfield Ltd.	Samoa	Sales	14,823	14,823	600,000	100.00	28,238	9,344	9,344	
	Yangtze Energy Technologies, Inc.	Taiwan	Manufacturing and selling of electronic products	7,000	7,000	700,000	19.89	2,383	(1,213)	(222)	
Inpaq (BVI) Ltd.	Inpaq (Cayman Islands) Ltd.	Cayman Islands	Holding company	960,775	863,615	30,650,000	100.00	2,627,928	310,368	310,368	
	Inpaq (HK) Co., Limited	Hong Kong	Holding company	277,988	277,988	66,857,629	100.00	2,544	(13)	(13)	
Inpaq Technology (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	Hong Kong	Holding company	122,240	122,240	4,000,000	100.00	(143,154)	(97,443)	(97,443)	
Holypaq (HK) Co., Limited	Taiwan Inpaq electronic Co., Ltd.	Taiwan	Manufacturing and selling of electronic products	122,240	122,240	-	100.00	(143,154)	(97,443)	(97,443)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Soshin Electric Co., Ltd.	Soshin Device Co., Ltd.	Japan	Manufacturing and selling of information communication electronic components	\$ 48,662	\$ 48,662	2,020	100.00	\$ 319,504	\$ 42,314	\$ 42,314	
	Soshin Powertech Co., Ltd.	Japan	Manufacturing and selling of power electronic components	24,090	24,090	10,000	100.00	(8,230)	(6,857)	(6,857)	
	Risshin Electronics Co., Ltd.	Japan	Manufacturing and selling of information communication electronics components	12,045	12,045	159,290	100.00	28,658	4,122	4,122	
	Soshin Electronics (M) Sdn. Bhd.	Malaysia	Manufacturing and selling of power electronic components	167,006	167,006	16,000,000	100.00	106,302	7,644	7,644	
	Soshin Electronics of America Inc.	USA	Selling of electronic components	2,598	2,598	100,000	100.00	11,061	(117)	(117)	
	Soshin Electronics (HK) Limited	Hong Kong	Selling of electronic components	66,784 (Note 2)	66,784 (Note 2)	18,737,823	100.00	62,611	1,890	1,890	
	Taiwan Soshin Electric Co., Ltd. Sosin Electronics Europe GmbH	Taiwan Germany	Selling of electronic components Selling of electronic components	5,000 1,622	5,000 1,622	500,000 1,000	100.00 100.00	6,531 4,760	5 541	5 541	

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 rates on December 31, 2021 were used to convert the foreign currencies into New Taiwan dollars.

The average exchange rate on December 31, 2021 was USD to NTD = 1:27.690
The average exchange rate on December 31, 2021 was JPY to USD = 1:0.0087
The average exchange rate on December 31, 2021 was SGD to USD = 1:0.7390
The average exchange rate on December 31, 2021 was HKD to USD = 1:0.1282

Note 4: The profit (loss) has been recognized by the investor company.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Dongguan Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	\$ 3,555,396 (US\$ 128,400,000)	Note 1	\$ 2,519,790 (US\$ 91,000,000)	\$ -	\$ -	\$ 2,519,790 (US\$ 91,000,000)	\$ 1,183,110	100.00	\$ 1,183,110	\$ 13,673,074	\$ 832,348 (US\$ 30,059,527)
Suzhou Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	1,910,610 (US\$ 69,000,000)	Note 1	1,910,610 (US\$ 69,000,000)	-	-	1,910,610 (US\$ 69,000,000)	442,067	100.00	442,067	5,255,708	44,809 (US\$ 1,618,250)
Dongguan Huafai Trading Co., Ltd.	Trading of electronic parts, warehousing and commission agency	55,380 (US\$ 2,000,000)	Note 1	55,380 (US\$ 2,000,000)	-	-	55,380 (US\$ 2,000,000)	219,646	100.00	219,646	2,327,357	-
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Manufacturing and selling of passive electronic components	456,885 (US\$ 16,500,000)	Note 1	354,708 (US\$ 12,809,965)	-	-	354,708 (US\$ 12,809,965)	71,081	100.00	71,081	1,035,645	213,688 (US\$ 7,717,169)
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	664,560 (US\$ 24,000,000)	Note 1	166,140 (US\$ 6,000,000)	-	-	166,140 (US\$ 6,000,000)	43,465	25.00	10,866	155,824	-
Suzhou Walsin Color Trading Co., Ltd.	Trading of electronic parts and commission agency	448,578 (US\$ 16,200,000)	Note 1	213,213 (US\$ 7,700,016)	-	-	213,213 (US\$ 7,700,016)	95,431	39.32	37,028	167,870	10,428 (US\$ 376,582)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,304,228 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	656,583	25.65	168,419	728,107	-
Chongqing Ruishuang Technology Co., Ltd.	Selling of electronic components, real estate investment and leasing	114,029 (RMB 26,228,000) (Note 5)	Note 1	-	-	-	-	69,727	34.54	24,086	57,317	-
Soshin Electronics (SZ) Limited	Selling of electronic components	31,873 (US\$ 1,151,058)	Note 1	-	-	-	-	8,900	50.08	3,975	49,518	-

- 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: For the figures in the table above that involve foreign currencies, the average exchange rate on December 31, 2021 was used to convert the foreign currencies into New Taiwan dollars, except for the investment gain (loss) of the current period (converted at the average exchange rate for the period January 1 to December 31, 2021).
- Note 4: It was invested RMB135,960,000 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.
- Note 5: It was invested RMB8,605,548.46 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$4,145,372 (US\$149,706,474)	\$4,261,501 (US\$153,900,371)	(Note)

Note: In accordance with Article 3 of the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”, 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 29, 2021 to June 28, 2024, so there is no upper limit on the amount of investments in mainland China.

(Continued)

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	Relationship	Transaction Type	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-subsidiary	Sales	\$ 8,679,470	According to the goodwill clause agreed upon by both parties	90-120 days T/T	No significant difference	\$ 1,355,115	34	\$ 624,508
		Purchases	3,617,044	"	"	"	(946,276)	(20)	-
Suzhou Walsin Technology Electronics Co., Ltd.	Sub-subsidiary	Sales	2,665,281	According to the goodwill clause agreed upon by both parties	90-120 days T/T	No significant difference	707,355	18	199,627

Note: The average exchange rate on December 31, 2021 was USD to NTD = 1:27.69
The average exchange rate from January 1 to December 31, 2021 was USD to NTD = 1:28.009

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: None.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

TABLE 9-1

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic parts and ceramic components	\$ 332,280 (US\$ 12,000,000)	Note 1	\$ 332,280 (US\$ 12,000,000)	\$ -	\$ -	\$ 332,280 (US\$ 12,000,000)	\$ 161,594	100.00	\$ 161,594	\$ 837,356	\$ 70,253 (US\$ 2,537,141)
Dongguan Frontier Electronics Co., Ltd.	Selling of transformer, coils and rectifier diode	168,909 (US\$ 6,100,000)	Note 1	168,909 (US\$ 6,100,000)	-	-	168,909 (US\$ 6,100,000)	82,397	100.00	82,397	395,298	90,801 (US\$ 3,279,186)
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	445,856 (US\$ 16,000,000) (Note 6)	Note 1	443,040 (US\$ 16,000,000)	-	442,563 (US\$ 14,899,335)	30,477 (US\$ 1,100,665)	(11,809)	-	(6,883)	-	-
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,304,228 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	656,629	20.43	134,163	580,006	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	235,301 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	144,647	13.04	18,856	44,730	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	664,560 (US\$ 24,000,000)	Note 1	66,456 (US\$ 2,400,000)	-	-	66,456 (US\$ 2,400,000)	43,468	10.00	4,347	62,253	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode	166,140 (US\$ 6,000,000)	Note 1	116,298 (US\$ 4,200,000)	39,923 (US\$ 1,441,768)	-	156,221 (US\$ 5,641,768)	(6,789)	100.00	(7,652)	129,534	-
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode	4,348 (RMB 1,000,000) (Note 7)	Note 1	-	-	-	-	(767)	100.00	(767)	3,580	-

- 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: For the figures in the table above that involve foreign currencies, the average exchange rate on December 31, 2021 was used to convert the foreign currencies into New Taiwan dollars, except for the investment gain (loss) of the current period (converted at the average exchange rate for the period January 1 to December 31, 2021).
- 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 Electronics Co., Ltd. in December 2017.
- Note 6: It was sold to Inpaq Technology (Suzhou) Co., Ltd. in May 2021, and the shares of US\$14,899,335 were repatriated.
- Note 7: It was invested RMB1,000,000 with the own funds of Dongguan Frontier Electronics Co., Ltd.

(Continued)

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$886,627 US\$32,019,762	\$1,354,570 US\$48,919,097	(Note 2)

Note 1: The average exchange rates on December 31, 2021 were as follows:

USD:NTD = 1:27.69
RMB:NTD = 1:4.3476

The average exchange rates from January 1 to December 31, 2021 were as follows:

USD:NTD = 1:28.009
RMB:NTD = 1:4.3417

Note 2: The Company has obtained the certification documents of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs, so it’s not subject to the regulations of the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”.

- 3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party: Table 5.
- 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: None.
- 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 INPAQ TECHNOLOGY CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Inpaq Technology (Suzhou) Co., Ltd.	Manufacturing and selling of passive electronic components, etc.	\$ 360,643	Note 1	\$ 360,643	\$ -	\$ -	\$ 360,643	\$ 258,371	100	\$ 258,371	\$ 1,750,384	\$ 361,325
Inpaq Trading (Suzhou) Co., Ltd.	Selling of passive electronic components	23,179	Note 1	23,179	-	-	23,179	10	100	10	144	-
Inpaq Technology (China) Co., Ltd.	Manufacturing and selling of passive electronic components, etc.	852,705	Note 1	755,545	97,160	-	852,705	51,180	100	51,180	854,092	-
Inpaq Trading (Suzhou) Co., Ltd.	Selling of passive electronic components	9,463	Note 4	-	-	-	-	1,085	100	1,085	23,337	-
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	(26,887)	100	(26,887)	340,676	-

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,236,527	\$875,202	\$3,301,511

- Note 1: Investment in mainland China companies through an existing company established in a third region.
- Note 2: The investments were recognized on the basis of the financial statement of the same period audited by CPA.
- Note 3: According to the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”, the Company’s accumulated investment in mainland China does not exceed the upper limit of the investment amount or proportion set by the competent authority.
- Note 4: It was invested by Inpaq Technology (Suzhou) Co., Ltd. with its own funds, so it is excluded from the calculation of the investment quota.
- Note 5: Inpaq Technology (Suzhou) Co., Ltd. remitted cash dividends of NT\$361,325 thousand in 2020, which has been approved by the Investment Commission, Ministry of Economic Affairs on January 22, 2021 under approval letter no. 10900410860.
- Note 6: Related transactions and the ending balance have been eliminated in the consolidated report.

TABLE 10**WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Name of Shareholder	Shares	
	Total Shares Owned	Ownership Percentage (%)
Walsin Lihwa Corporation	88,902,325	18.30
HannStar Board Corporation	36,717,115	7.55

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.

Walsin Technology Corporation

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

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, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2021 is described as follows:

Revenue Recognition for MLCC Sales

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 compared to other sales portfolios, and revenue is recognized in accordance with customer orders or contracts, we considered recognition of revenue from sales of MLCC as a key audit matter of the Company's financial statements for the year ended December 31, 2021.

The audit procedures that we 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 did not audit the financial statements of some subsidiaries and investments accounted for using the equity method, which are included in the financial statements of the Company, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts and the information disclosed included for some subsidiaries and investments accounted for using the equity method, is based solely on the audit reports of other auditors. As of December 31, 2021, the amount of total assets using the equity method of these subsidiaries was NT\$2,966,722 thousand, representing 4.13% of the total assets; and the share of profit of associates accounted for using the equity method for the year ended December 31, 2021 was NT\$178,400 thousand, representing 2.25% of the total net profit.

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

Notice to Readers

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

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

WALSIN TECHNOLOGY CORPORATION

BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,239,378	2	\$ 775,955	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	386,792	1	347,920	-
Financial assets at amortized cost - current (Notes 4, 9 and 27)	117,866	-	2,941,109	5
Notes receivable from unrelated parties (Notes 4 and 10)	20,354	-	19,900	-
Trade receivables from unrelated parties (Notes 4 and 10)	1,436,666	2	1,074,490	2
Trade receivables from related parties (Notes 4, 10 and 26)	2,526,192	4	2,995,986	5
Finance lease receivable - current (Note 4)	14,281	-	17,862	-
Other receivables	61,259	-	72,352	-
Other receivables from related parties (Notes 4 and 26)	766,745	1	2,792,546	4
Inventories (Notes 4 and 11)	2,470,155	3	1,661,109	3
Other current assets	194,172	-	119,633	-
Total current assets	9,233,860	13	12,818,862	20
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,440	-	12,957	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,734,019	5	2,454,006	4
Financial assets at amortized cost - non-current (Notes 4, 9 and 27)	632,635	1	-	-
Investments accounted for using the equity method (Notes 4 and 12)	39,616,485	55	35,580,910	55
Property, plant and equipment (Notes 4 and 13)	17,661,063	25	12,842,862	20
Right-of-use assets (Notes 4 and 14)	263,715	-	258,220	1
Investment properties (Notes 4 and 15)	117,679	-	119,582	-
Computer software (Note 4)	72,032	-	85,251	-
Deferred tax assets (Notes 4 and 21)	307,000	1	239,000	-
Guarantee deposits paid	36,732	-	31,929	-
Finance lease receivables - non-current (Note 4)	25,607	-	35,858	-
Other non-current assets	188,424	-	43,114	-
Total non-current assets	62,656,831	87	51,703,689	80
TOTAL	\$ 71,890,691	100	\$ 64,522,551	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 4,710,000	6	\$ 5,867,081	9
Short-term bills payable (Note 16)	-	-	99,980	-
Trade payables to unrelated parties	1,128,254	2	1,386,009	2
Trade payables to related parties (Notes 4 and 26)	1,617,536	2	888,048	2
Payables for equipment (Note 26)	2,571,154	4	2,122,104	3
Other payables (Notes 4 and 26)	2,374,271	3	2,282,253	4
Lease liabilities - current (Notes 4 and 14)	40,145	-	50,043	-
Current tax liabilities (Notes 4 and 21)	1,264,123	2	848,554	1
Other current liabilities	49,520	-	26,536	-
Total current liabilities	13,755,003	19	13,570,608	21
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	4,654,244	7	4,593,360	7
Long-term borrowings (Note 16)	8,410,000	12	7,194,748	11
Current tax liabilities - non-current (Notes 4 and 21)	290,327	-	67,501	-
Deferred tax liabilities (Notes 4 and 21)	71,341	-	144,341	-
Lease liabilities - non-current (Notes 4 and 14)	226,889	-	215,856	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	87,314	-	109,044	-
Guarantee deposits received	6,731	-	6,631	-
Total non-current liabilities	13,746,846	19	12,331,481	19
Total liabilities	27,501,849	38	25,902,089	40
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	4,858,043	7	4,858,000	8
Bond conversion entitlement certificates	-	-	43	-
Capital surplus	3,111,622	4	6,006,342	9
Retained earnings				
Legal reserve	3,938,069	5	3,286,566	5
Special reserve	1,096,797	2	1,097,541	2
Unappropriated earnings	29,630,926	41	22,302,162	34
Other equity				
Exchange differences on translating foreign operations	(2,479,278)	(3)	(2,517,167)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	4,469,043	6	3,586,975	6
Treasury shares	(236,380)	-	-	-
Total equity	44,388,842	62	38,620,462	60
TOTAL	\$ 71,890,691	100	\$ 64,522,551	100

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

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

WALSIN TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET SALES (Notes 4 and 26)	\$ 22,257,779	100	\$ 17,854,068	100
COST OF SALES (Notes 11 and 26)	<u>16,907,353</u>	<u>76</u>	<u>12,969,538</u>	<u>72</u>
GROSS PROFIT	5,350,426	24	4,884,530	28
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(349,575)</u>	<u>(1)</u>	<u>(337,222)</u>	<u>(2)</u>
REALIZED GROSS PROFIT	<u>5,000,851</u>	<u>23</u>	<u>4,547,308</u>	<u>26</u>
OPERATING EXPENSES				
Selling and marketing expenses	398,778	2	362,798	2
General and administrative expenses	432,131	2	442,281	3
Research and development expenses	<u>405,994</u>	<u>2</u>	<u>384,630</u>	<u>2</u>
Total operating expenses	<u>1,236,903</u>	<u>6</u>	<u>1,189,709</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>3,763,948</u>	<u>17</u>	<u>3,357,599</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,831	-	21,133	-
Rental income	1,226	-	1,214	-
Dividend income (Note 26)	95,104	1	50,649	-
Other income (Note 12)	182,583	1	107,862	1
(Loss) gain on disposal of property, plant and equipment	(4,997)	-	7,257	-
Gain (loss) gain on disposal of investments (Note 12)	9,038	-	(94,921)	(1)
Gain on financial assets at FVTPL	27,458	-	106,343	1
Other expenses	(6,437)	-	(1,718)	-
Foreign exchange gain (loss), net	20,329	-	(151,654)	(1)
Interest expense	(161,052)	(1)	(146,762)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	<u>4,573,217</u>	<u>21</u>	<u>4,054,625</u>	<u>23</u>
Total non-operating income and expenses	<u>4,800,300</u>	<u>22</u>	<u>3,954,028</u>	<u>22</u>
PROFIT BEFORE INCOME TAX	8,564,248	39	7,311,627	41

INCOME TAX EXPENSE (Notes 4 and 21)	<u>(632,307)</u>	<u>(3)</u>	<u>(679,373)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>7,931,941</u>	<u>36</u>	<u>6,632,254</u>	<u>37</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 19,923	-	\$ (30,074)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,295,674	6	674,416	4
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	(367,775)	(2)	54,766	-
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>37,889</u>	<u>-</u>	<u>(338,411)</u>	<u>(2)</u>
Other comprehensive income for the year, net	<u>985,711</u>	<u>4</u>	<u>360,697</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,917,652</u>	<u>40</u>	<u>\$ 6,992,951</u>	<u>39</u>
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	<u>\$ 16.35</u>		<u>\$ 13.66</u>	
Diluted	<u>\$ 15.72</u>		<u>\$ 13.44</u>	

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

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION

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

	Other Equity										
	Share Capital				Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2020	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
Disposal of investments accounted for using the equity method	-	-	-	(101)	-	-	(50,092)	47,430	50,092	-	47,329
Actual disposal of interests in subsidiaries (Note 12)	-	-	-	(5)	-	-	13	5	(13)	-	-
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
Reversal by subsidiaries special reserve appropriated at the first-time adoption of IFRSs (Note 19)	-	-	-	-	-	(744)	744	-	-	-	-
Appropriation of the 2020 earnings (Note 19)											
Legal reserve	-	-	-	-	651,503	-	(651,503)	-	-	-	-
Other changes in capital surplus (Note 19)											
Change in capital surplus from associates accounted for using the equity method	-	-	-	24,882	-	-	(5,832)	-	-	-	19,050
Issuance of cash dividends from capital surplus	-	-	-	(2,914,830)	-	-	-	-	-	-	(2,914,830)
Other changes in capital surplus	-	-	-	55	-	-	-	-	-	-	55
Actual acquisition of interests in subsidiaries	-	-	-	(24,397)	-	-	(11,147)	-	-	-	(35,544)
Changes in percentage of ownership interests in subsidiaries	-	-	-	315	-	-	(1,193)	-	-	-	(878)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	7,931,941	-	-	-	7,931,941
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	19,923	37,889	927,899	-	985,711
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	7,951,864	37,889	927,899	-	8,917,652
Convertible bonds converted to ordinary shares	-	43	(43)	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	(351,616)	(351,616)
Transfer of treasury shares to employees (Note 19)	-	-	-	19,255	-	-	-	-	-	115,236	134,491
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	-	-	-	-	-	-	45,831	-	(45,831)	-	-
BALANCE, DECEMBER 31, 2021	485,804	\$ 4,858,043	\$ -	\$ 3,111,622	\$ 3,938,069	\$ 1,096,797	\$ 29,630,926	\$ (2,479,278)	\$ 4,469,043	\$ (236,380)	\$ 44,388,842

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

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

WALSIN TECHNOLOGY CORPORATION

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 8,564,248	\$ 7,311,627
Adjustments for:		
Depreciation expense	2,736,286	1,958,006
Amortization expense	19,631	9,804
Net gain on financial assets at FVTPL	(27,458)	(106,343)
Interest expense	161,052	146,762
Interest income	(63,831)	(21,133)
Dividend income	(95,104)	(50,649)
Compensation cost of employee share options	19,602	114,765
Share of profit of subsidiaries and associates accounted for using the equity method	(4,573,217)	(4,054,625)
Loss (gain) on disposal of property, plant and equipment	4,997	(7,257)
(Gain) loss on disposal of investments	(9,038)	94,921
Impairment gain recognized on property, plant and equipment	(10,343)	(4,683)
Write-downs of (reversal of) inventories	80,745	(56,231)
Unrealized gross profit on the transactions with subsidiaries and associates	349,575	337,222
Realized gain on transactions with associates	-	(43,187)
Net (gain) loss on foreign currency exchange	(103,439)	24,252
Other non-cash item	(154,643)	(51,912)
Changes in operating assets and liabilities		
Notes receivable from unrelated parties	(454)	(2,830)
Trade receivables from unrelated parties	(353,392)	(235,701)
Trade receivables from related parties	527,523	(2,099,488)
Other receivables from unrelated parties	11,615	24,274
Other receivables from related parties	2,025,801	(117,784)
Inventories	(889,791)	(361,214)
Other current assets	(31,425)	(59,575)
Trade payables to unrelated parties	(198,182)	787,918
Trade payables to related parties	714,475	(667,695)
Other payables	92,622	89,140
Other current liabilities	22,984	(1,340)
Other non-current liabilities	(12)	(4,021)
Cash generated from operations	8,820,827	2,953,023
Interest received	63,309	19,903
Dividend received	565,561	393,717
Interest paid	(98,446)	(100,291)
Income tax paid	(323,336)	(28,543)
Net cash generated from operating activities	9,027,915	3,237,809

(Continued)

WALSIN TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (596,802)
Proceeds from capital return of financial assets at fair value through other comprehensive income	695	519
Deposits (purchase) of financial assets at amortized cost	2,190,608	(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	11	147,316
Acquisition of associates	(445,411)	(294,309)
Proceeds from capital return of investments accounted for using the equity method	-	881,298
Payments for property, plant and equipment	(7,056,819)	(3,942,552)
Proceeds from disposal of property, plant and equipment	2,973	106,397
(Increase) decrease in guarantee deposits paid	(4,803)	23,245
Payments for intangible assets	(411)	(72,730)
Increase in receivables from related parties for advances or borrowings	-	(817,710)
Decrease in finance lease receivables	13,953	13,858
Increase in prepayments for other	-	(43,114)
Net cash used in investing activities	<u>(5,299,204)</u>	<u>(7,711,615)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,171,465)	(563,535)
(Decrease) increase in short-term bills payable	(100,000)	99,734
Proceeds from issuance of bonds payable	-	4,800,000
Increase in long-term borrowings	1,215,252	2,794,748
Increase in guarantee deposits received	100	-
Repayment of the principal portion of lease liabilities	(57,645)	(45,071)
Cash dividends	(2,914,858)	(2,671,900)
Payments for buy-back of ordinary shares	(351,616)	-
Proceeds from transfer of treasury shares to employees	114,889	35,652
Payments for transaction costs attributable to the issue of bonds	-	(5,000)
Other financing activities	<u>55</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(3,265,288)</u>	<u>4,444,628</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	463,423	(29,178)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>775,955</u>	<u>805,133</u>

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,239,378</u>	<u>\$ 775,955</u>
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The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audits' report dated February 22, 2022)	(Concluded)
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WALSIN TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(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 machineries, equipments and inventories from 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 22, 2022.

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

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

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

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

1) Annual Improvements to IFRS Standards 2018-2020

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

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

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

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

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

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.

Upon initial application of the aforementioned amendments, there was no impact for year 2021.

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

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

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate 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) Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

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, which 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, 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 and intangible assets

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 adoption 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 on the investee.

As stated in Note 12 to the financial statements, Silitech Technology Corporation ("Silitech") is an associate of the Company although the Company holds less than 20% of the voting rights as of December 31, 2020. The Company has significant influence over Silitech by taking two of the seven seats of its board.

As stated in Note 12 to the financial statements, the Company holds less than 20% of the voting rights in Joyin Co., Ltd. but the total shares owned by the Company's subsidiaries, Prosperity Dielectrics Co., Ltd. and Inpaq Co., Ltd., over Joyin Co., Ltd. is 30.92%. Therefore, the Company has significant influence over Joyin Co., Ltd.

- 2) The Company is the single largest shareholder with less than 50% of the voting rights in an investee, and the Company does not have control but has significant influence over the investee.

As stated in Note 12 to the financial statements, 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%) 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 directly control 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.

As stated in Note 12 to the financial statements, the Company is the single largest shareholder with 25% of the voting rights in Silitech Technology Corporation on December 31, 2021. Considering the size of the Company's holding of voting rights relative to the size and dispersion of shareholdings of other shareholders, the Company is not able to direct the relevant activities and does not have control over Silitech Technology Corporation. Consequently, the management considered the Company as exercising significant influence over Silitech Technology Corporation and, therefore, classified Silitech Technology Corporation as an associate.

b. Control over subsidiaries

As stated in Note 12 to the financial statements, 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 to the financial statements, 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.

As stated in Note 12 to the financial statements, the Company holds Soshin Electric Co., Ltd. less than 20% of the voting rights, but includes the subsidiary of the Company, Kamaya Electric Co., Ltd., for a total of 50.08% and, therefore, the Company has control over Soshin Electric Co., Ltd.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions on probability of default and loss given default. 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, see Note 10 to the financial statements. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties in the current year due to impact on credit risk of financial assets arising from the uncertainty on COVID-19 pandemic and volatility in financial markets.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 942	\$ 1,051
Checking accounts and demand deposits	799,329	266,057
Cash equivalents		
Time deposits with original maturity of less than 3 months	<u>439,107</u>	<u>508,847</u>
	<u>\$ 1,239,378</u>	<u>\$ 775,955</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	
	2021	2020
Bank balance	0.001%-2.85%	0.001%-2.89%

- b. Time deposits in the amounts of \$117,866 thousand and \$75,132 thousand as of December 31, 2021 and 2020, respectively, have been provided as guarantees for tariff and court, etc. The amounts were reported under financial assets at amortized cost and guarantee deposits paid (refer to Note 27 to the financial statements).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<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>\$ 386,792</u>	<u>\$ 347,920</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 (Note 17)	<u>\$ 1,440</u>	<u>\$ 12,957</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
<u>Non-current</u>		
Domestic investments		
Listed shares		
Walton Advanced Engineering Inc.	\$ 600,751	\$ 439,807
Gigabyte Technology Co., Ltd.	1,335,745	668,302
Walsin Lihwa Co., Ltd.	1,219,424	888,109
TECO Electric and Machinery Co., Ltd.	157,744	137,808
Unlisted shares		
Chin-Xin Investment Co., Ltd.	407,932	306,861
Euroc Venture Capital Corp.	310	1,006
Foreign investments		
Unlisted shares		
SAWNICS INC.	<u>12,113</u>	<u>12,113</u>
	<u>\$ 3,734,019</u>	<u>\$ 2,454,006</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 selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 117,866</u>	<u>\$ 2,941,109</u>
<u>Non-current</u>		
Restricted foreign currency deposits with original maturities of more than 1 year and segregated foreign exchange deposit account for offshore funds, etc.	<u>\$ 632,635</u>	<u>\$ -</u>

The market interest rate intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

	December 31	
	2021	2020
Time deposits and restricted foreign currency deposits with	0.07%-2.30%	0.07%-2.65%

original maturities of more than 3 months and segregated foreign exchange deposit account for offshore funds, etc.

Refer to Note 27 to the financial statements for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Notes receivable from unrelated parties	\$ 20,354	\$ 19,900
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 20,354</u>	<u>\$ 19,900</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Trade receivables from unrelated parties	\$ 1,446,503	\$ 1,084,420
Less: Allowance for impairment loss	<u>(9,837)</u>	<u>(9,930)</u>
	<u>\$ 1,436,666</u>	<u>\$ 1,074,490</u>
<u>Trade receivables from related parties (Note 26)</u>		
At amortized cost		
Trade receivables from related parties	\$ 2,526,192	\$ 2,995,986
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,526,192</u>	<u>\$ 2,995,986</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 approach considering the 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, 2021

	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	\$ 1,418,322	\$ 9,639	\$ 38,896	\$ -	\$ -	\$ -	\$ 1,466,857
Loss allowance (Lifetime ECLs)	<u>(5,465)</u>	<u>(482)</u>	<u>(3,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,837)</u>
Amortized cost	<u>\$ 1,412,857</u>	<u>\$ 9,157</u>	<u>\$ 35,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457,020</u>

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>

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

	December 31	
	2021	2020
Balance at January 1	\$ 9,930	\$ 9,277
Add: Reclassification of loss allowance for overdue receivables	<u>(93)</u>	<u>653</u>
Balance at December 31	<u>\$ 9,837</u>	<u>\$ 9,930</u>

The zero in loss allowance was from the no increase in overdue accounts receivable as of December 31, 2021 although trade receivables increased by \$362,537 thousand compared to January 1, 2021. The zero in loss allowance was from the no increase in overdue accounts receivable as of December 31, 2020 although trade receivables increased by \$239,937 thousand compared to January 1, 2020.

11. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 540,429	\$ 453,656
Supplies	32,324	32,972
Work in progress	632,659	513,727
Semi-finished goods	658,360	365,078
Finished goods	586,259	287,303
Inventory in transit	<u>20,124</u>	<u>8,373</u>
	<u>\$ 2,470,155</u>	<u>\$ 1,661,109</u>

The nature of the cost of goods sold was as follows:

	December 31	
	2021	2020
Cost of inventories sold	\$ 16,826,608	\$ 13,025,769
Inventory losses (reversal of write-down of inventories)	<u>80,745</u>	<u>(56,231)</u>
	<u>\$ 16,907,353</u>	<u>\$ 12,969,538</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 32,164,809	\$ 28,555,736
Investments in associates	<u>7,451,676</u>	<u>7,025,174</u>
	<u>\$ 39,616,485</u>	<u>\$ 35,580,910</u>

	December 31	
Investment in Subsidiaries	2021	2020
Listed shares		
Prosperity Dielectrics Co., Ltd. ("PDC") (Note a)	\$ 2,761,777	\$ 2,238,446
Inpaq Technology Co., Ltd. ("INPAQ") (Notes a and b)	2,094,055	1,916,246
Soshin Electric Co., Ltd. ("Soshin") (Notes a and c)	52,531	-
Unlisted shares		
Pan Overseas (B.V.I.) Investments Co., Ltd. ("POE-BVI")	2,410,162	2,059,992
Gallatown Developments Ltd. ("GDL")	<u>24,846,284</u>	<u>22,341,052</u>
	<u>\$ 32,164,809</u>	<u>\$ 28,555,736</u>

Note a: Control over subsidiaries, please refer to Note 5(b) to the financial statements.

Note b: Inpaq Technology Co., Ltd. is a subsidiary of the Company since June 2020. It was remeasured at 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.

Note c: Soshin Electric Co., Ltd. is a subsidiary of the Company since November 2021. It was remeasured at fair value and \$9,038 thousand of gain on disposal of investment was incurred.

Investment in Associates	December 31	
	2021	2020
<u>Material associates</u>		
HannStar Board Corp. (“HannStar”) (Note)	\$ 5,785,966	\$ 5,825,893
<u>Associates that are not individually material</u>		
Silitech Technology Corporation (“Silitech”) (Note)	683,938	245,228
Walsin Color Corporation (“WC”)	825,865	887,637
Falcon Automation Equipment Corporation (“Falcon”)	109,105	66,416
Joyin Co., Ltd. (“Joyin”) (Note)	<u>46,802</u>	<u>-</u>
	<u>\$ 7,451,676</u>	<u>\$ 7,025,174</u>

Note: Significant influence over associates, please refer to Note 5(a).

Share of profit (loss) of associates for the years ended December 31, 2021 and 2020 was summarized as follows:

	2021	2020
Subsidiaries		
PDC	\$ 490,732	\$ 347,849
POE-BVI	362,088	309,470
GDL	2,705,012	2,624,305
INPAQ	182,439	64,565
Soshin	604	-
Material Associates		
HannStar	756,923	642,215
Associates that are not individually material		
WC	(4,652)	14,495
Falcon	57,809	23,043
INPAQ	-	23,009
Silitech	16,866	5,674
Soshin	4,783	-
Joyin	<u>613</u>	<u>-</u>
	<u>\$ 4,573,217</u>	<u>\$ 4,054,625</u>

The proportion of ownership and voting rights in subsidiaries and associates held by the Company were as follows:

Name of Associate	December 31	
	2021	2020
PDC	43.13%	43.13%
HannStar	20.32%	20.32%
POE-BVI	100.00%	100.00%
GDL	89.27%	89.27%
WC	26.62%	26.62%
Falcon	43.90%	43.90%
INPAQ	34.13%	33.02%
Silitech	25.00%	15.00%
Joyin	3.99%	-
Soshin	1.93%	-

Refer to Table 6 “Information on Investments” to the financial statements 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	
	2021	2020
PDC	\$ 4,503,119	\$ 4,940,819
HannStar	\$ 4,875,099	\$ 4,654,967
INPAQ	\$ 3,478,597	\$ 3,230,690
Silitech	\$ 613,700	\$ 300,150
Soshin	\$ 69,172	\$ -

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, 2021 and 2020 were based on the associates’ audited financial statements.

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, 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	4,368	1,449,728	2,199,379	181,410	(3,854,161)	(19,276)
Balance at December 31, 2020	\$ 1,144,368	\$ 4,904,608	\$ 15,143,540	\$ 841,274	\$ 2,581,674	\$ 24,615,464

(Continued)

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<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)
Depreciation expense	-	241,597	1,604,415	74,936	-	1,920,948
(Reversal of) impairment losses recognized in profit or loss	-	-	(4,683)	-	-	(4,683)
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 amount 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>
<u>Cost</u>						
Balance at January 1, 2021	\$ 1,144,368	\$ 4,904,608	\$ 15,143,540	\$ 841,274	\$ 2,581,674	\$ 24,615,464
Additions	-	-	-	-	7,505,869	7,505,869
Disposals	-	(13,852)	(60,285)	(9,407)	-	(83,544)
Reclassified	-	1,772,145	3,018,382	265,383	(5,061,911)	(6,001)
Balance at December 31, 2021	<u>\$ 1,144,368</u>	<u>\$ 6,662,901</u>	<u>\$ 18,101,637</u>	<u>\$ 1,097,250</u>	<u>\$ 5,025,632</u>	<u>\$ 32,031,788</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 2,122,584	\$ 9,069,163	\$ 580,855	\$ -	\$ 11,772,602
Disposals	-	(13,797)	(52,381)	(9,396)	-	(75,574)
Reclassified	-	-	83	(83)	-	-
Depreciation expense	-	342,766	2,219,044	122,230	-	2,684,040
(Reversal of) impairment losses recognized in profit or loss	-	-	(10,343)	-	-	(10,343)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,451,553</u>	<u>\$ 11,225,566</u>	<u>\$ 693,606</u>	<u>\$ -</u>	<u>\$ 14,370,725</u>
Carrying amount at December 31, 2021	<u>\$ 1,144,368</u>	<u>\$ 4,211,348</u>	<u>\$ 6,876,071</u>	<u>\$ 403,644</u>	<u>\$ 5,025,632</u>	<u>\$ 17,661,063</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	15-51 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 or the lower term compare with the lease contract

- b. Transactions with related parties, please refer to Note 26 to the financial statements.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 199,687	\$ 201,642
Buildings	57,185	48,613
Transportation equipment	3,533	2,110
Other equipment	<u>3,310</u>	<u>5,855</u>
	<u>\$ 263,715</u>	<u>\$ 258,220</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 57,348</u>	<u>\$ 192,750</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,544	\$ 5,278
Buildings	32,304	24,947
Transportation equipment	1,950	2,336
Other equipment	<u>2,545</u>	<u>2,594</u>
	<u>\$ 50,343</u>	<u>\$ 35,155</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 40,145</u>	<u>\$ 50,043</u>
Non-current	<u>\$ 226,889</u>	<u>\$ 215,856</u>

Range of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	1.00%-1.33%	1.00%-1.33%
Buildings	1.00%-1.33%	1.00%-1.33%
Transportation equipment	0.795%-4.93%	0.98%-4.93%
Other equipment	0.98%	0.98%

c. Material leasing activities and terms

Due to the market conditions were 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, 2020 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	
	2021	2020
Expenses relating to short-term leases	<u>\$ 49,533</u>	<u>\$ 85,484</u>
Expenses relating to low-value asset leases	<u>\$ 373</u>	<u>\$ 457</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 386</u>	<u>\$ 584</u>
Total cash outflow for leases	<u><u>\$(107,937)</u></u>	<u><u>\$(131,596)</u></u>

15. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Cost	\$ 246,299	\$ 246,299
Accumulated depreciation	(53,903)	(52,000)
Accumulated impairment	<u>(74,717)</u>	<u>(74,717)</u>
	<u><u>\$ 117,679</u></u>	<u><u>\$ 119,582</u></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 as 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, 2021 and 2020 were both \$22,804 thousand.

16. BORROWINGS

a. Short-term borrowings

	December 31			
	2021		2020	
	Interest Rate	Amount	Interest Rate	Amount
Unsecured borrowings				
Line of credit borrowings	0.60%-0.77%	<u>\$ 4,710,000</u>	0.65%-0.795	<u>\$ 5,867,081</u>

December 31			
2021		2020	
Interest Rate	Amount	Interest Rate	Amount
		%	

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ -	\$ 100,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>(20)</u>
	<u>\$ -</u>	<u>\$ 99,980</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	
	2021	2020
Hua Nan 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, 2021, the principal has been repaid in full in advance.	\$ -	\$ 600,000
Taishin Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023. As of December 31, 2021, the principal has been repaid in full in advance.	-	10,000
Bank of Taiwan		
Unsecured loan; loan period is from August 28, 2019 to August 28, 2022. As of December 31, 2021, the principal has been repaid in full in advance.	-	1,200,000
Unsecured loan; loan period is from March 18, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	32,703	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	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	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	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	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	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	68,630

(Continued)

	December 31	
	2021	2020
Unsecured loan; loan period is from October 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	\$ 66,390	\$ 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	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	57,860
Unsecured loan; loan period is from January 8, 2021 to March 18, 2025. The principal is repayable on April 15, 2023.	35,252	-
Unsecured loan; loan period is from September 17, 2021 to September 17, 2024. The principal is repayable on December 17, 2023.	850,000	-
E.SUN Bank		
Unsecured loan; loan period is from April 8, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	600,000	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	400,000
Unsecured loan; loan period is from December 24, 2020 to December 23, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2023. The principal is repayable in full upon maturity.	300,000	-
Entie Bank		
Unsecured loan; loan period is from October 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from November 30, 2020 to February 24, 2023. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	200,000
Cathay Bank		
Unsecured loan; loan period is from August 26, 2020 to August 26, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	200,000
Unsecured loan; loan period is from December 30, 2021 to August 26, 2023. The principal is repayable in full upon maturity.	200,000	-

(Continued)

	December 31	
	2021	2020
KGI Bank		
Unsecured loan; loan period is from August 25, 2020 to August 25, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	\$ -	\$ 1,000,000
Unsecured loan; loan period is from February 17, 2020 to January 3, 2023. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	990,000
Unsecured loan; loan period is from August 25, 2021 to August 25, 2024. The principal is repayable on February 25, 2023.	1,440,000	-
Unsecured loan; loan period is from August 31, 2021 to August 25, 2024. The principal is repayable on February 25, 2023.	600,000	-
Unsecured loan; loan period is from December 29, 2021 to August 25, 2024. The principal is repayable on February 25, 2023.	100,000	-
First Bank		
Unsecured loan; loan period is from April 30, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	340,000	340,000
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	160,000	160,000
Unsecured loan; loan period is from April 9, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	58,520	-
Unsecured loan; loan period is from May 10, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	51,170	-
Unsecured loan; loan period is from August 12, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	179,120	-
Unsecured loan; loan period is from August 26, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	300,000	-
Unsecured loan; loan period is from August 27, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	370,000	-
Unsecured loan; loan period is from September 22, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	41,190	-
Unsecured loan; loan period is from November 30, 2021 to November 15, 2026. The principal is repayable from December 15, 2024.	500,000	\$ -

(Continued)

	December 31	
	2021	2020
Chang Hwa Bank		
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	\$ 10,000	\$ 10,000
Unsecured loan; loan period is from July 24, 2020 to July 24, 2023. The principal is repayable on January 24, 2023. As of December 31, 2021, the principal has been repaid in full in advance.	-	100,000
Unsecured loan; loan period is from August 20, 2020 to July 24, 2023. The principal is repayable on January 24, 2023. As of December 31, 2021, the principal has been repaid in full in advance.	-	300,000
Unsecured loan; loan period is from September 13, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	180,000	-
Unsecured loan; loan period is from November 12, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	285,000	-
Unsecured loan; loan period is from December 30, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	235,000	-
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	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	10,000
Unsecured loan; loan period is from September 14, 2021 to September 15, 2024. The principal is repayable in full upon maturity.	300,000	-
Hua Nan Bank		
Unsecured loan; loan period is from November 30, 2020 to August 28, 2022. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	400,000
Unsecured loan; loan period is from August 18, 2021 to August 18, 2024. The principal is repayable in full upon maturity. As of December 31, 2021, the principal has been repaid in full in advance.	-	-
Far Eastern Bank		
Unsecured loan; loan period is from August 17, 2021 to October 13, 2023. The principal is repayable in full upon maturity.	390,000	-
	8,410,000	7,194,748
Less: Current portion	-	-
Long-term borrowings total	<u>\$ 8,410,000</u>	<u>\$ 7,194,748</u>

(Concluded)

The annual effective interest rate intervals of the above-mentioned borrowings for the years ended December 31, 2021 and 2020 were 0.45%-0.90% and 0.45%-1.00%, respectively.

The Company should maintain certain financial ratios in its annual audited and semiannual reviewed financial statements during the loan duration. The Company's financial statements for the year ended December 31, 2021 showed that the Company was in compliance with the agreed financial ratio requirements.

17. BONDS PAYABLE

	December 31	
	2021	2020
Unsecured domestic convertible bonds	<u>\$ 4,654,244</u>	<u>\$ 4,593,360</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, 2021 and 2020 were \$225.6 per share and \$232.6 per share, respectively.
- 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%	101,641
Convertible bonds converted into ordinary shares	<u>(957)</u>
Liability component at December 31, 2021	<u>\$ 4,654,244</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 3% of 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	
	2021	2020
Present value of defined benefit obligation	\$ 282,426	\$ 345,461
Fair value of plan assets	<u>(195,112)</u>	<u>(236,417)</u>
Deficit	<u>87,314</u>	<u>109,044</u>
Net defined benefit liabilities	<u>\$ 87,314</u>	<u>\$ 109,044</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, 2021	<u>\$ 345,461</u>	<u>\$(236,417)</u>	<u>\$ 109,044</u>
Service cost			
Current service cost	2,227	-	2,227
Repayment of loss	3,806	-	3,806
Net interest expense (income)	<u>1,727</u>	<u>(1,199)</u>	<u>528</u>
Recognized in profit or loss	<u>7,760</u>	<u>(1,199)</u>	<u>6,561</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	9,765	-	9,765
Actuarial profit - changes in financial assumptions	(3,679)	-	(3,679)
Actuarial profit - experience adjustments	(24,883)	-	(24,883)

Return on the plan assets	<u>-</u>	<u>(2,921)</u>	<u>(2,921)</u>
Recognized in other comprehensive income	<u>(18,797)</u>	<u>(2,921)</u>	<u>(21,718)</u>
			(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	<u>\$ -</u>	<u>\$ (6,573)</u>	<u>\$ (6,573)</u>
Benefits paid from the plan assets	<u>(51,998)</u>	<u>51,998</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 282,426</u>	<u>\$(195,112)</u>	<u>\$ 87,314</u>
Balance at January 1, 2020	<u>\$ 320,513</u>	<u>\$(233,239)</u>	<u>\$ 87,274</u>
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	
	2021	2020
Discount rates	0.625%	0.50%
Expected rates of salary increase	2.50%	2.50%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (7,408)</u>	<u>\$ (9,163)</u>
0.25% decrease	<u>\$ 7,692</u>	<u>\$ 9,516</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 7,419</u>	<u>\$ 9,169</u>
0.25% decrease	<u>\$ (7,186)</u>	<u>\$ (8,878)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 6,099</u>	<u>\$ 6,882</u>
The average duration of the defined benefit obligation	10.5 years	10.7 years

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
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>485,804</u>	<u>485,800</u>
Shares issued	<u>\$ 4,858,043</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

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	\$ 692,809	\$ 3,607,639
Arising from conversion of bonds	1,428,808	1,428,808
Arising from treasury share transactions	574,608	555,353
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	161,893	137,011
Changes in percentage of ownership interest in subsidiaries (2)	62	24,144
Others	55	-
<u>Not for other usage</u>		
Share warrants	<u>253,387</u>	<u>253,387</u>
	<u>\$ 3,111,622</u>	<u>\$ 6,006,342</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) to the financial statements.

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 deficit. 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.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on July 8, 2021 and June 15, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT\$) For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ 651,503	\$ 667,009	\$ -	\$ -
Cash dividends	-	2,671,900	-	5.5

In addition, on July 8, 2021, the shareholders' meeting resolved to distribute cash totaling \$2,914,830 thousand from the capital surplus at \$6 per share.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	<u>\$ 1,097,541</u>	<u>\$ 1,097,541</u>
Balance at December 31	<u>\$ 1,096,797</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; due to the subsidiary Prosperity Dielectrics Co., Ltd.'s disposal of its subsidiary to the subsidiary of Inpaq Technology Co., Ltd. in 2021, the Company reversed \$744 thousand from the special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$(2,517,167)	\$(2,226,191)
Share from associates accounted for using the equity method	37,889	(338,411)
Disposal of subsidiaries	-	5

Disposal of associates accounted for using the equity method	-	47,430
Balance at December 31	<u>\$(2,479,278)</u>	<u>\$(2,517,167)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,586,975	\$ 2,770,641
Unrealized gain on investments in equity instruments at FVTOCI	1,295,674	674,416
Share of other comprehensive income from associates accounted for using the equity method	(367,775)	54,766
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(45,831)	37,073
Disposal of subsidiaries	-	(13)
Disposal of associates accounted for using the equity method	-	50,092
Balance at December 31	<u>\$ 4,469,043</u>	<u>\$ 3,586,975</u>

f. Treasury shares

Treasury shares transactions were summarized as follows:

Unit: Shares

Purpose of Acquisition	For the Year Ended December 31, 2021			
	Treasury Shares Held as of January 1, 2021	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2021
Treasury shares granted to employees	-	1,500,000	(500,000)	1,000,000
Purpose of Acquisition	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	937,838	-	(937,838)	-

In the first quarter of 2021, the Company's board of directors resolved to transfer 500,000 shares for employees' subscription. Based on the fair value at the grant date, \$19,602 thousand was accounted for as compensation costs and \$19,255 thousand was accounted for as capital surplus - treasure share

transactions when the employee's subscription were transferred.

In the first quarter of 2020, the Company's board of directors passed a resolution to transfer 937,838 shares for employees' subscription. 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 - treasure share transactions when the employee's subscription were transferred.

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					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Short-term employee benefits	\$ 1,948,301	\$ 547,465	\$ 2,495,766	\$ 1,550,296	\$ 499,913	\$ 2,050,209
Health insurance and Labor Insurance	158,253	47,099	205,352	117,333	38,970	156,303
Post-employment benefits	59,675	18,392	78,067	44,330	16,943	61,273
Remuneration of directors	-	79,909	79,909	-	68,269	68,269
Other employee benefits	122,482	20,849	143,331	99,093	19,777	118,870
Depreciation	2,638,675	97,611	2,736,286	1,877,321	80,685	1,958,006
Amortization	52	19,579	19,631	104	9,700	9,804

Note 1: As of December 31, 2021 and 2020, the Company had 3,162 and 3,061 employees, respectively. There were 7 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2021 and 2020 was NT\$925 thousand and NT\$781 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2021 and 2020 were NT\$791 thousand and NT\$671 thousand, respectively. The average salary and bonus increased by 18% year over year.

Note 4: The Company did not have supervisors for the years ended December 31, 2021 and 2020.

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

The Company accrues employees' compensation and remuneration of directors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on February 22, 2022 and February 25, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
<u>Accrual rate</u>		
Employees' compensation	2.25%	2.25%
Remuneration of directors	0.90%	0.90%
	Cash	
	For the Year Ended December 31	
	2021	2020
<u>Amounts</u>		
Employees' compensation	<u>\$ 198,963</u>	<u>\$ 169,862</u>
Remuneration of directors	<u>\$ 79,585</u>	<u>\$ 67,945</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, 2020 and 2019.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors 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	
	2021	2020
Current tax		
In respect of the current period	\$ 600,000	\$ 611,000
Income tax on unappropriated earnings	298,397	166,559
Adjustments for prior periods	<u>(407,090)</u>	<u>(191,178)</u>

	<u>491,307</u>	<u>586,381</u>
Deferred tax		
In respect of the current period	<u>141,000</u>	<u>92,992</u>
Income tax expense recognized in profit or loss	<u>\$ 632,307</u>	<u>\$ 679,373</u>

- b. The reconciliation of accounting profit and taxable income was as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 1,713,000	\$ 1,462,000
Nondeductible in determining taxable income	(1,113,000)	(851,000)
Recognition and reversal of temporary differences	141,000	92,992
Income tax on unappropriated earnings	298,397	166,559
Adjustments for prior periods	<u>(407,090)</u>	<u>(191,178)</u>
Income tax expense recognized in profit or loss	<u>\$ 632,307</u>	<u>\$ 679,373</u>

- 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, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Property, plant and equipment	\$ 51,000	\$ (2,000)	\$ 49,000
Exchange differences on translating the financial statements of foreign operations	5,000	(5,000)	-
Payables for annual leave	6,000	2,000	8,000
Allowance for impairment loss - inventory	35,000	12,000	47,000
Others	<u>142,000</u>	<u>61,000</u>	<u>203,000</u>
	<u>\$ 239,000</u>	<u>\$ 68,000</u>	<u>\$ 307,000</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Provisions	\$ (17,341)	\$ -	\$ (17,341)
Defined benefit obligations	(19,000)	-	(19,000)
Allowance for impairment loss - trade receivables	(8,000)	-	(8,000)
Earnings of subsidiaries	(90,000)	90,000	-

Exchange differences on translating the financial statements of foreign operations	-	(14,000)	(14,000)
Others	<u>(10,000)</u>	<u>(3,000)</u>	<u>(13,000)</u>
	<u><u>\$ (144,341)</u></u>	<u><u>\$ 73,000</u></u>	<u><u>\$ (71,341)</u></u>

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><u>\$ 226,992</u></u>	<u><u>\$ 12,008</u></u>	<u><u>\$ 239,000</u></u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
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><u>\$ 39,341</u></u>	<u><u>\$ (105,000)</u></u>	<u><u>\$ (144,341)</u></u>

- d. Income tax returns of the Company through 2019 have been assessed and approved by the tax authorities.

22. EARNINGS PER SHARE

Earnings per share were calculated as follows:

For the Year Ended December 31, 2021	
Amount (In Thousands)	Earnings Per Share
<u> </u>	<u>(In Dollars)</u>

	After Income Tax (Attributable to Owners of the Company)	Number of Shares (In Thousands)	After Income Tax (Attributable to Owners of the Company)
Basic earnings per share - ordinary shares	\$ 7,931,941	485,067	<u>\$ 16.35</u>
Compensation of employees	-	1,286	
Interest on convertible bonds (after tax)	<u>48,707</u>	<u>21,272</u>	
Diluted earnings per share - ordinary shares	<u>\$ 7,980,648</u>	<u>507,625</u>	<u>\$ 15.72</u>

For the Year Ended December 31, 2020			
	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	\$ 6,632,254	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>

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
Soshin	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters	November 2021	1.93 (including KAMAYA for a total of 50.08%)	<u>\$ 238,808</u>
INPAQ	Researching, developing, manufacturing and selling of integrated electrical protection component, hybrid microwave antenna module, integrated electrical protection component and multilayer type microwave communication component and module	June 2020	33.02 (including PDC for a total of 33.07%)	<u>\$ -</u>

For details about the acquisition of Soshin and INPAQ, refer to Note 25 to the Company's consolidated financial statements for the year ended December 31, 2021.

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, 2021 and 2020.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 386,792	\$ -	\$ -	\$ 386,792
Domestic convertible bonds option	-	1,440	-	1,440
	<u>\$ 386,792</u>	<u>\$ 1,440</u>	<u>\$ -</u>	<u>\$ 388,232</u>
Financial assets at fair value through other comprehensive income				
Domestic listed shares	\$ 3,313,664	\$ -	\$ -	\$ 3,313,664
Domestic unlisted shares	-	408,242	-	408,242
Foreign unlisted shares	-	-	12,113	12,113
	<u>\$ 3,313,664</u>	<u>\$ 408,242</u>	<u>\$ 12,113</u>	<u>\$ 3,734,019</u>

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	-	12,957	-	12,957
	<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	-	-	12,113	12,113
	<u>\$ 2,134,026</u>	<u>\$ 307,867</u>	<u>\$ 12,113</u>	<u>\$ 2,454,006</u>

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
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

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 1,239,378	\$ 775,955
Notes receivable from unrelated parties	20,354	19,900
Trade receivable from unrelated parties	1,436,666	1,074,490
Trade receivable from related parties	2,526,192	2,995,986
Finance lease receivable (current and non-current)	39,888	53,720
Other receivable from unrelated parties	61,259	72,352
Other receivable from related parties	766,745	2,792,546
Guarantee deposits paid	36,732	31,929
Financial assets at FVTPL (current and non-current)	388,232	360,877
Financial assets at FVTOCI - non-current	3,734,019	2,454,006
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	4,710,000	5,867,081
Short-term bills payable	-	99,980
Trade payables to unrelated parties	1,128,254	1,386,009
Trade payables to related parties	1,617,536	888,048
Payables for equipment	2,571,154	2,122,104
Other payables	2,374,271	2,282,253
Bonds payable	4,654,244	4,593,360
Long-term borrowings	8,410,000	7,194,748
Guarantee deposits received	6,731	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		RMB Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2021	2020	2021	2020	2021	2020
Profit or loss	<u>\$ 16,776</u>	<u>\$ 13,938</u>	<u>\$ (2,836)</u>	<u>\$ 1,750</u>	<u>\$ 9,910</u>	<u>\$ 6,012</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, 2021 and 2020 would have decreased/increased by \$125,619 thousand and \$97,125 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, 2021

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 4,710,000	\$ -	\$ 4,710,000
Fixed interest rate liabilities	-	8,410,000	8,410,000
Lease liabilities	<u>40,145</u>	<u>226,889</u>	<u>267,034</u>
	<u>\$ 4,750,145</u>	<u>\$ 8,636,889</u>	<u>\$ 13,387,034</u>

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>

6. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
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
Kamaya Electric (M) Sdn. Bhd.	Subsidiary
Walsin Technology Holding Corporation (HK) Ltd.	Subsidiary
Inpaq Technology Co., Ltd.	Subsidiary (after June 2020)
Taiwan Inpaq electronic Co., Ltd.	Associate (before June 2020)
Inpaq Technology (China) Co., Ltd.	Associate (before June 2020)
Inpaq Technology (Suzhou) Co., Ltd.	Associate (before June 2020)
HannStar Board Corporation	Associate
Walsin Color Corporation	Associate
VVG Inc.	Associate
Falcon Automation Equipment Corporation	Associate
Global Brands Manufacture Ltd.	Associate
Chongqing Songjia Property Co., Ltd.	Associate
Silitech Technology Corporation	Associate (after September 2020)
Joyin Co., Ltd.	Associate (after April 2021)
Walsin Technology Charitable Group	Other related party
Info-Tek Corporation	Other related party
Walton Advanced Engineering Inc.	Other related party
PSA Charitable Foundation	Other related party
PSA VVG Culture and Arts Foundation	Other related party
APAQ Technology Co., Ltd.	Other related party
Hannspree (Shanghai) Inc.	Other related party
Callisto Holding Limited	Other related party
Winbond Electronics Corp.	Other related party
Career Technology (Mfg.) Co., Ltd.	Other related party

b. Sales of goods

	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Dongguan Walsin Technology Electronics Co., Ltd.	\$ 8,679,470	\$ 7,234,112
Suzhou Walsin Technology Electronics Co., Ltd.	2,665,681	2,371,803
Other	2,413,193	1,965,358
Associates	-	644
Other related parties	<u>4,168</u>	<u>3,293</u>
	<u>\$ 13,762,512</u>	<u>\$ 11,575,210</u>

Price and terms were determined in accordance with mutual agreements.

c. Purchases of goods

	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Walsin Technology Corporation (HK) Limited	\$ 3,269,205	\$ 2,403,497
Prosperity Dielectrics Co., Ltd.	1,034,714	652,428
Kamaya Electric Co., Ltd.	711,067	382,082
Other	618,613	371,107
Associates	<u>15</u>	<u>1,861</u>
	<u>\$ 5,633,614</u>	<u>\$ 3,810,975</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	
	2021	2020
Subsidiaries		
Dongguan Walsin Technology Electronics Co., Ltd.	\$ 1,355,115	\$ 1,731,027
Suzhou Walsin Technology Electronics Co., Ltd.	707,355	679,825
Others	462,145	583,238
Other related parties	<u>1,577</u>	<u>1,896</u>
	<u>\$ 2,526,192</u>	<u>\$ 2,995,986</u>

		Trade Payables to Related Parties	
		For the Year Ended December 31	
		2021	2020
Subsidiaries			
Walsin Technology Corporation (HK) Limited	\$	902,739	\$ 531,446
Prosperity Dielectrics Co., Ltd.		361,851	190,492
Kamaya Electric Co., Ltd.		243,976	87,376
Others		108,955	78,734
Associates		<u>15</u>	<u>-</u>
	\$	<u>1,617,536</u>	<u>\$ 888,048</u>
		Other Receivables from Related Parties	
		December 31	
		2021	2020
Subsidiaries			
Gallatown Developments Limited	\$	-	\$ 1,614,011
Kamaya Electric Co., Ltd.		723,978	819,589
Others		31,014	346,443
Associates		8,114	9,415
Other related parties		<u>3,639</u>	<u>3,088</u>
	\$	<u>766,745</u>	<u>\$ 2,792,546</u>
		Payables for Equipment and Other Payables	
		December 31	
		2021	2020
Subsidiaries	\$	293,372	\$ 190,788
Associates		135,515	176,146
Other related parties		2,202	7,634
Investor that exercises significant influence over the Company		<u>1,495</u>	<u>8,115</u>
	\$	<u>432,584</u>	<u>\$ 382,683</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, 2021 and 2020.

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 and right-of-use asset

Related Party Categories	Item	Purchase Price For the Year Ended December 31	
		2021	2020
Subsidiaries	Machinery and other equipment	\$ 729,286	\$ 266,251
Associates	Machinery and prepayments for equipment and right-of-use asset	1,023,356	397,828
Investor that exercises significant influence over the Company	Right-of-use asset	<u>41,574</u>	<u>-</u>
		<u>\$ 1,794,216</u>	<u>\$ 664,079</u>

f. Disposal of property, plant and equipment

Related Party Category	Item	Disposal Price For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
		2021	2020	2021	2020
Taiwan INPAQ Electronics Co., Ltd.	Machinery	\$ -	\$ -	\$ -	\$ -
Subsidiaries	Machinery and other equipment	660	104,678	654	8,826
Associates	Machinery, other equipment, construction in progress and prepayments for equipment	<u>95</u>	<u>100</u>	<u>95</u>	<u>100</u>
		<u>\$ 755</u>	<u>\$ 104,778</u>	<u>\$ 749</u>	<u>\$ 8,926</u>

g. Dividends income

	For the Year Ended December 31	
	2021	2020
Walsin Lihwa Corporation	\$ 41,414	\$ 19,215
APAQ Technology Co., Ltd.	5,624	2,960
Chin-Xin Investment Co., Ltd.	<u>2,710</u>	<u>4,516</u>
	<u>\$ 49,748</u>	<u>\$ 26,691</u>

h. Sales of raw materials and supplies (classified as other income)

	Lease Expense December 31	
	2021	2020
Subsidiaries	<u>\$ 7,664</u>	<u>\$ 8,243</u>

i. Lease arrangements

Item	Related Party Category	December 31	
		2021	2020
Lease liabilities	Investors that exercise significant influence over the Company	\$ 42,629	\$ 30,972
Lease liabilities	Subsidiaries	6,701	10,159
Lease liabilities	Other related parties	<u>8,486</u>	<u>14,250</u>
		<u>\$ 57,816</u>	<u>\$ 55,381</u>
For the Year Ended December 31			
Item	Related Party Category	2021	
		2021	2020
Interest expense	Investors that exercise significant influence over the Company	\$ 443	\$ 589
	Subsidiaries	107	152
	Other related parties	<u>109</u>	<u>61</u>
		<u>\$ 659</u>	<u>\$ 802</u>
Rental expense	Investors that exercise significant influence over the Company	\$ 584	\$ 535
	Other related parties	<u>35,004</u>	<u>69,608</u>
		<u>\$ 35,588</u>	<u>\$ 70,143</u>

j. Compensation of key management personnel

For the Year Ended December 31		
	2021	2020
Short-term employee benefits	\$ 187,119	\$ 157,815
Post-employment benefits	263	162
Share-based payments	<u>2,352</u>	<u>29,491</u>
	<u>\$ 189,734</u>	<u>\$ 187,468</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	
	2021	2020
Pledged deposits (classified as financial assets at amortized cost)	<u>\$ 117,866</u>	<u>\$ 75,132</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, 2021 and 2020 were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 2,066,724</u>	<u>\$ 3,929,136</u>

b. Contingencies

As of December 31, 2021 and 2020, outstanding letters of credit of the Company were summarized as follows:

Unit: Dollars

December 31			
2021		2020	
Currency	Carrying Value	Currency	Carrying Value
USD	USD 54,900	USD	USD 390,000
JPY	JPY 3,215,504,000	JPY	JPY 965,616,000
EUR	EUR 1,273,600	EUR	EUR 117,600

29. OTHER ITEMS

The Company had not been affected by the COVID-19 pandemic in 2021; however, the Company's operations were affected by the COVID-19 pandemic in 2020 while some of the Company's operating sites had temporarily suspended their operations. Nevertheless, operations quickly resumed and the Company was not seriously affected by the pandemic. All of the Company's subsidiaries have resumed normal operations by the end of 2020.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

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, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			

Monetary items			
USD	\$ 134,383	27.69	\$ 3,721,065
EUR	6,819	31.3306	213,643
JPY	3,240,766	0.2406	779,728
RMB	225,669	4.3476	981,119
Non-monetary items			
Investments accounted for using the equity method			
USD	994,811	27.69	27,546,316
JPY	218,058	0.2409	52,530

Financial liabilities

Monetary items			
USD	73,800	27.69	2,043,522
EUR	1,307	31.3306	40,949
JPY	4,419,538	0.2406	1,063,341

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
JPY	-	-	-

Financial liabilities

Monetary items			
USD	88,244	28.1000	2,479,656
EUR	3	34.5421	104
JPY	2,383,246	0.2725	649,435

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 (None)
 - 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 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (Notes 7 and 25)
 - 10) Information on investees (Table 6)
- 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 7)
 - 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 7):
 - 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 8)

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, 2021
(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	\$ 722,709	\$ 722,709	\$ 722,709	0.70	Short-term financing	\$ -	Operating turnover	\$ -	Promissory note	\$ 722,709	\$ 17,755,536 (Note 3)	\$ 26,633,305 (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 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: Both of total financing and individual financing amounts must not exceed 40% of each lender’s net worth presented in the latest financial statements audited or reviewed by auditors.
3. When engaging in short-term financing between company’s directly and indirectly holding 100% shares foreign companies, the total financing amount and individual financing limits for a single company are limited to 100% of lender’s net worth presented in the latest financial statements audited or reviewed by auditors., but the loan period cannot exceed three years.

Note 2: Exchange rate as of December 31, 2021

USD:NTD = 1:27.69
JPY:USD = 1:0.0087

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.

TABLE 2

WALSIN TECHNOLOGY CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	\$ 13,656,333 (Note 1)	\$ 1,818,818	\$ 1,638,140	\$ 1,638,140	\$ -	3.69	\$ 22,194,421 (Note 2)	Y	N	N
		Kamaya Electric (M) Sdn. Bhd.	2	15,399,101 (Note 1)	1,093,755	1,093,755	456,885	-	2.46	22,194,421 (Note 2)	Y	N	N

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, 2021

USD:NTD = 1:27.69
JPY:USD = 1:0.0087

Note 5: Endorsement guarantee objects:

- 1. Subsidiaries that directly hold more than 50% of ordinary shares.
- 2. Subsidiaries where parent company and subsidiaries hold more than 50% of the ordinary shares.
- 3. Companies with business relations.
- 4. The Company.

TABLE 3**WALSIN TECHNOLOGY CORPORATION****MARKETABLE SECURITIES HELD****DECEMBER 31, 2021****(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, 2021				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	\$ 10,000	-	\$ 10,000	
	Taiwan Semiconductor Manufacturing Company Limited	"	"	190,000	116,850	-	116,850	
	Chunghwa Telecom Company Limited	"	"	200,000	23,300	-	23,300	
	APAQ Technology Co., Ltd.	Substantive related party	"	2,960,000	179,672	3.33	179,672	
	TECO Electric and Machinery Co., Ltd.	None	"	1,800,000	56,970	0.08	56,970	
	<u>Shares</u>							
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company	Financial assets at fair value through other comprehensive income - non-current	31,870,087	600,751	6.11	600,751	
	Walsin Lihwa Corporation	Investment company evaluated the Company by the equity method	"	46,016,000	1,219,424	1.34	1,219,424	
	TECO Electric and Machinery Co., Ltd.	None	"	4,984,000	157,744	0.23	157,744	
	Gigabyte Technology Co., Ltd.	"	"	8,590,000	1,335,745	1.35	1,335,745	
	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	407,932	1.86	407,932	
	Euroc Venture Capital Corp.	Substantive related party	"	7,499	310	2.50	310	
	SAWNICS INC.	None	"	102,667	12,113	4.81	12,113	

TABLE 4

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, 2021
(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	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	\$ (628,092)	(3)	According to the commercial terms agreed by both parties	\$ -	-	\$ 154,936	4	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Purchase	1,034,714	6	"	-	-	(361,851)	(13)	
			Sale	(8,679,470)	(39)	"	-	-	1,355,115	34	
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Purchase	422,057	2	"	-	-	(65,275)	(2)	
			Sale	(904,427)	(4)	"	-	-	153,661	4	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Purchase	3,269,205	19	"	-	-	(902,739)	(33)	
			Sale	(2,665,681)	(12)	"	-	-	707,355	18	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(533,746)	(2)	"	-	-	27,925	1	
	KAMAYA Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(167,040)	(1)	"	-	-	67,128	2	
	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Purchase	711,067	4	"	-	-	(243,976)	(9)	

TABLE 5**WALSIN TECHNOLOGY CORPORATION****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, 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	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Accounts receivable \$ 154,936	3.14	\$ -	-	\$ 57,378	\$ -
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 1,355,115	5.62	-	-	552,927	-
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 153,611	4.75	-	-	58,790	-
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 707,355	3.84	-	-	211,908	-

Note: Financing provided to others, please refer to Table 1.

TABLE 6

WALSIN TECHNOLOGY CORPORATION

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

(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, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 2,761,777	\$ 1,143,641	\$ 490,732	
	HannStar Board Corporation	Taiwan	Production and sale of printed circuit boards	2,018,888	2,018,888	107,381,026	20.32	5,785,966	3,724,959	756,923	
	Pan Overseas (B.V.I.) Investments Co., Ltd.	British Virgin Islands	Investment holding	879,837	879,837	28,400,000	100.00	2,410,162	374,453	362,088	
	Gallatown Developments Ltd.	Cayman Islands	Investment holding	8,054,061	8,054,061	103,088,547	89.27	24,846,284	3,145,425	2,705,012	
	Walsin Color Corporation	Taiwan	Investment holdings and management of group companies	411,330	411,330	39,052,142	26.62	825,865	(17,475)	(4,652)	
	Falcon Automation Equipment Corporation	Taiwan	Mechanical equipment manufacturing	9,000	9,000	2,160,000	43.90	109,105	131,675	57,809	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of integrated electrical protection component, hybrid microwave antenna module and Multilayer type microwave communication component and module	2,021,276	1,925,768	47,848,650	34.13	2,094,055	566,412	182,439	
	Silitech Technology Corporation	Taiwan	Keypads and module products, mechanical integrated components	561,329	297,329	17,000,000	25.00	683,938	61,826	16,866	
	Soshin Electric Co., Ltd.	Japan	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters	39,248	-	330,800	1.93	52,531	277,867	5,387	
	Joyin Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of passive electronic components and automatic production equipment	46,655	-	2,591,957	3.99	46,802	(71,222)	613	

Note: Information on investments in mainland China, please refer to Table 7.

TABLE 7

WALSIN TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Dongguan Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	\$ 3,555,396 (US\$ 128,400,000)	Note 1	\$ 2,519,790 (US\$ 91,000,000)	\$ -	\$ -	\$ 2,519,790 (US\$ 91,000,000)	\$ 1,183,110	100.00	\$ 1,183,110	\$ 13,673,074	\$ 832,348 (US\$ 30,059,527)
Suzhou Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	1,910,610 (US\$ 69,000,000)	Note 1	1,910,610 (US\$ 69,000,000)	-	-	1,910,610 (US\$ 69,000,000)	442,067	100.00	442,067	5,255,708	44,809 (US\$ 1,618,250)
Dongguan Huafai Trading Co., Ltd.	Trading of electronic parts, warehousing and commission agency	55,380 (US\$ 2,000,000)	Note 1	55,380 (US\$ 2,000,000)	-	-	55,380 (US\$ 2,000,000)	219,646	100.00	219,646	2,327,357	-
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Manufacturing and selling of passive electronic components	456,885 (US\$ 16,500,000)	Note 1	354,708 (US\$ 12,809,965)	-	-	354,708 (US\$ 12,809,965)	71,081	100.00	71,081	1,035,645	213,688 (US\$ 7,717,169)
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	664,560 (US\$ 24,000,000)	Note 1	166,140 (US\$ 6,000,000)	-	-	166,140 (US\$ 6,000,000)	43,465	25.00	10,866	155,824	-
Suzhou Walsin Color Trading Co., Ltd.	Trading of electronic parts and commission agency	448,578 (US\$ 16,200,000)	Note 1	213,213 (US\$ 7,700,016)	-	-	213,213 (US\$ 7,700,016)	95,431	39.32	37,027	167,870	10,428 (US\$ 376,582)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,304,228 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	656,583	25.65	168,419	728,107	-
Chongqing Ruishuang Technology Co., Ltd.	Selling of electronic components, real estate investment and leasing	114,029 (RMB 26,228,000) (Note 5)	Note 1	-	-	-	-	69,727	34.54	24,086	57,317	-
Soshin Electronics (SZ) Limited	Selling of electronic components	31,873 (RMB 1,151,058)	Note 1	-	-	-	-	8,900	50.08	3,975	49,518	-

- 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: For the figures in the table above that involve foreign currencies, the average exchange rate on December 31, 2021 was used to convert the foreign currencies into New Taiwan dollars, except for the investment gain (loss) of the current period (converted at the average exchange rate for the period January 1 to December 31, 2021).
- Note 4: It was invested RMB135,960,000 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.
- Note 5: 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, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$4,145,372 (US\$149,706,474)	\$4,261,501 (US\$153,900,371)	(Note)

Note: In accordance with Article 3 of the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”, 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 29, 2021 to June 28, 2024, 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	Relationship	Transaction Type	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-subsidiary	Sales	\$ 8,679,470	According to the goodwill clause agreed upon by both parties	90-120 days T/T	No significant difference	\$ 1,355,115	34	\$ 624,508
		Purchases	3,617,044	”	”	”	(946,276)	(34)	-
Suzhou Walsin Technology Electronics Co., Ltd.	Sub-subsidiary	Sales	2,665,281	According to the goodwill clause agreed upon by both parties	90-120 days T/T	No significant difference	707,355	18	199,627

Note: The average exchange rate on December 31, 2021 was USD to NTD = 1:27.69

The average exchange rate from January 1 to December 31, 2021 was USD to NTD = 1:28.009

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: None.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

WALSIN TECHNOLOGY CORPORATION**INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Walsin Lihwa Corporation	88,902,325	18.30
HannStar Board Corporation	36,717,115	7.55

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.