



Stock Code : 2492

Walsin Technology Corporation

2021 Annual Shareholders' Meeting Agenda Handbooks (Translation)

Time : 9:30 a.m. on Friday, Jun. 25, 2021

Location : No. 3, Qingnian Rd., Yangmei Dist., Taoyuan City 326, Taiwan
(R.O.C.) (Meeting Room No.E68,China-Motor Training
Center)

This document is prepared in accordance with the Chinese version and is for reference only.
In the event of any discrepancy between the Chinese version and this content, the Chinese
version shall prevail.

Walsin Technology Corporation

2021 Annual Shareholders' Meeting Handbook

Table of Contents

Chapter1. Meeting Procedure and Agenda

I. Announcements.....	4
II. Proposals, Discussions.....	6
III. Extempore Motions	10
IV. Adjournment	10

Chapter2. Attachments

I. 2020 Business Report.....	11
II. 2020 Consolidated Financial Statements and Parent Company Only Financial Statements	13
III. Audit Committee's Review Report.....	34
IV. Shareholding of Directors.....	35
V. Plan of Transferring the Repurchased Shares and Implementation Status Of Repurchasing Company's stock.....	36
VI. Comparison Table for Amendments to the Rules of Procedures for Shareholders' meetings	41
VII. Comparison Table for Amendments to the Rules of the Procedures of Acquisition or Disposal of Assets.....	42
VIII. Comparison Table for Amendments to the rule of the Procedures of Endorsement and Guarantee.....	44

Chapter3. Rules and Appendices

I. Articles of Association.....	45
II. Rules of Procedures for Shareholders' Meetings(Before Amendment).....	50

Walsin Technology Corporation

Procedure and Agenda for 2021 Annual Shareholders' Meeting

- I. Meeting called to order
- II. Chairperson in place
- III. Chairperson remarks
- IV. Announcements
 - (I) 2020 Business Report
 - (II) Audit Committee's Audit Report
 - (III) Report on Distribution of Employees' Compensation and Remuneration of Directors for 2020
 - (IV) Other Matters
- V. Proposals, Discussions
 - (I) Approval of 2020 Business Report and financial statements
 - (II) Approval of 2020 Earnings Distribution
 - (III) Discussion about the proposal for cash distribution from capital surplus.
 - (IV) Discussion about the amendments to the rules of Procedures for Shareholders' Meetings
 - (V) Discussion about the amendments to the rule of the Procedures of Acquisition Disposal of Assets.
 - (VI) Discussion about the amendments to the rule of the Procedures of Endorsement and Guarantee
 - (VII) Discussion about the release the directors from non-competition restrictions
- VI. Extempore Motions
- VII. Adjournment

Announcements

- I. Business Report:
The Company's 2020 Business Report and Financial Statements
Please refer to Attachment I and II on #page11-33# of the Handbook.
- II. Audit Committee's Audit Report:
Please refer to Attachment III on #page34# of the Handbook.
- III. Report on Distribution of Employees' Compensation and Remuneration of Directors for 2020
As approved by the 15th term 15th Board of Directors of the Company, the employees' compensation for 2020 is NT\$ 169,862,275 and the remuneration of Directors is NT\$ 67,944,910, all of which are paid in cash.
- IV. Other matters:

(1) WTC's first domestic unsecured convertible bonds Status report.

Explanation:

1. In order to purchase plant, equipment and factory facilities, the board of directors approved the issuance of the first domestic unsecured conversion of 48,000 corporate bonds on February 26, 2020, each with par value is NT\$100,000, and the bond coupon rate is 0%, the total issuance amount is NT\$4.8 billion, and the issuance period is four years.
2. Since the issuance began on April 29, 2020, until the maturity on April 29, 2024, as of April 23, 2021 (the last transfer date before the bond stop conversion period is from April 27 to June 25), 10 bonds have been converted (NT\$1,000 thousands), and the current balance is NT\$4,799,000 thousands.

(2) Report the Shareholding of Directors

1. Please refer to Appendix IV on #page35# of the Handbook for the shareholding of Directors.
2. The shareholdings of all of the Company's directors have all met the requirement for the statutory shareholding ratio.

(3) Implementation status of repurchasing Company's stock: Please refer to Attachment V on #page36-40# of the Handbook for the implementation status of repurchasing Company's stock.

- (4) Status of shareholders' proposals to the shareholders' meeting: Starting from Apr. 11, 2021 until to Apr. 21, 2021, no shareholders had submitted written proposals to the Company during the period in accordance with Article 172-1 of the Company Act.

Proposals, Discussions

Proposal 1

Proposed by the Board of Directors

Subject: Recognition of the Company's 2020 business report, parent company only financial statements and consolidated financial statements.

Explanation:

- I. The aforesaid business report and relevant financial statements have been resolved by the Board of Directors, Financial Statements have been audited by CPA Shih Chin-Chuan and Yu Hung-Bin of Deloitte & Touche Taiwan. All of them were submitted to the Audit Committee for audit, which then has audited the same.
- II. Please refer to Attachment of the handbook from page 11.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject: Adoption of the Proposal for Appropriation of 2020 Earnings

Explanation:

- a. The proposal for 2020 appropriation of earnings was already resolved in the 15rd Term 17th Board of Directors meeting convened and reviewed by the Audit Committee meeting.
- b. The net profit after tax as of year 2020 of the Company is NT\$6,632,253,759. After setting aside the legal reserve of NT\$ 651,502,834 and adding the adjusted undistributed retained earnings, the total distributable retained earnings is NT\$ 21,650,658,763.
- c. The Company operates for sustainable development and intends to retain the undistributed earnings as of the end of year 2020 to meet capital expenditure requirements. This year, the retained earnings will not be distributed as shareholder dividends. In the future, the Company is planning to use the undistributed earnings to construct or purchase buildings, software or hardware equipment or technology for use in production or operation as needed for its business, and the Company will report to the National Taxation Bureau for the deduction such investment amounts from the undistributed earnings tax base in accordance with Article 23-3 of the Statute of Industrial Innovation.
- d. The proposed surplus distribution table is as below:

Walsin Technology Corporation Statement of Earnings Distribution Year 2020			
Item	Total	Unit: NT\$	
Unallocated earnings, beginning of year	15,787,133,255		
Less: adjustments on re-measurement on define benefit plans recognized in retained earnings	(30,074,332)		
Less: adjustments on equity method investments	(50,079,494)		
Less: disposal of investments in equity instruments at fair value through other comprehensive income	(37,071,591)		
Adjusted unallocated earnings	15,669,907,838		
Add: Net profit	6,632,253,759		
Less: Legal reserve(10%)	(651,502,834)		
Distributable earnings	21,650,658,763		
Distribution Item:			
Cash Dividends to shareholders	0	NT\$0/per share	
Unallocated earnings, end of year	21,650,658,763		

Chairman: Chiao Yu-Heng

Manager: Chang Jui -Tsung

Accounting Chief: Yeh Tse-Kuang

Resolution:

Proposal 3

Proposed by the Board of Directors

Subject: Review and approval of the Proposal for Cash Distribution from Capital Surplus

Explanation:

- a. The proposal for Cash Distribution from Capital Surplus was already resolved in the 15th Term 17th Board of Directors meeting convened and reviewed by the Audit Committee meeting.
- b. The Company proposed a cash distribution of NT\$2,914,830,000 from the capital surplus (the excess paid over the par value of the common shares issued of NT\$2,914,830,000) in accordance with Article 241 of the Company Act. The distribution will be around NT\$6 per share to shareholders recorded on the ex-dividend base date.
- c. For cash distribution from capital surplus, it is calculated based on 485,804,299 shares (including treasury stocks 600,000 shares) of the company had issued shares as of the book closure date of April 22, 2021. In the event of changes of the Company's common shares, conversion of the company's convertible corporate bonds, repurchase of treasury stocks or transfer treasury stocks to employees, etc., thereby affecting the number of outstanding shares and then causing the proposed cash distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend base date.
- d. The cash distribution from capital surplus shall be based on share ratio and rounded off to the integer. Fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from old to new in account number, and then they shall be adjusted in this order until the total amount of cash distribution from capital surplus is met.
- e. For cash distribution from capital surplus, it is proposed that the Chairman be authorized to determine the ex-dividend date, payment date and related matters after resolution is made in this shareholders' meeting.

Resolution:

Proposal 4 Proposed by the Board of Directors
Subject: The proposal of amendments to the Company's Rules of Procedures for Shareholders' Meetings is hereby submitted for resolution.

Explanation:

- I. In accordance with the Taiwan Stock Exchange Announcement No. 11000014461, to amend the reference example of the rules of procedures for shareholders meetings, it is proposed to amend some of the provisions of the "Rules of Procedures for Shareholders Meetings" of the company.
- II. Please refer to Attachment VI on #page41# of the Handbook for the comparison table.

Resolution:

Proposal 5 Proposed by the Board of Directors
Subject: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets

Explanation:

- I. In order to coordinate with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, amendments are proposed to some provisions of the Rules of the Procedures of Acquisition or Disposal of Assets
- II. Please refer to Attachment VII on #page42# of the Handbook for the comparison table.

Resolution:

Proposal 6 Proposed by the Board of Directors
Subject: The proposal of amendments to the rule of the Procedures of Endorsement and Guarantee.

Explanation:

- I. Revision of the section number of the rule of the Procedures of Endorsement and Guarantee.
- II. Please refer to Attachment VIII on #page44# of the Handbook for the comparison table.

Resolution:

Proposal 7 Proposed by the Board of Directors
Subject: Proposal of release the prohibition on directors from participation in competitive business

Explanation:

- I. Handle in accordance with the relevant provisions of the Company Act.
- II. Handled in accordance with Article 209 of the Company Act, "Proposal of Release the restrictions on Directors from Participation in Competitive Business.

III.Chairman Mr. Chaio Yu-Heng

Company Name	Title of Position
Inpaq Technology Co., Ltd.	Corporation's representative as director
Silitech Technology Corporation	Corporation's representative as Chairman

Resolution:

Extempore Motions

Adjournment

[Attachment I]

WALSIN TECHNOLOGY CORPORATION

2020 Business Report

Looking back at the global economic developments in 2020, countries which were deeply affected by COVID-19 and the U.S.-China trade war have adopted border control to prevent the spread of the coronavirus, which has caused the global economic development to near stagnation, weakened growth momentum. In addition, US-China trade conflict has forced the reorganization of the global industrial chain to respond, and the economic and trade performance of major countries has declined or slowed down. Although industrial activities have been dragged down by the epidemic, future technology applications such as 5G, automotive, AI, and the Internet of Things will continue to develop. At the same time, they will generate long-distance business opportunities and fill some of the economic recession gap in a timely manner. The U.S.-China trade turmoil has also increased global risk awareness, racing to accelerate decentralized production planning, indirectly promote the infrastructure construction of developing countries, and pave the way for future economic momentum.

U.S. economy is still under the impact of COVID-19 now. Nevertheless, with vaccines becoming available to the general public, together with the new government bailout, and multi-pronged fiscal and monetary policies, the economy is expected to see a gradual recovery. and in spite of ongoing uncertainties such as the unpredictable outcome of the U.S.-China trade conflict, the economy is still expected to return to a normal growth track.

After a heavy hit by epidemic for the first half of 2020, China's economic and trade activities seemed to have recovered steadily in the second half of the year due to the lockdown and its own pandemic prevention measures. Although it is commonly believed that the confrontation with the US is unlikely to die down in the short-term, China can still rely on restructuring its economic model and boosting up the domestic demand to mitigate the impact from the trade war.

The fluctuations in the international raw material market are estimated to have entered a new wave of gains following the low demand year of 2020. Passive components are an indispensable element of the global supply chain. Due to the demand gap released by the continuous transformation of large Japanese manufacturers and the insufficient supply of expansion and increase, the inventory level has been low for a long time, which coincides with the rigid demand in the second half of the year. In the long run, facing future competition in the same industry and various new application fields, only by deep-rooting technical capabilities and increasing the depth of the full range of products can we consolidate our market position.

Although the company's performance in the first quarter was significantly reduced due to the impact of the environmental epidemic and trade disputes, we continued to optimize product portfolios, tighten quality control and improve production efficiency through flexible adjustments to sales strategies and active maintenance of customer interactions, finally get the good results of rising season by season!

The company's consolidated revenue in 2020 increased by 18% compared to 2019. The gross profit increased nearly 8.6%. However, due to the increased competition in the same industry and unfavorable exchange rates, the gross profit level is lower than last year. As a result of the final annual settlement, the net income was nearly NT\$7 billion, and the earnings per share was NT\$13.66 .

Here is a summary of WALSIN's 2020 simple income statement as follows:

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

Item	2020	2019	2020 Growth rate
STATEMENTS OF COMPREHENSIVE INCOME			
NET REVENUE	\$17,854,068	\$15,253,884	17.05%
GROSS PROFIT	4,547,308	4,079,845	11.46%
OPERATING PROFIT	3,357,599	3,012,847	11.44%
INCOME BEFORE INCOME TAX	7,311,627	7,682,537	-4.83%
NET INCOME	6,632,254	6,648,906	-0.25%
EARNINGS PER SHARE	13.66	13.72	-0.44%
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
NET REVENUE	\$35,599,249	\$30,134,180	18.14%
GROSS PROFIT	11,243,055	10,354,117	8.59%
OPERATING PROFIT	7,913,539	7,693,709	2.86%
INCOME BEFORE INCOME TAX	9,034,807	8,966,568	0.76%
NET INCOME(Attributable to the owner of the company)	6,632,254	6,648,906	-0.25%
EARNINGS PER SHARE	13.66	13.72	-0.44%

Chairman: Chiao Yu-Heng Manager: Chang Jui -Tsung Accounting Chief: Yeh Tse-Kuang

[Attachment II]
INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2020 is described as follows:

Risk of Revenue Recognition

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

WALSIN TECHNOLOGY CORPORATION

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

	2020		2019	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 775,955	1	\$ 805,133	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	347,920	-	214,194	-
Financial assets at amortized cost - current (Notes 4, 9 and 27)	2,941,109	5	-	-
Notes receivable from unrelated parties (Notes 4 and 10)	19,900	-	17,070	-
Trade receivables from unrelated parties (Notes 4 and 10)	1,074,490	2	838,036	2
Trade receivables from related parties (Notes 4, 10 and 26)	2,995,986	5	933,057	2
Finance lease receivable - current (Note 4)	17,862	-	15,716	-
Other receivables	72,352	-	95,396	-
Other receivables from related parties (Notes 4 and 26)	2,792,546	4	42,630	-
Inventories (Notes 4 and 11)	1,661,109	3	1,243,664	2
Other current assets	<u>119,633</u>	-	<u>60,058</u>	-
Total current assets	<u>12,818,862</u>	<u>20</u>	<u>4,264,954</u>	<u>8</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	12,957	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,454,006	4	1,621,048	3
Investments accounted for using the equity method (Notes 4 and 12)	35,580,910	55	34,390,451	68
Property, plant and equipment (Notes 4 and 13)	12,842,862	20	10,259,785	20
Right-of-use assets (Notes 4 and 14)	258,220	1	101,543	-
Investment properties (Notes 4 and 15)	119,582	-	121,485	-
Computer software (Note 4)	85,251	-	1,762	-
Deferred tax assets (Notes 4 and 21)	239,000	-	226,992	1
Guarantee deposits paid (Note 27)	31,929	-	55,174	-
Finance lease receivables - non-current (Note 4)	35,858	-	56,755	-
Other non-current assets	<u>43,114</u>	-	<u>1,287</u>	-
Total non-current assets	<u>51,703,689</u>	<u>80</u>	<u>46,836,282</u>	<u>92</u>
TOTAL	<u>\$ 64,522,551</u>	<u>100</u>	<u>\$ 51,101,236</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 5,867,081	9	\$ 6,445,000	13
Short-term bills payable (Note 16)	99,980	-	-	-
Trade payables to unrelated parties	1,386,009	2	634,486	1
Trade payables to related parties (Notes 4 and 26)	888,048	2	1,519,994	3
Payables for equipment (Note 26)	2,122,104	3	1,446,898	3
Other payables (Notes 4 and 26)	2,282,253	4	2,189,708	4
Lease liabilities - current (Notes 4 and 14)	50,043	-	40,320	-
Current tax liabilities (Notes 4 and 21)	848,554	1	358,217	1
Other current liabilities	<u>26,536</u>	-	<u>27,876</u>	-
Total current liabilities	<u>13,570,608</u>	<u>21</u>	<u>12,662,499</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	4,593,360	7	-	-
Long-term borrowings (Note 16)	7,194,748	11	4,400,000	9
Current tax liabilities - non-current (Notes 4 and 21)	67,501	-	-	-
Deferred tax liabilities (Notes 4 and 21)	144,341	-	39,341	-
Lease liabilities - non-current (Notes 4 and 14)	215,856	1	76,429	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	109,044	-	87,274	-
Guarantee deposits received	<u>6,631</u>	-	<u>6,631</u>	-
Total non-current liabilities	<u>12,331,481</u>	<u>19</u>	<u>4,609,675</u>	<u>9</u>
Total liabilities	<u>25,902,089</u>	<u>40</u>	<u>17,272,174</u>	<u>34</u>
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	4,858,000	8	4,858,000	9
Bond conversion entitlement certificates	43	-	-	-
Capital surplus	6,006,342	9	5,619,231	11
Retained earnings				
Legal reserve	3,286,566	5	2,619,557	5
Special reserve	1,097,541	2	1,097,541	2
Unappropriated earnings	22,302,162	34	19,126,043	38
Other equity				
Exchange differences on translating foreign operations	(2,517,167)	(4)	(2,226,191)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,586,975	6	2,770,641	5
Treasury shares	<u>-</u>	-	<u>(35,760)</u>	-
Total equity	<u>38,620,462</u>	<u>60</u>	<u>33,829,062</u>	<u>66</u>
TOTAL	<u>\$ 64,522,551</u>	<u>100</u>	<u>\$ 51,101,236</u>	<u>100</u>

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

WALSIN TECHNOLOGY CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 4 and 26)	\$ 17,854,068	100	\$ 15,253,884	100
COST OF SALES (Notes 11 and 26)	<u>12,969,538</u>	<u>72</u>	<u>12,823,316</u>	<u>84</u>
GROSS PROFIT	4,884,530	28	2,430,568	16
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(337,222)</u>	<u>(2)</u>	<u>1,649,277</u>	<u>11</u>
REALIZED GROSS PROFIT	<u>4,547,308</u>	<u>26</u>	<u>4,079,845</u>	<u>27</u>
OPERATING EXPENSES				
Selling and marketing expenses	362,798	2	341,851	2
General and administrative expenses	442,281	3	318,356	2
Research and development expenses	<u>384,630</u>	<u>2</u>	<u>406,791</u>	<u>3</u>
Total operating expenses	<u>1,189,709</u>	<u>7</u>	<u>1,066,998</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>3,357,599</u>	<u>19</u>	<u>3,012,847</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	21,133	-	36,781	-
Rental income	1,214	-	1,685	-
Dividend income (Note 26)	50,649	-	90,344	1
Gain from bargain purchase (Note 12)	51,912	-	-	-
Other income	55,950	-	105,045	1
Gain on disposal of property, plant and equipment	7,257	-	27,926	-
(Loss) gain on disposal of investments (Note 12)	(94,921)	-	2,951	-
Gain on financial assets at FVTPL	106,343	1	47,227	-
Other expenses	(1,718)	-	(1,744)	-
Foreign exchange loss, net	(151,654)	(1)	(10,818)	-
Interest expense	(146,762)	(1)	(74,292)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	<u>4,054,625</u>	<u>23</u>	<u>4,444,585</u>	<u>29</u>
Total non-operating income and expenses	<u>3,954,028</u>	<u>22</u>	<u>4,669,690</u>	<u>31</u>
PROFIT BEFORE INCOME TAX	7,311,627	41	7,682,537	51
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(679,373)</u>	<u>(4)</u>	<u>(1,033,631)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>6,632,254</u>	<u>37</u>	<u>6,648,906</u>	<u>44</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(25,791)	-	14,277	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	534,004	3	88,217	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	190,895	1	1,019,269	7
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>(338,411)</u>	<u>(2)</u>	<u>(1,092,400)</u>	<u>(7)</u>
Other comprehensive income for the year, net	<u>360,697</u>	<u>2</u>	<u>29,363</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,992,951</u>	<u>39</u>	<u>\$ 6,678,269</u>	<u>44</u>
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	<u>\$ 13.66</u>		<u>\$ 13.72</u>	
Diluted	<u>\$ 13.44</u>		<u>\$ 13.69</u>	

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION

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

	Share Capital				Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2019	485,800	\$ 4,858,000	\$ -	\$ 5,388,015	\$ 649,101	\$ 1,097,541	\$ 22,344,950	\$ (1,133,791)	\$ 1,701,182	\$ (210,590)	\$ 34,694,408
Appropriation of the 2018 earnings (Note 19)											
Legal reserve	-	-	-	-	1,970,456	-	(1,970,456)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(7,918,540)	-	-	-	(7,918,540)
Other changes in capital surplus											
Change in capital surplus from associates accounted for using the equity method	-	-	-	84,819	-	-	(31,121)	-	-	-	53,698
Changes in percentage of ownership interests in subsidiaries	-	-	-	2,267	-	-	-	-	-	-	2,267
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	6,648,906	-	-	-	6,648,906
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	16,556	(1,092,400)	1,105,207	-	29,363
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	6,665,462	(1,092,400)	1,105,207	-	6,678,269
Acquisition of treasury shares (Note 19)	-	-	-	144,130	-	-	-	-	-	174,830	318,960
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	35,748	-	(35,748)	-	-
BALANCE, DECEMBER 31, 2019	485,800	4,858,000	-	5,619,231	2,619,557	1,097,541	19,126,043	(2,226,191)	2,770,641	(35,760)	33,829,062
Appropriation of the 2019 earnings (Note 19)											
Legal reserve	-	-	-	-	667,009	-	(667,009)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,671,900)	-	-	-	(2,671,900)
Other changes in capital surplus (Note 19)											
Equity component of convertible bonds issued by the Company	-	-	-	253,440	-	-	-	-	-	-	253,440
Change in capital surplus from associates accounted for using the equity method	-	-	-	8,597	-	-	-	-	-	-	8,597
Actual disposal of interests in subsidiaries (Note 12)	-	-	-	(5)	-	-	13	5	(13)	-	-
Disposal of investments accounted for using the equity method	-	-	-	(101)	-	-	(50,092)	47,430	50,092	-	47,329
Changes in percentage of ownership interests in subsidiaries	-	-	-	9,612	-	-	-	-	-	-	9,612
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	6,632,254	-	-	-	6,632,254
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(30,074)	(338,411)	729,182	-	360,697
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	6,602,180	(338,411)	729,182	-	6,992,951
Convertible bonds converted to ordinary shares	4	-	43	911	-	-	-	-	-	-	954
Transfer of treasury shares to employees (Note 19)	-	-	-	114,657	-	-	-	-	-	35,760	150,417
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(37,073)	-	37,073	-	-
BALANCE, DECEMBER 31, 2020	485,804	\$ 4,858,000	\$ 43	\$ 6,006,342	\$ 3,286,566	\$ 1,097,541	\$ 22,302,162	\$ (2,517,167)	\$ 3,586,975	\$ -	\$ 38,620,462

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

WALSIN TECHNOLOGY CORPORATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 7,311,627	\$ 7,682,537
Adjustments for:		
Depreciation expense	1,958,006	1,479,389
Amortization expense	9,804	1,469
Expected credit loss recognized (reversed) on trade receivables	-	(270)
Net gain on financial assets at FVTPL	(106,343)	(47,227)
Interest expense	146,762	74,292
Interest income	(21,133)	(36,781)
Dividend income	(50,649)	(90,344)
Compensation cost of employee share options	114,765	144,654
Share of profit of subsidiaries and associates accounted for using the equity method	(4,054,625)	(4,444,585)
Gain on disposal of property, plant and equipment	(7,257)	(27,926)
Loss (gain) on disposal of investments	94,921	(2,951)
Impairment (gain) loss recognized on property, plant and equipment	(4,683)	127,054
(Reversal of) write-downs of inventories	(56,231)	114,697
Unrealized (realized) gross profit on the transactions with subsidiaries and associates	337,222	(1,649,277)
Realized gain on transactions with associates	(43,187)	-
Net loss (gain) on foreign currency exchange	24,252	(39,716)
Gain from bargain purchase	(51,912)	-
Gain on modification of lease	-	(136)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	2,951
Notes receivable from unrelated parties	(2,830)	126,065
Trade receivables from unrelated parties	(235,701)	1,671,247
Trade receivables from related parties	(2,099,488)	2,966,266
Other receivables from unrelated parties	24,274	(18,274)
Other receivables from related parties	(117,784)	40,697
Inventories	(361,214)	527,335
Other current assets	(59,575)	72,956
Trade payables to unrelated parties	787,918	(326,142)
Trade payables to related parties	(667,695)	1,305,184
Other payables	89,140	(514,926)
Other current liabilities	(1,340)	(8,835)
Other non-current liabilities	(4,021)	(3,334)
Cash generated from operations	2,953,023	9,126,069
Interest received	19,903	38,301
Dividend received	393,717	557,708
Interest paid	(100,291)	(71,978)
Income tax paid	(28,543)	(2,746,437)
Net cash generated from operating activities	3,237,809	6,903,663

(Continued)

WALSIN TECHNOLOGY CORPORATION

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(596,802)	(16,747)
Proceeds from financial assets at fair value through other comprehensive income	-	17,813
Proceeds from capital return of financial assets at fair value through other comprehensive income	519	1,189
Purchase of financial assets at amortized cost	(2,941,109)	-
Purchase of financial assets at fair value through profit or loss	(175,922)	-
Proceeds from financial assets at fair value through profit or loss	147,316	-
Acquisition of associates	(294,309)	(190,245)
Proceeds from capital return of investments accounted for using the equity method	881,298	799,496
Payments for property, plant and equipment	(3,942,552)	(4,980,804)
Proceeds from disposal of property, plant and equipment	106,397	76,715
Decrease in guarantee deposits paid	23,245	14,344
Payments for intangible assets	(72,730)	-
(Decrease) increase in receivables from related parties for advances or borrowings	(817,710)	491,440
Decrease in finance lease receivables	13,858	19,005
Increase in prepayments for other	<u>(43,114)</u>	<u>-</u>
Net cash used in investing activities	<u>(7,711,615)</u>	<u>(3,767,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(563,535)	3,100,000
Increase (decrease) in short-term bills payable	99,734	(689,842)
Proceeds from issuance of bonds payable	4,800,000	-
Increase in long-term borrowings	2,794,748	1,285,000
Decrease in guarantee deposits received	-	(44,242)
Repayment of the principal portion of lease liabilities	(45,071)	(49,767)
Cash dividends	(2,671,900)	(7,918,540)
Proceeds from transfer of treasury shares to employees	35,652	174,306
Payments for transaction costs attributable to the issue of bonds	<u>(5,000)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>4,444,628</u>	<u>(4,143,085)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,178)	(1,007,216)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>805,133</u>	<u>1,812,349</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 775,955</u>	<u>\$ 805,133</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

Risk of Revenue Recognition

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,212,053	14	\$ 7,627,620	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,028,393	4	5,845,572	10
Financial assets at amortized cost - current (Notes 4, 8 and 30)	7,381,204	9	3,266,088	5
Notes receivable from unrelated parties (Notes 4 and 9)	560,731	1	227,388	-
Trade receivables from unrelated parties (Notes 4 and 9)	10,567,154	13	7,166,957	12
Trade receivables from related parties (Notes 4, 9 and 29)	47,867	-	155,558	-
Finance lease receivable - current (Note 4)	11,248	-	10,266	-
Other receivables from unrelated parties	397,988	-	163,781	-
Other receivables from related parties (Note 29)	13,300	-	30,922	-
Inventories (Notes 4 and 10)	5,962,754	7	4,304,414	7
Other current assets	481,277	-	284,067	1
Total current assets	39,663,969	48	29,082,633	48
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	12,957	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	4,158,977	5	2,486,813	4
Financial assets at amortized cost - non-current (Notes 4, 8 and 30)	4,097,671	5	-	-
Investments accounted for using the equity method (Notes 4 and 13)	8,779,858	11	9,331,361	16
Property, plant and equipment (Notes 4 and 14)	23,031,847	28	17,989,602	30
Right-of-use assets (Notes 4 and 15)	808,140	1	566,902	1
Investment properties (Notes 4 and 16)	119,582	-	121,485	-
Patent (Notes 4 and 17)	363,361	1	-	-
Computer software (Notes 4 and 17)	123,603	-	4,986	-
Other intangible assets (Notes 4 and 17)	103,853	-	-	-
Deferred tax assets (Notes 4 and 24)	497,170	1	313,545	1
Guarantee deposits paid (Note 30)	123,069	-	167,238	-
Finance lease receivables - non-current (Note 4)	33,088	-	48,683	-
Other non-current assets (Note 18)	163,350	-	38,706	-
Total non-current assets	42,416,526	52	31,069,321	52
TOTAL	\$ 82,080,495	100	\$ 60,151,954	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 6,002,893	7	\$ 7,029,290	12
Short-term bills payable (Note 19)	99,980	-	-	-
Notes payable to unrelated parties	58,142	-	61,112	-
Trade payables to unrelated parties	4,283,826	5	2,194,591	4
Trade payables to related parties (Note 29)	1,765	-	229,029	1
Payables for equipment (Note 29)	2,686,042	3	1,841,488	3
Other payables (Note 29)	4,441,039	6	3,657,225	6
Current tax liabilities (Notes 4 and 24)	1,303,404	2	788,015	1
Lease liabilities - current (Notes 4 and 15)	98,177	-	80,570	-
Current portion of bonds payable (Note 4 and 20)	136,396	-	137,532	-
Current portion of long-term borrowings (Note 19)	190,687	-	151,699	-
Other current liabilities	353,031	1	152,425	-
Total current liabilities	19,655,382	24	16,322,976	27
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	5,130,218	6	681,272	1
Long-term borrowings (Note 19)	9,869,946	12	5,575,113	9
Current tax liabilities - non-current (Notes 4 and 24)	67,501	-	-	-
Deferred tax liabilities (Notes 14, 16 and 24)	576,794	1	123,088	-
Lease liabilities - non-current (Notes 4 and 15)	418,028	1	273,600	1
Long-term payables	4,007	-	4,054	-
Deferred revenue - non-current (Note 4)	15,790	-	14,467	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	314,154	-	264,058	-
Guarantee deposits received	374,481	-	348,169	1
Total non-current liabilities	16,770,919	20	7,283,821	12
Total liabilities	36,426,301	44	23,606,797	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	4,858,000	6	4,858,000	8
Bond conversion entitlement certificates	43	-	-	-
Capital surplus	6,006,342	7	5,619,231	9
Retained earnings				
Legal reserve	3,286,566	4	2,619,557	4
Special reserve	1,097,541	2	1,097,541	2
Unappropriated earnings	22,302,162	27	19,126,043	32
Other equity				
Exchange differences on translating foreign operations	(2,517,167)	(3)	(2,226,191)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,586,975	4	2,770,641	5
Treasury shares	-	-	(35,760)	-
Total equity attributable to owners of the Company	38,620,462	47	33,829,062	56
NON-CONTROLLING INTERESTS (Note 22)	7,033,732	9	2,716,095	5
Total equity	45,654,194	56	36,545,157	61
TOTAL	\$ 82,080,495	100	\$ 60,151,954	100

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 4, 29 and 36)	\$ 35,599,249	100	\$ 30,134,180	100
COST OF SALES (Notes 10 and 29)	<u>24,356,194</u>	<u>69</u>	<u>19,780,063</u>	<u>65</u>
GROSS PROFIT	<u>11,243,055</u>	<u>31</u>	<u>10,354,117</u>	<u>35</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,353,707	4	1,122,340	4
General and administrative expenses	1,112,534	3	838,425	3
Research and development expenses	<u>863,275</u>	<u>2</u>	<u>699,643</u>	<u>2</u>
Total operating expenses	<u>3,329,516</u>	<u>9</u>	<u>2,660,408</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>7,913,539</u>	<u>22</u>	<u>7,693,709</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	342,441	1	206,603	1
Rental income	27,130	-	25,937	-
Dividend income	87,482	-	123,593	-
Gain from bargain purchase (Notes 4 and 26)	52,009	-	-	-
Other income	175,317	1	141,636	-
(Loss) gain on disposal of property, plant and equipment	(18,815)	-	28,128	-
(Loss) gain on disposal of investments (Note 13)	(94,681)	-	72,842	-
Gain on financial assets at FVTPL	324,246	1	178,229	1
Foreign exchange loss, net	(191,802)	(1)	(7,891)	-
Other expenses	(88,880)	-	(34,738)	-
Interest expense	(185,765)	(1)	(86,204)	-
Share of profit of associates accounted for using the equity method (Note 13)	<u>692,586</u>	<u>2</u>	<u>624,724</u>	<u>2</u>
Total non-operating income and expenses	<u>1,121,268</u>	<u>3</u>	<u>1,272,859</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	9,034,807	25	8,966,568	30
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(1,817,162)</u>	<u>(5)</u>	<u>(1,885,372)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>7,217,645</u>	<u>20</u>	<u>7,081,196</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 9,034,807	\$ 8,966,568
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	2,972	(524)
Depreciation expense	3,421,757	2,663,387
Amortization expense	64,130	26,951
Interest expense	185,765	86,204
Gain from bargain purchase	(52,009)	-
Interest income	(342,441)	(206,603)
Dividend income	(87,482)	(123,593)
Share of profit of associates accounted for using the equity method	(692,586)	(624,724)
Loss (gain) on disposal of property, plant and equipment	18,815	(28,128)
Property, plant and equipment transferred to expense	448	-
Loss on disposal of intangible assets	100	-
Net gain on financial assets at FVTPL	(324,246)	(178,229)
Loss (gain) on disposal of investments	94,681	(72,842)
Impairment (gain) loss recognized on property, plant and equipments	(10,754)	117,496
Realized gain on transactions with associates	(43,187)	-
Net gain on foreign currency exchange	(35,944)	(8,498)
Write-downs of inventories	95,679	157,149
Compensation cost of employee share options	114,765	144,654
Gain on modification of lease	(594)	(561)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,115,179	(1,373,423)
Notes receivable from unrelated parties	(228,548)	625,963
Trade receivables from unrelated parties	(2,309,411)	6,644,494
Trade receivables from related parties	363,295	(117,811)
Other receivables from unrelated parties	(80,558)	42,582
Other receivables from related parties	17,622	(25,158)
Inventories	(1,054,808)	1,967,211
Other current assets	(177,855)	159,628
Other non-current assets	(90,903)	39,760
Notes payable to unrelated parties	(2,970)	(120,866)
Trade payables to unrelated parties	1,456,458	(770,027)
Trade payables to related parties	(289,205)	226,391
Other payables	737,076	(870,588)
Other current liabilities	(109,790)	(89,605)
Other non-current liabilities	(17,330)	(29,086)
Cash generated from operations	12,772,928	17,228,172
Interest received	188,782	188,116
Dividend received	274,613	272,274
Interest paid	(133,171)	(89,449)
Income tax paid	(1,009,384)	(4,478,180)

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
Net cash generated from operating activities	<u>12,093,768</u>	<u>13,120,933</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(797,220)	(23,331)
Proceeds from financial assets at fair value through other comprehensive income	190,581	17,813
Proceeds from capital return of financial assets at fair value through other comprehensive income	2,147	1,189
Purchase of financial assets at amortized cost	(8,202,691)	(2,725,830)
Acquisition of associates	(407,766)	(601,469)
Payments for property, plant and equipment	(5,614,676)	(8,269,667)
Proceeds from disposal of property, plant and equipment	47,975	120,261
Decrease in guarantee deposits paid	52,480	16,861
Payments for intangible assets	(83,309)	(225)
Net cash inflow on acquisition of subsidiary	1,593,747	-
Decrease in finance lease receivables	<u>10,988</u>	<u>7,629</u>
Net cash used in investing activities	<u>(13,207,744)</u>	<u>(11,456,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(1,001,235)	3,261,429
Increase (decrease) in short-term bills payable	99,734	(689,842)
Proceeds from issuance of bonds payable	4,800,000	844,259
Repayment of bonds payable	(141,658)	-
Increase in long-term borrowings	4,094,397	1,711,245
Repayment of the principal portion of lease liabilities	(111,468)	(81,259)
Cash dividends	(2,671,900)	(7,918,540)
Increase (decrease) in guarantee deposits received	26,312	(150,489)
Proceeds from transfer of treasury shares to employees	35,652	174,306
Changes in non-controlling interests	(214,641)	(383,746)
Payments for transaction costs attributable to the issue of bonds	<u>(5,000)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>4,910,193</u>	<u>(3,232,637)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(211,784)</u>	<u>(575,066)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,584,433	(2,143,539)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,627,620</u>	<u>9,771,159</u>

CASH AND CASH EQUIVALENTS AT THE END OF THE
YEAR

\$ 11,212,053

\$ 7,627,620

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

(Concluded)

Audit Committee's Review Report

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

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

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

Walsin Technology Corporation

Chairman of the Audit Committee : Fan Po-Kang

May 5, 2021

Walsin Technology Corporation
Shareholding of Directors

Apr. 27, 2021

Name	Name	Shareholding (shares)	Ratio to all shares outstanding (%)
Chairman of the Board	Chiao Yu-Heng	12,887,461	2.65%
Director	Walsin Lihwa corporation Representative: Chiao Yu-Cheng	88,902,325	18.3%
Director	Yeh Pei-Chen	0	0
Director	Lee Chia-Hwa	0	0
Director	HannStar Board Corporation representative: Shu Yao-Hsien	36,367,115	7.49%
Director	Ku Li-Chin	768,849	0.16%
Independent Director	Tan Yong Chian	358	0
Independent Director	Fan Po-Kang	0	0
Independent Director	Francis Chi	0	0
Number of Shares Held by All Directors		138,926,108	28.6%

Note: As of the book closure date(2021.04.27) for the 2021 Annual Shareholders' Meeting, the Company had issued 485,804,299 shares (including treasury stocks 600,000 shares) of common stock.

[Attachment V]

15th Plan of Transferring the Repurchased Shares to the Employees

Established on January 27, 2021

- Article 1. For the purpose of encouraging our employees and creating cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by Financial Supervisory Commission R.O.C., establishes the Plan of Transferring the Repurchased Shares to the Employees (the "Plan"). Except as otherwise provided in relevant laws or regulations, all share repurchased and transferred to the employees of the Company shall be implemented in compliance with the Plan.
- Article 2 Type of shares to be transferred, and content of and the restrictions on the rights
The shares to be transferred to the employees are common shares. Except as otherwise provided in relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other common shares of the Company.
- Article 3 Transfer period
In accordance with the provisions herein, transfer the repurchased shares to employees in one time or several times within 5 years from the date of share-repurchase.
- Article 4 Transferee's eligibility
The transferees of this method are based on the principle that the full-time employees of the company and the full-time employees of the company's domestic and overseas subsidiaries who took up the job before the stock subscription date.
In addition, the employee's subscription ratio and number of shares are determined based on their job title, salary, years of service, performance, and their contribution to the company, and take into account the total number of shares purchased by the company at the base date of subscription and the number of shares subscribed by a single employee. And factors such as the upper limit of the number of shares subscribed by a single employee are principles.
The qualifications of the transferee in the preceding paragraph and the number of shares that can be subscribed will be in accordance with the relevant laws and regulations at the time of the transfer, and in consideration of the company's operational needs and business development strategies and guidelines. The human resources department will draw up a proposal in accordance with the preceding principles to meet the rules of Compensation Committee Organization.
Managers with standardized organizational procedures of the Compensation Committee shall submit them to the Compensation Committee for review and approval by the board of directors, and the rest shall be approved by the chairman of the board. The domestic and overseas subsidiaries mentioned in Paragraph 1 refer to the subsidiaries in which the company directly or indirectly holds more than 50% of the voting shares of the same invested company.
- Article 5 The procedure of the Plan
(1) In accordance with the resolution of the Board, the Company shall make the announcements, filings and repurchase the shares of the Company within the execution period.
(2) Regarding the employee's stock subscription base date, the criteria for the number of shares to be subscribed, the subscription payment period, the content of rights and other operational matters, the human resources department of the company shall make a proposal in accordance with the provisions of these measures to meet

the organizational rules of the company's compensation committee.

Submit it to the Compensation Committee for review and approval by the board of directors, and the rest are approved by the chairman of the board.

(3) If the employee fails to subscribe and make the payment at the expiration of the payment period, it shall be deemed as a waiver of his/her subscription right.

The balance of the under-subscription shall be authorized to the Chairman to have other employees to subscribe.

(4) Count the actual number of shares being paid for subscription and process the registration of the transfer of shares.

Article 6 The agreed transfer price per share

For the repurchase shares being transferred to the employees, the transfer price is the actual average repurchase price of the repurchased shares. However, before the transfer, if there is an increase or decrease in the company's issued ordinary shares, the transfer price may be adjusted within the range of the increase or decrease ratio of the issued shares.

Transfer price adjustment formula:

The adjusted conversion price = the average price actually repurchased x (the total number of ordinary shares at the time the company's repurchased shares are executed ÷ the total number of ordinary shares before the company transfers the repurchased shares to employees)

Article 7 Rights and obligations of shares after transfer

After the repurchased shares have been transferred and registered under employees' names on the Company's Shareholders' Rosters, unless otherwise specified, the rights and obligations associated with the shares are the same as the other common shares

Article 8. Other related rights and obligations of the Company and employee

For the shares transferred according to the Plan, the taxes and fees incurred shall be handled in accordance with the laws and regulations at the time of the transfer and the company's related operations.

Article 9. These measures will become effective after the resolution of the board of directors. In the future, if there are changes due to changes in laws or regulations or changes approved by the competent authority or changes based on the objective environment, they may be reported to the board of directors for revision.

Article 10. The enactment and any amendment of the Plan shall be reported to the shareholders' meeting

16th Plan of Transferring the Repurchased Shares to the Employees

Established on March 25, 2021

- Article 1. For the purpose of encouraging our employees and creating cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by Financial Supervisory Commission R.O.C., establishes the Plan of Transferring the Repurchased Shares to the Employees (the "Plan"). Except as otherwise provided in relevant laws or regulations, all share repurchased and transferred to the employees of the Company shall be implemented in compliance with the Plan.
- Article 2 Type of shares to be transferred, and content of and the restrictions on the rights
The shares to be transferred to the employees are common shares. Except as otherwise provided in relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other common shares of the Company.
- Article 3 Transfer period
In accordance with the provisions herein, transfer the repurchased shares to employees in one time or several times within 5 years from the date of share-repurchase.
- Article 4 Transferee's eligibility
The transferees of this method are based on the principle that the full-time employees of the company and the full-time employees of the company's domestic and overseas subsidiaries who took up the job before the stock subscription date.
In addition, the employee's subscription ratio and number of shares are determined based on their job title, salary, years of service, performance, and their contribution to the company, and take into account the total number of shares purchased by the company at the base date of subscription and the number of shares subscribed by a single employee. And factors such as the upper limit of the number of shares subscribed by a single employee are principles.
The qualifications of the transferee in the preceding paragraph and the number of shares that can be subscribed will be in accordance with the relevant laws and regulations at the time of the transfer, and in consideration of the company's operational needs and business development strategies and guidelines. The human resources department will draw up a proposal in accordance with the preceding principles to meet the rules of Compensation Committee Organization.
Managers with standardized organizational procedures of the Compensation Committee shall submit them to the Compensation Committee for review and approval by the board of directors, and the rest shall be approved by the chairman of the board. The domestic and overseas subsidiaries mentioned in Paragraph 1 refer to the subsidiaries in which the company directly or indirectly holds more than 50% of the voting shares of the same invested company.
- Article 5 The procedure of the Plan
(1) In accordance with the resolution of the Board, the Company shall make the announcements, filings and repurchase the shares of the Company within the execution period.
(2) Regarding the employee's stock subscription base date, the criteria for the number of shares to be subscribed, the subscription payment period, the content of rights and other operational matters, the human resources department of the company shall make a proposal in accordance with the provisions of these measures to meet the organizational rules of the company's compensation committee.

Submit it to the Compensation Committee for review and approval by the board of directors, and the rest are approved by the chairman of the board.

(3) If the employee fails to subscribe and make the payment at the expiration of the payment period, it shall be deemed as a waiver of his/her subscription right.

The balance of the under-subscription shall be authorized to the Chairman to have other employees to subscribe.

(4) Count the actual number of shares being paid for subscription and process the registration of the transfer of shares.

Article 6 The agreed transfer price per share

For the repurchase shares being transferred to the employees, the transfer price is the actual average repurchase price of the repurchased shares. However, before the transfer, if there is an increase or decrease in the company's issued ordinary shares, the transfer price may be adjusted within the range of the increase or decrease ratio of the issued shares.

Transfer price adjustment formula:

The adjusted conversion price = the average price actually repurchased x (the total number of ordinary shares at the time the company's repurchased shares are executed ÷ the total number of ordinary shares before the company transfers the repurchased shares to employees)

Article 7 Rights and obligations of shares after transfer

After the repurchased shares have been transferred and registered under employees' names on the Company's Shareholders' Rosters, unless otherwise specified, the rights and obligations associated with the shares are the same as the other common shares

Article 8. Other related rights and obligations of the Company and employee

For the shares transferred according to the Plan, the taxes and fees incurred shall be handled in accordance with the laws and regulations at the time of the transfer and the company's related operations.

Article 9. These measures will become effective after the resolution of the board of directors. In the future, if there are changes due to changes in laws or regulations or changes approved by the competent authority or changes based on the objective environment, they may be reported to the board of directors for revision.

Article 10. The enactment and any amendment of the Plan shall be reported to the shareholders' meeting

Walsin Technology Corporation
Implementation Status of Repurchasing Company's Stock

Date:2021/04/30

Number of Times	15 th	16 th
Board of Directors Resolution date:	Jan. 27, 2021 The 14 th meeting of the 15 rd Board of Directors	Mar. 25, 2021 The 16 th meeting of the 15 rd Board of Directors
Purpose of Repurchase	Shares Transferred to Employees	Shares Transferred to Employees
Expected number of shares bought back	Common stock 500,000 shares	Common stock 600,000 shares
Repurchase price range	NT\$230 to NT\$243 per share	NT\$240 to NT\$252 per share
Actual Repurchase Period	Jan. 28, 2021 to Feb. 03, 2021	Mar.26, 2021 to Apr. 01, 2021
Actual number of shares bought back	Common stock 500,000 shares	Common stock 600,000 shares
Actual total amount of sharesbought back	NT\$115,235,981	NT\$151,104,443
Average repurchase price per share	NT\$230.47	NT\$251.84
Number of shares transferred to employees	500,000 shares	--
Note	none	none

[Attachment VI]

Walsin Technology Corporation			
Comparison Table for Amendments to the Rules of Procedures for Shareholders' Meetings			
Rule No.	Before Amendment	After Amendment	Explanation
4.	The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.	The chairman shall call the meeting to order at the appointed meeting time <u>and announce the relevant information such as the number of non-voting rights and the number of shares present.</u> However, when the attending shareholders do not represent a half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.	Amended according to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings"
15 、	(omission) When there's a directors election in the shareholders' meeting, it shall be conducted in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights.	(omission) When there's a directors election in the shareholders' meeting, it shall be conducted in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights <u>and the list of directors who are not elected and the number of election rights obtained.</u>	Amended according to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings"

[Attachment VII]

Walsin Technology Corporation			
Comparison Table for Amendments to the Procedures for Acquisition or Disposal of Assets			
Rule No.	Before Amendment	After Amendment	Explanation
9	This Procedures for Acquisition or Disposal of Assets, and any amendment thereto, shall be submitted to a shareholders meeting for approval after the said procedures have been agreed by one half or more of all audit committee members and approved by the board of directors. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion when the said procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	This Procedures for Acquisition or Disposal of Assets, and any amendment thereto, shall be submitted to a shareholders meeting for approval after the said procedures have been agreed by one half or more of all audit committee members and approved by the board of directors. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion. when the said procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	The amendment is done on basis of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
10	With respect to the company's acquisition or disposal of assets that is subject to the approval of audit committee and the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion. When a transaction involving the acquisition or disposal of assets is submitted to audit committee	With respect to the company's acquisition or disposal of assets that is subject to the approval of audit committee and the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion. <u>the board of directors shall take into full consideration each independent director's opinions.</u>	The amendment is done on basis of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	<p>pursuant to the preceding paragraph, it should be agreed by one half or more of all audit committee members and a submitted to the board of directors for a resolution.</p> <p>After the establishment of the audit committee, any transaction involving major assets or derivatives shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p>	<p><u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>When a transaction involving the acquisition or disposal of assets is submitted to audit committee pursuant to the preceding paragraph, it should be agreed by one half or more of all audit committee members and a submitted to the board of directors for a resolution.</p> <p><u>If approval of one half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p>After the establishment of the audit committee, any transaction involving major assets or derivatives shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p>	
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Walsin Technology Corporation			
Comparison Table for Amendments to the rule of the Procedures of Endorsement and Guarantee			
Rule No.	Before Amendment	After Amendment	Explanation
4.2 Endorsement guarantee approval authority:	4.2.3 Subsidiaries of the company that directly and indirectly hold more than 90% of the voting shares shall be subject to a resolution of the company's board of directors before the endorsement is guaranteed in accordance with Article 2.3. However, the inter-company endorsement guarantee in which the company directly or indirectly holds 100% of the voting shares is not subject to this limitation.	4.2.3 Subsidiaries of the company that directly and indirectly hold more than 90% of the voting shares shall be submitted to the company's board of directors for a resolution before the endorsement is guaranteed in accordance with the provisions of Article 2.3 <u>Article 2.2~2.5</u> . However, the inter-company endorsement guarantee in which the company directly or indirectly holds 100% of the voting shares is not subject to this limitation.	Amend the corresponding provisions.

Articles of Association of Walsin Technology Corporation

Amended and approved by the annual shareholders' meeting on Jun. 19, 2019

Chapter I General Principles

Article 1. The Company is organized in accordance with the Company Act and named as Walsin Technology Corporation.

Article 2. The following is the business scope of the company:

- a. Manufacturing, processing, and selling of semiconductor components.
- b. Manufacturing, processing, and selling of diode & photodiode products.
- c. Manufacturing, processing, and selling of semiconductor & photodiode materials.
- d. Providing semiconductor engineering, design, and technical services.
- e. Authorized reseller and distributor of electronic and photodiode products from domestic/international manufacturers.
- f. Manufacturing, processing, and selling of precision ceramics powder metallurgy.
- g. Manufacturing , processing , and selling of chip resistor, capacitor, and inductor.
- h. Manufacturing, processing, and selling of nickel hydrogen battery and lithium ion battery (rechargeable battery).
- i. Operating import/export trade and distribution businesses (authorized businesses excluded).
- j. CC01080 Electronic Parts and Components Manufacturing
- k. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- l. F119010 Wholesale of Electronic Materials.
- m. F219010 Retail Sale of Electronic Materials.
- n. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1. The Company may provide endorsements/guarantees to external parties for business needs.

Article 2-2. The total amount of the Company's investments in other companies is not subject to the restriction of 40% of the Company's paid-up capital.

Article 3. The Company set up its headquarters in Taipei City. When necessary, it may set up branch offices or factories domestically or abroad with a resolution by the Board of Directors.

Article 4. The company's announcement is handled in accordance with the regulations of the securities authority.

Chapter II Shares

Article 5. The total capital of the company is set at NT\$8 billion, divided into 800 million shares, and each share is NT\$10 par value. Authorize the board of directors to issue it in installments

In the event that the company's shares can be repurchased by the company in accordance with the law, the board of directors shall be authorized to do so in accordance with the law.

If the company intends to transfer the repurchased shares to employees at a price lower than the average price of the actual repurchased shares, it shall be approved by the general meeting of shareholders representing more than half of the total issued shares and more than two-thirds of the voting rights of the present shareholders.

Article 6. The Company may be exempted from printing share certificates if such shares have been registered with a securities depository enterprise.

Article 7. (Deleted)

Article 8. Shares which are transferred, lost or destroyed shall be handled in accordance with the Company Act and the relevant regulatory requirements.

Article 9. (Deleted)

Article 10. (Deleted)

Article 11. If the stocks are exchanged or reissued, the company may charge the cost of production.

Chapter III Shareholders' Meetings

Article 12. The shareholders' meetings of the Company are classified into two types. The general shareholders' meetings shall be annually convened by the Board within 6 months from the end of each fiscal year in accordance with the relevant laws and regulations. The special shareholders' meetings shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

Article 13. The convening of regular and special meetings of shareholders shall be governed by the Company Act and the meeting proceedings shall be governed by the Company's rules and procedures governing Shareholders' meetings.

Article 14. If a shareholder is unable to attend the shareholders' meeting in person, shareholders may appoint proxies to attend Shareholders' meetings pursuant to the Company Act and the "Rules Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" promulgated by the competent authority by submitting proxy form printed and distributed by the Company and specifying the scope of authority therein.

Article 15. Unless otherwise provided for by law, the voting right of the Company's shareholders is based on one-share-one-vote.

Article 16. Unless otherwise regulated by law, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 17. The resolutions of the shareholders' meeting shall be prepared in the minutes, recording the time and date of the meeting, the venue, the name of the chairman, the number of shares present, the number of voting rights and the resolutions, and the minutes shall be distributed to each shareholder within 20 days after the chairman's signature or seal. The dissemination of the proceedings of the preceding paragraph can be done by public announcement.

Chapter IV Board of Directors and the Audit Committee

Article 18. The Company shall have 7 to 9 directors including, at least, 3 independent directors. The Board of Directors is authorized to determine the number of directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act; the shareholder may elect the directors among the list of candidates.

The nomination of directors and related announcement or other relevant matters shall comply with the relevant laws and regulations of Company Act, Securities and Exchange Act, and etc.

The election of directors shall be in accordance with the election of directors of the Company. Unless otherwise stipulated in the decree, independent directors and non-independent directors shall be elected at one time, and their names shall be calculated separately. The term of office is three years.

Regardless of the company's earnings, the company is entitled to a fixed remuneration, and the number of authorized directors shall, in accordance with the recommendations of the Remuneration Commission, have regard to the degree of participation of the company and the value of the salary, and shall, in the light of domestic and foreign standards, set it within the maximum salary standard stipulated in the salary Review Law of the Company. All directors shall hold no less than the number of shares specified by the competent authorities in accordance with the law.

In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an audit committee in replacement of the supervisors, which shall consist of all independent directors. The audit committee or the members of the audit committee shall be responsible for the responsibilities of supervisors specified under the Company Act, the Security and Exchange Act and other relevant regulations. The duties, rules of meeting, and other matters shall be in accordance

with the relevant rules of the competent securities authority.

Within the Directors' terms of office, the Company may purchase liability insurance for the Directors' liability which shall be taken within the scope of their business according to laws, with reference to the standard of the industry domestic or abroad.

Article18-1. More than half of the directors of the company shall not have following relations:

- a. Spouse relationship
- b. Relatives within the second class.

Article19. When the vacancy of directors reaches one-third, the board of directors shall convene a by-election at an extraordinary meeting of shareholders within 60 days and its term of office shall be limited to the duration of the original term of office.

Article 20. The directors organize the board of directors and elect one of the chairman from each other in accordance with the law. Unless otherwise provided by laws and regulations, the chairman of the board of directors is the chairman of the shareholders meeting and the board of directors internally, and represents the company externally. The directors may also elect a vice chairman from each other.

Article 21. Unless otherwise stipulated by the Company Law, the board of directors must have more than half of the directors present, and its resolutions shall be implemented with the consent of more than half of the directors present.

Article22. When the chairman asks for leave or is unable to exercise his powers for some reason, if the vice chairman has been appointed, the vice chairman shall act as his agent. If the vice chairman also asks for leave or cannot exercise his powers for some reason, the chairman shall designate a director to act as his representative. If an agent is not designated, the directors shall elect one person to act as an agent.

Article 23. The rights of the board of directors are as follows:

1. Review of important company rules.
2. Review of company business policy.
3. Preparation of company budget and final accounts.
4. The drafting of the company's surplus distribution or loss recovery plan.
5. The drafting of the company's capital increase or decrease is plan.
6. According to the law,the appointment and removal of important company

personnel who are required by the board of directors.

7. Review of the company's business report.

8. The company's important property and real estate purchase and disposal plan.

9. Other powers granted by laws, regulations, and shareholders' meetings.

Article 24. (Deleted)

Article 25. (Deleted)

Article 26. Board Meetings shall be convened by the Chairman. The reasons for convening a Board meeting shall be notified to each Director at least 7 days in advance. However, in the event of an emergency, the meeting may be convened at any time. The meeting of the notice may be delivered in written, fax, or electronic form. Unless otherwise provided by the Company Act. A Director may authorize another Director as his/her proxy in attending a Board meeting. However, one proxy can only represent one other Director during a meeting.

Chapter V Managers

Article 27. The company has a president and several vice presidents. The management team takes the resolution of the board of directors to comprehensively manage all the company's business. The appointment, dismissal and remuneration are carried out by the resolution of the board of directors.

The powers of the manager of the company are stipulated by the appointment contract.

Article 28. (Deleted)

Article 29. The company may hire several consultants after the resolution of the board of directors.

Chapter VI Accounting

Article 30. At the end of the fiscal year of the company, the board of directors shall compile the following lists and send them to the audit committee for review 30 days before the shareholders meeting, and submit them to the shareholders meeting for approval, but the audit committee may entrust an accountant on behalf of the company to verify it when handling the previous business.

1. Business report.

2. Financial statements.

3. Proposal for surplus distribution or loss recovery.

Article 31. If the company makes a profit during the fiscal year, it shall allocate 2% to 10% as employee compensation, which shall be distributed in stocks or cash. The board of directors shall be approved by more than two-thirds of the directors present and more than half of the present directors. The resolution is implemented and reported to the shareholders meeting. Employees include employees of affiliated companies who meet certain conditions. The company is able to increase the amount of profit, and the board of directors resolves to allocate no more than 2% as directors' remuneration.

However, when the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.

When the company's fiscal year's final accounts have current surpluses, in addition to the legal provisions for income tax and making up previous years' losses, 10% of the statutory surplus reserve should be raised first, but this is not the case when the statutory surplus reserve has reached the total capital of the company. After the special surplus reserve is allocated or converted in accordance with the laws or regulations of the competent authority, the special surplus reserve may be set aside

according to the business needs of the company. If there is a balance and the accumulated undistributed surplus, the board of directors shall draft a surplus distribution proposal. The shareholders' meeting shall be submitted to a resolution to distribute shareholder dividends.

Article31-1. In addition to the distribution of the company's earnings in accordance with the provisions of Article 31 of the company's articles of association, the principle that the proportion of stock dividends shall not exceed 50% of the shareholders' dividends distributed in the current year, and the rest shall be paid in cash dividends ; However, when the company obtains sufficient funds 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 decide the most appropriate dividend policy and payment method based on the actual operating conditions of the current year and the capital budget plan for the next year.

Chapter VII Supplementary Provisions

Article32. The company's organizational rules and rules for handling matters are separately formulated.

Article33. Any matters not specified in the Articles of Association shall be handled in accordance with the Company Act. relevant regulations.

Article34. The Articles of Association was established on July 6, 1970, The 1st amendment was made on May. 28, 1971. The 2nd amendment was made on Oct. 26, 1971. The 3rd amendment was made on Dec. 15, 1972. The 4th amendment was made on Nov. 21, 1973. The 5th amendment was made on Jul. 20, 1974. The 6th amendment was made on Jul. 10, 1975. The 7th amendment was made on Apr. 20, 1977. The 8th amendment was made on Apr. 21, 1977. The 9th amendment was made on Jun. 20, 1978. The 10th amendment was made on Jun. 18, 1979. The 11th amendment was made on Sep. 11, 1979. The 12th amendment was made on Sep. 24, 1980. The 13th amendment was made on Aug. 16, 1989. The 14th amendment was made on May. 2, 1990. The 15th amendment was made on Mar. 28, 1991. The 16th amendment was made on May. 21, 1992. The 17th amendment was made on Jul. 17, 1992. The 18th amendment was made on Aug. 18, 1993. The 19th amendment was made on Jun. 4, 1994. The 20th amendment was made on Apr. 21, 1995. The 21th amendment was made on Sep. 26, 1995. The 22th amendment was made on May. 2, 1997. The 23th amendment was made on Jun. 8, 1998.

The 24th amendment was made on Jun. 24, 1999. The 25th amendment was made on Oct. 29, 1999. The 26th amendment was made on Jun. 26, 2000. The 27th amendment was made on May. 29, 2001. The 28th amendment was made on Jun. 12, 2002. The 29th amendment was made on Jun. 20, 2003. The 30th amendment was made on Apr. 30, 2004. The 31th amendment was made on Apr. 30, 2004. The 32th amendment was made on Jun. 23, 2005. The 33th amendment was made on Jun. 23, 2006. The 34th amendment was made on May. 30, 2007. The 35th amendment was made on Jun. 19, 2008. The 36th amendment was made on Jun. 19, 2009. The 37th amendment was made on Jun. 25, 2010. The 38th amendment was made on Jun. 13, 2011. The 39th amendment was made on Jun. 18, 2013. The 40th amendment was made on Jun. 23, 2014. The 41th amendment was made on Jun. 22, 2016. The 42th amendment was made on Jun. 28, 2018(Among them, Article 18 has been effective since the Year 2019, and the rest shall take effect after the resolution of the shareholders meeting). The 43th amendment was made on Jun. 19, 2019. Effective after the resolution of the shareholders meeting, the amendment is also the same.

Walsin Technology Corporation
Rules of Procedures for Shareholders' Meetings

Amended and approved by the annual shareholders' meeting on Jun. 15, 2020

1. Unless otherwise specified by law, the Company's shareholders' meetings shall proceed according to the Rules.
2. Whenever the Rules refer to shareholders, they include the shareholders as well as any representative attending as their proxy.

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board according to the company Act 208. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair, or, where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. If the shareholders' meeting is convened by a convener other than the board of directors, the chairman shall be the convener. If there are two or more conveners, one of the other conveners shall be elected.

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

3. This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

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

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

The number of shares attending is calculated based on the sign-in card handed in by the shareholders at the time of sign-in plus the written or electronic shareholding of the voting rights. Attending shareholders (or proxies) are requested to wear attendance cards and hand in the sign-in card to sign in on their behalf. If the sign-in card is handed over to the company, it shall be deemed that the shareholder or agent on the sign-in card is present in person, and the company is not liable Responsibility identified.

4. The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.
5. If the agenda of the shareholders meeting is convened by the board of directors, it shall be set by the board of directors; if it is convened by a person other than the board of directors who has the right to convene, it shall be set by the convener, and relevant proposals (including temporary motions and amendments to the original proposal) shall be adopted voted on one by one. For the resolution of the proposal, the meeting shall be conducted according to the scheduled agenda. The meeting shall not be changed unless it is resolved by the shareholders meeting. The scheduled agenda shall not be declared adjourned unless the meeting is resolved by the shareholders meeting.

When the chairman of the shareholders meeting announces the adjournment of the meeting in violation of the rules of procedure, The shareholders are able to elect one person as the chairman with a majority of the voting rights of the shareholders present and continue the meeting.

- 5-1 Appointment or dismissal of directors, change of articles of association, capital reduction, application for suspension of public offerings, directors' competition license, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division, or the first paragraph of Article 185 of the Company Law. The main content of the matter should be listed and explained in the reason for the convening, and it cannot be proposed by a temporary motion; the main content can be placed on the website designated by the securities authority or the company, and its website should be included in the notice.

If the reason for convening the shareholders' meeting has stated that the directors shall be fully re-elected with the appointment date stated. after the re-election of the shareholders' meeting is completed, the same meeting shall not change the appointment date by ad hoc motion or other means.

Shareholders holding more than 1% of the total number of issued shares can submit a proposal of shareholders' meeting to the Company in writing. The proposal, acceptance, review, etc. are handled in accordance with the Company Act and relevant laws and regulations.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the proposing shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals in the agenda. The shareholders of the proposal shall attend the shareholders' meeting in person or entrust others to participate in the discussion of the proposal.

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Shareholders do not ask whether the agent is aware of the content of the power of attorney or other methods, and the statement or vote made by the agent shall prevail.

7. The explanation of the proposal is limited to five minutes, and each person is limited to three minutes for discussion of questions and answers. However, with the permission of the chairman, it may be extended once, and the limit is still three minutes.
8. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

9. When discussing a proposal, the chairman may declare the end of the discussion within an appropriate period. If necessary, he may also declare the suspension of the discussion. The chairman shall put the vote to the end. In addition, the chair shall arrange an adequate amount of time for voting.
10. When a legal person is entrusted to attend the shareholders' meeting, the legal person can only appoint one representative to attend; when a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may be allowed to speak the same proposal.
11. If the shareholder's speech is overtime or beyond the agenda, the chairman may stop his speech.
12. When the shareholders give the speech, other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder, and the chairman shall stop the offender.
13. After the shareholders have spoken, the chairman may personally or designate relevant personnel to reply.
14. Unless otherwise stipulated in the Company Law and Articles of Association, the voting of the proposal shall be carried out with the approval of a majority of the voting rights of the shareholders present.

The counting of votes for shareholders' meetings or election proposals shall be done in a public place at the shareholders' meeting, and after the counting of votes is completed, the voting results shall be announced on the spot, including statistical weights, and recorded.

15. The voting rights of shareholders are calculated based on the voting rights of their representatives. When the company convenes a shareholder meeting, it shall adopt electronic means and may adopt a written method to exercise its voting rights; when it exercises its voting rights in writing or electronic means, its exercise method shall be stated in the notice of the shareholders meeting. Shareholders who exercise voting rights in writing or electronically are deemed to have attended the shareholders meeting in person. However, the provisional motion and the amendment to the original proposal of the shareholders meeting shall be deemed as abstention.

Shareholders shall exercise their voting rights in writing or electronically in accordance with the provisions of the Company Law and the "Guidelines for the Handling of Share Affairs of Companies Offering Public Shares".

When there are amendments or alternatives to the same proposal that do not coexist with the original proposal, the chairman shall determine the order of voting together with the original proposal. If one of the proposals has been passed by the statutory or the number of voting rights specified in the articles of association, the others cannot coexist. The motion is deemed to be vetoed and needless to be a vote.

When there's a directors election in the shareholders' meeting, it shall be conducted in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights.

16. The chair may put the meeting in recess at appropriate times.
17. During a shareholders' meeting, in the event of an air raid alarm or other act of force majeure, the chair shall immediately declare the meeting ceased, and order all present to take appropriate proactive measures to evacuate, then when the cause for the cessation of the meeting ends, the chair may determine whether to resume the meeting.
18. The unregulated items of these rules are governed by the regulations of the Public Stock meeting of the Ministry of political Affairs, the Company Law and the articles of Association of the Company as promulgated by the Securities and Futures Management Committee of the Ministry of political Affairs.
19. These Rules shall take effect after approval by the shareholder meeting and the same procedure shall apply when they are amended.



Stock Code : 2492

Walsin Technology Corporation

2021 Annual Shareholders' Meeting Agenda Handbooks (Translation)

Time : 9:30 a.m. on Friday, Jun. 25, 2021

Location : No. 3, Qingnian Rd., Yangmei Dist., Taoyuan City 326, Taiwan
(R.O.C.) (Meeting Room No.E68,China-Motor Training
Center)

This document is prepared in accordance with the Chinese version and is for reference only.
In the event of any discrepancy between the Chinese version and this content, the Chinese
version shall prevail.

Walsin Technology Corporation

2021 Annual Shareholders' Meeting Handbook

Table of Contents

Chapter1. Meeting Procedure and Agenda

I. Announcements.....	4
II. Proposals, Discussions.....	6
III. Extempore Motions	10
IV. Adjournment	10

Chapter2. Attachments

I. 2020 Business Report.....	11
II. 2020 Consolidated Financial Statements and Parent Company Only Financial Statements	13
III. Audit Committee's Review Report.....	34
IV. Shareholding of Directors.....	35
V. Plan of Transferring the Repurchased Shares and Implementation Status Of Repurchasing Company's stock.....	36
VI. Comparison Table for Amendments to the Rules of Procedures for Shareholders' meetings	41
VII. Comparison Table for Amendments to the Rules of the Procedures of Acquisition or Disposal of Assets.....	42
VIII. Comparison Table for Amendments to the rule of the Procedures of Endorsement and Guarantee.....	44

Chapter3. Rules and Appendices

I. Articles of Association.....	45
II. Rules of Procedures for Shareholders' Meetings(Before Amendment).....	50

Walsin Technology Corporation

Procedure and Agenda for 2021 Annual Shareholders' Meeting

- I. Meeting called to order
- II. Chairperson in place
- III. Chairperson remarks
- IV. Announcements
 - (I) 2020 Business Report
 - (II) Audit Committee's Audit Report
 - (III) Report on Distribution of Employees' Compensation and Remuneration of Directors for 2020
 - (IV) Other Matters
- V. Proposals, Discussions
 - (I) Approval of 2020 Business Report and financial statements
 - (II) Approval of 2020 Earnings Distribution
 - (III) Discussion about the proposal for cash distribution from capital surplus.
 - (IV) Discussion about the amendments to the rules of Procedures for Shareholders' Meetings
 - (V) Discussion about the amendments to the rule of the Procedures of Acquisition Disposal of Assets.
 - (VI) Discussion about the amendments to the rule of the Procedures of Endorsement and Guarantee
 - (VII) Discussion about the release the directors from non-competition restrictions
- VI. Extempore Motions
- VII. Adjournment

Announcements

- I. Business Report:
The Company's 2020 Business Report and Financial Statements
Please refer to Attachment I and II on #page11-33# of the Handbook.
- II. Audit Committee's Audit Report:
Please refer to Attachment III on #page34# of the Handbook.
- III. Report on Distribution of Employees' Compensation and Remuneration of Directors for 2020
As approved by the 15th term 15th Board of Directors of the Company, the employees' compensation for 2020 is NT\$ 169,862,275 and the remuneration of Directors is NT\$ 67,944,910, all of which are paid in cash.
- IV. Other matters:

(1) WTC's first domestic unsecured convertible bonds Status report.

Explanation:

1. In order to purchase plant, equipment and factory facilities, the board of directors approved the issuance of the first domestic unsecured conversion of 48,000 corporate bonds on February 26, 2020, each with par value is NT\$100,000, and the bond coupon rate is 0%, the total issuance amount is NT\$4.8 billion, and the issuance period is four years.
2. Since the issuance began on April 29, 2020, until the maturity on April 29, 2024, as of April 23, 2021 (the last transfer date before the bond stop conversion period is from April 27 to June 25), 10 bonds have been converted (NT\$1,000 thousands), and the current balance is NT\$4,799,000 thousands.

(2) Report the Shareholding of Directors

1. Please refer to Appendix IV on #page35# of the Handbook for the shareholding of Directors.
2. The shareholdings of all of the Company's directors have all met the requirement for the statutory shareholding ratio.

(3) Implementation status of repurchasing Company's stock: Please refer to Attachment V on #page36-40# of the Handbook for the implementation status of repurchasing Company's stock.

- (4) Status of shareholders' proposals to the shareholders' meeting: Starting from Apr. 11, 2021 until to Apr. 21, 2021, no shareholders had submitted written proposals to the Company during the period in accordance with Article 172-1 of the Company Act.

Proposals, Discussions

Proposal 1

Proposed by the Board of Directors

Subject: Recognition of the Company's 2020 business report, parent company only financial statements and consolidated financial statements.

Explanation:

- I. The aforesaid business report and relevant financial statements have been resolved by the Board of Directors, Financial Statements have been audited by CPA Shih Chin-Chuan and Yu Hung-Bin of Deloitte & Touche Taiwan. All of them were submitted to the Audit Committee for audit, which then has audited the same.
- II. Please refer to Attachment of the handbook from page 11.

Resolution:

Proposal 2

Proposed by the Board of Directors

Subject: Adoption of the Proposal for Appropriation of 2020 Earnings

Explanation:

- a. The proposal for 2020 appropriation of earnings was already resolved in the 15rd Term 17th Board of Directors meeting convened and reviewed by the Audit Committee meeting.
- b. The net profit after tax as of year 2020 of the Company is NT\$6,632,253,759. After setting aside the legal reserve of NT\$ 651,502,834 and adding the adjusted undistributed retained earnings, the total distributable retained earnings is NT\$ 21,650,658,763.
- c. The Company operates for sustainable development and intends to retain the undistributed earnings as of the end of year 2020 to meet capital expenditure requirements. This year, the retained earnings will not be distributed as shareholder dividends. In the future, the Company is planning to use the undistributed earnings to construct or purchase buildings, software or hardware equipment or technology for use in production or operation as needed for its business, and the Company will report to the National Taxation Bureau for the deduction such investment amounts from the undistributed earnings tax base in accordance with Article 23-3 of the Statute of Industrial Innovation.
- d. The proposed surplus distribution table is as below:

Walsin Technology Corporation Statement of Earnings Distribution Year 2020			
Item	Total	Unit: NT\$	
Unallocated earnings, beginning of year	15,787,133,255		
Less: adjustments on re-measurement on define benefit plans recognized in retained earnings	(30,074,332)		
Less: adjustments on equity method investments	(50,079,494)		
Less: disposal of investments in equity instruments at fair value through other comprehensive income	(37,071,591)		
Adjusted unallocated earnings	15,669,907,838		
Add: Net profit	6,632,253,759		
Less: Legal reserve(10%)	(651,502,834)		
Distributable earnings	21,650,658,763		
Distribution Item:			
Cash Dividends to shareholders	0	NT\$0/per share	
Unallocated earnings, end of year	21,650,658,763		

Chairman: Chiao Yu-Heng

Manager: Chang Jui -Tsung

Accounting Chief: Yeh Tse-Kuang

Resolution:

Proposal 3

Proposed by the Board of Directors

Subject: Review and approval of the Proposal for Cash Distribution from Capital Surplus

Explanation:

- a. The proposal for Cash Distribution from Capital Surplus was already resolved in the 15th Term 17th Board of Directors meeting convened and reviewed by the Audit Committee meeting.
- b. The Company proposed a cash distribution of NT\$2,914,830,000 from the capital surplus (the excess paid over the par value of the common shares issued of NT\$2,914,830,000) in accordance with Article 241 of the Company Act. The distribution will be around NT\$6 per share to shareholders recorded on the ex-dividend base date.
- c. For cash distribution from capital surplus, it is calculated based on 485,804,299 shares (including treasury stocks 600,000 shares) of the company had issued shares as of the book closure date of April 22, 2021. In the event of changes of the Company's common shares, conversion of the company's convertible corporate bonds, repurchase of treasury stocks or transfer treasury stocks to employees, etc., thereby affecting the number of outstanding shares and then causing the proposed cash distribution per share to change, it is proposed that the Chairman be authorized to adjust the same based on the number of actual shares outstanding on the ex-dividend base date.
- d. The cash distribution from capital surplus shall be based on share ratio and rounded off to the integer. Fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from old to new in account number, and then they shall be adjusted in this order until the total amount of cash distribution from capital surplus is met.
- e. For cash distribution from capital surplus, it is proposed that the Chairman be authorized to determine the ex-dividend date, payment date and related matters after resolution is made in this shareholders' meeting.

Resolution:

Proposal 4 Proposed by the Board of Directors
Subject: The proposal of amendments to the Company's Rules of Procedures for Shareholders' Meetings is hereby submitted for resolution.

Explanation:

- I. In accordance with the Taiwan Stock Exchange Announcement No. 11000014461, to amend the reference example of the rules of procedures for shareholders meetings, it is proposed to amend some of the provisions of the "Rules of Procedures for Shareholders Meetings" of the company.
- II. Please refer to Attachment VI on #page41# of the Handbook for the comparison table.

Resolution:

Proposal 5 Proposed by the Board of Directors
Subject: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets

Explanation:

- I. In order to coordinate with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, amendments are proposed to some provisions of the Rules of the Procedures of Acquisition or Disposal of Assets
- II. Please refer to Attachment VII on #page42# of the Handbook for the comparison table.

Resolution:

Proposal 6 Proposed by the Board of Directors
Subject: The proposal of amendments to the rule of the Procedures of Endorsement and Guarantee.

Explanation:

- I. Revision of the section number of the rule of the Procedures of Endorsement and Guarantee.
- II. Please refer to Attachment VIII on #page44# of the Handbook for the comparison table.

Resolution:

Proposal 7 Proposed by the Board of Directors
Subject: Proposal of release the prohibition on directors from participation in competitive business

Explanation:

- I. Handle in accordance with the relevant provisions of the Company Act.
- II. Handled in accordance with Article 209 of the Company Act, "Proposal of Release the restrictions on Directors from Participation in Competitive Business.

III.Chairman Mr. Chaio Yu-Heng

Company Name	Title of Position
Inpaq Technology Co., Ltd.	Corporation's representative as director
Silitech Technology Corporation	Corporation's representative as Chairman

Resolution:

Extempore Motions

Adjournment

[Attachment I]

WALSIN TECHNOLOGY CORPORATION

2020 Business Report

Looking back at the global economic developments in 2020, countries which were deeply affected by COVID-19 and the U.S.-China trade war have adopted border control to prevent the spread of the coronavirus, which has caused the global economic development to near stagnation, weakened growth momentum. In addition, US-China trade conflict has forced the reorganization of the global industrial chain to respond, and the economic and trade performance of major countries has declined or slowed down. Although industrial activities have been dragged down by the epidemic, future technology applications such as 5G, automotive, AI, and the Internet of Things will continue to develop. At the same time, they will generate long-distance business opportunities and fill some of the economic recession gap in a timely manner. The U.S.-China trade turmoil has also increased global risk awareness, racing to accelerate decentralized production planning, indirectly promote the infrastructure construction of developing countries, and pave the way for future economic momentum.

U.S. economy is still under the impact of COVID-19 now. Nevertheless, with vaccines becoming available to the general public, together with the new government bailout, and multi-pronged fiscal and monetary policies, the economy is expected to see a gradual recovery. and in spite of ongoing uncertainties such as the unpredictable outcome of the U.S.-China trade conflict, the economy is still expected to return to a normal growth track.

After a heavy hit by epidemic for the first half of 2020, China's economic and trade activities seemed to have recovered steadily in the second half of the year due to the lockdown and its own pandemic prevention measures. Although it is commonly believed that the confrontation with the US is unlikely to die down in the short-term, China can still rely on restructuring its economic model and boosting up the domestic demand to mitigate the impact from the trade war.

The fluctuations in the international raw material market are estimated to have entered a new wave of gains following the low demand year of 2020. Passive components are an indispensable element of the global supply chain. Due to the demand gap released by the continuous transformation of large Japanese manufacturers and the insufficient supply of expansion and increase, the inventory level has been low for a long time, which coincides with the rigid demand in the second half of the year. In the long run, facing future competition in the same industry and various new application fields, only by deep-rooting technical capabilities and increasing the depth of the full range of products can we consolidate our market position.

Although the company's performance in the first quarter was significantly reduced due to the impact of the environmental epidemic and trade disputes, we continued to optimize product portfolios, tighten quality control and improve production efficiency through flexible adjustments to sales strategies and active maintenance of customer interactions, finally get the good results of rising season by season!

The company's consolidated revenue in 2020 increased by 18% compared to 2019. The gross profit increased nearly 8.6%. However, due to the increased competition in the same industry and unfavorable exchange rates, the gross profit level is lower than last year. As a result of the final annual settlement, the net income was nearly NT\$7 billion, and the earnings per share was NT\$13.66.

Here is a summary of WALSIN's 2020 simple income statement as follows:

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

Item	2020	2019	2020 Growth rate
STATEMENTS OF COMPREHENSIVE INCOME			
NET REVENUE	\$17,854,068	\$15,253,884	17.05%
GROSS PROFIT	4,547,308	4,079,845	11.46%
OPERATING PROFIT	3,357,599	3,012,847	11.44%
INCOME BEFORE INCOME TAX	7,311,627	7,682,537	-4.83%
NET INCOME	6,632,254	6,648,906	-0.25%
EARNINGS PER SHARE	13.66	13.72	-0.44%
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
NET REVENUE	\$35,599,249	\$30,134,180	18.14%
GROSS PROFIT	11,243,055	10,354,117	8.59%
OPERATING PROFIT	7,913,539	7,693,709	2.86%
INCOME BEFORE INCOME TAX	9,034,807	8,966,568	0.76%
NET INCOME(Attributable to the owner of the company)	6,632,254	6,648,906	-0.25%
EARNINGS PER SHARE	13.66	13.72	-0.44%

Chairman: Chiao Yu-Heng

Manager: Chang Jui -Tsung

Accounting Chief: Yeh Tse-Kuang

[Attachment II]
INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2020 is described as follows:

Risk of Revenue Recognition

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

WALSIN TECHNOLOGY CORPORATION

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

	2020		2019	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 775,955	1	\$ 805,133	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	347,920	-	214,194	-
Financial assets at amortized cost - current (Notes 4, 9 and 27)	2,941,109	5	-	-
Notes receivable from unrelated parties (Notes 4 and 10)	19,900	-	17,070	-
Trade receivables from unrelated parties (Notes 4 and 10)	1,074,490	2	838,036	2
Trade receivables from related parties (Notes 4, 10 and 26)	2,995,986	5	933,057	2
Finance lease receivable - current (Note 4)	17,862	-	15,716	-
Other receivables	72,352	-	95,396	-
Other receivables from related parties (Notes 4 and 26)	2,792,546	4	42,630	-
Inventories (Notes 4 and 11)	1,661,109	3	1,243,664	2
Other current assets	<u>119,633</u>	<u>-</u>	<u>60,058</u>	<u>-</u>
Total current assets	<u>12,818,862</u>	<u>20</u>	<u>4,264,954</u>	<u>8</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	12,957	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,454,006	4	1,621,048	3
Investments accounted for using the equity method (Notes 4 and 12)	35,580,910	55	34,390,451	68
Property, plant and equipment (Notes 4 and 13)	12,842,862	20	10,259,785	20
Right-of-use assets (Notes 4 and 14)	258,220	1	101,543	-
Investment properties (Notes 4 and 15)	119,582	-	121,485	-
Computer software (Note 4)	85,251	-	1,762	-
Deferred tax assets (Notes 4 and 21)	239,000	-	226,992	1
Guarantee deposits paid (Note 27)	31,929	-	55,174	-
Finance lease receivables - non-current (Note 4)	35,858	-	56,755	-
Other non-current assets	<u>43,114</u>	<u>-</u>	<u>1,287</u>	<u>-</u>
Total non-current assets	<u>51,703,689</u>	<u>80</u>	<u>46,836,282</u>	<u>92</u>
TOTAL	<u>\$ 64,522,551</u>	<u>100</u>	<u>\$ 51,101,236</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 5,867,081	9	\$ 6,445,000	13
Short-term bills payable (Note 16)	99,980	-	-	-
Trade payables to unrelated parties	1,386,009	2	634,486	1
Trade payables to related parties (Notes 4 and 26)	888,048	2	1,519,994	3
Payables for equipment (Note 26)	2,122,104	3	1,446,898	3
Other payables (Notes 4 and 26)	2,282,253	4	2,189,708	4
Lease liabilities - current (Notes 4 and 14)	50,043	-	40,320	-
Current tax liabilities (Notes 4 and 21)	848,554	1	358,217	1
Other current liabilities	<u>26,536</u>	<u>-</u>	<u>27,876</u>	<u>-</u>
Total current liabilities	<u>13,570,608</u>	<u>21</u>	<u>12,662,499</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	4,593,360	7	-	-
Long-term borrowings (Note 16)	7,194,748	11	4,400,000	9
Current tax liabilities - non-current (Notes 4 and 21)	67,501	-	-	-
Deferred tax liabilities (Notes 4 and 21)	144,341	-	39,341	-
Lease liabilities - non-current (Notes 4 and 14)	215,856	1	76,429	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	109,044	-	87,274	-
Guarantee deposits received	<u>6,631</u>	<u>-</u>	<u>6,631</u>	<u>-</u>
Total non-current liabilities	<u>12,331,481</u>	<u>19</u>	<u>4,609,675</u>	<u>9</u>
Total liabilities	<u>25,902,089</u>	<u>40</u>	<u>17,272,174</u>	<u>34</u>
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	4,858,000	8	4,858,000	9
Bond conversion entitlement certificates	43	-	-	-
Capital surplus	6,006,342	9	5,619,231	11
Retained earnings				
Legal reserve	3,286,566	5	2,619,557	5
Special reserve	1,097,541	2	1,097,541	2
Unappropriated earnings	22,302,162	34	19,126,043	38
Other equity				
Exchange differences on translating foreign operations	(2,517,167)	(4)	(2,226,191)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,586,975	6	2,770,641	5
Treasury shares	<u>-</u>	<u>-</u>	<u>(35,760)</u>	<u>-</u>
Total equity	<u>38,620,462</u>	<u>60</u>	<u>33,829,062</u>	<u>66</u>
TOTAL	<u>\$ 64,522,551</u>	<u>100</u>	<u>\$ 51,101,236</u>	<u>100</u>

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

WALSIN TECHNOLOGY CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 4 and 26)	\$ 17,854,068	100	\$ 15,253,884	100
COST OF SALES (Notes 11 and 26)	<u>12,969,538</u>	<u>72</u>	<u>12,823,316</u>	<u>84</u>
GROSS PROFIT	4,884,530	28	2,430,568	16
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(337,222)</u>	<u>(2)</u>	<u>1,649,277</u>	<u>11</u>
REALIZED GROSS PROFIT	<u>4,547,308</u>	<u>26</u>	<u>4,079,845</u>	<u>27</u>
OPERATING EXPENSES				
Selling and marketing expenses	362,798	2	341,851	2
General and administrative expenses	442,281	3	318,356	2
Research and development expenses	<u>384,630</u>	<u>2</u>	<u>406,791</u>	<u>3</u>
Total operating expenses	<u>1,189,709</u>	<u>7</u>	<u>1,066,998</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>3,357,599</u>	<u>19</u>	<u>3,012,847</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	21,133	-	36,781	-
Rental income	1,214	-	1,685	-
Dividend income (Note 26)	50,649	-	90,344	1
Gain from bargain purchase (Note 12)	51,912	-	-	-
Other income	55,950	-	105,045	1
Gain on disposal of property, plant and equipment	7,257	-	27,926	-
(Loss) gain on disposal of investments (Note 12)	(94,921)	-	2,951	-
Gain on financial assets at FVTPL	106,343	1	47,227	-
Other expenses	(1,718)	-	(1,744)	-
Foreign exchange loss, net	(151,654)	(1)	(10,818)	-
Interest expense	(146,762)	(1)	(74,292)	-
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	<u>4,054,625</u>	<u>23</u>	<u>4,444,585</u>	<u>29</u>
Total non-operating income and expenses	<u>3,954,028</u>	<u>22</u>	<u>4,669,690</u>	<u>31</u>
PROFIT BEFORE INCOME TAX	7,311,627	41	7,682,537	51
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(679,373)</u>	<u>(4)</u>	<u>(1,033,631)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>6,632,254</u>	<u>37</u>	<u>6,648,906</u>	<u>44</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(25,791)	-	14,277	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	534,004	3	88,217	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	190,895	1	1,019,269	7
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>(338,411)</u>	<u>(2)</u>	<u>(1,092,400)</u>	<u>(7)</u>
Other comprehensive income for the year, net	<u>360,697</u>	<u>2</u>	<u>29,363</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,992,951</u>	<u>39</u>	<u>\$ 6,678,269</u>	<u>44</u>
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	<u>\$ 13.66</u>		<u>\$ 13.72</u>	
Diluted	<u>\$ 13.44</u>		<u>\$ 13.69</u>	

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

(Concluded)

WALSIN TECHNOLOGY CORPORATION

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

	Share Capital				Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2019	485,800	\$ 4,858,000	\$ -	\$ 5,388,015	\$ 649,101	\$ 1,097,541	\$ 22,344,950	\$ (1,133,791)	\$ 1,701,182	\$ (210,590)	\$ 34,694,408
Appropriation of the 2018 earnings (Note 19)											
Legal reserve	-	-	-	-	1,970,456	-	(1,970,456)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(7,918,540)	-	-	-	(7,918,540)
Other changes in capital surplus											
Change in capital surplus from associates accounted for using the equity method	-	-	-	84,819	-	-	(31,121)	-	-	-	53,698
Changes in percentage of ownership interests in subsidiaries	-	-	-	2,267	-	-	-	-	-	-	2,267
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	6,648,906	-	-	-	6,648,906
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	16,556	(1,092,400)	1,105,207	-	29,363
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	6,665,462	(1,092,400)	1,105,207	-	6,678,269
Acquisition of treasury shares (Note 19)	-	-	-	144,130	-	-	-	-	-	174,830	318,960
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	35,748	-	(35,748)	-	-
BALANCE, DECEMBER 31, 2019	485,800	4,858,000	-	5,619,231	2,619,557	1,097,541	19,126,043	(2,226,191)	2,770,641	(35,760)	33,829,062
Appropriation of the 2019 earnings (Note 19)											
Legal reserve	-	-	-	-	667,009	-	(667,009)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,671,900)	-	-	-	(2,671,900)
Other changes in capital surplus (Note 19)											
Equity component of convertible bonds issued by the Company	-	-	-	253,440	-	-	-	-	-	-	253,440
Change in capital surplus from associates accounted for using the equity method	-	-	-	8,597	-	-	-	-	-	-	8,597
Actual disposal of interests in subsidiaries (Note 12)	-	-	-	(5)	-	-	13	5	(13)	-	-
Disposal of investments accounted for using the equity method	-	-	-	(101)	-	-	(50,092)	47,430	50,092	-	47,329
Changes in percentage of ownership interests in subsidiaries	-	-	-	9,612	-	-	-	-	-	-	9,612
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	6,632,254	-	-	-	6,632,254
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(30,074)	(338,411)	729,182	-	360,697
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	6,602,180	(338,411)	729,182	-	6,992,951
Convertible bonds converted to ordinary shares	4	-	43	911	-	-	-	-	-	-	954
Transfer of treasury shares to employees (Note 19)	-	-	-	114,657	-	-	-	-	-	35,760	150,417
Disposals of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(37,073)	-	37,073	-	-
BALANCE, DECEMBER 31, 2020	485,804	\$ 4,858,000	\$ 43	\$ 6,006,342	\$ 3,286,566	\$ 1,097,541	\$ 22,302,162	\$ (2,517,167)	\$ 3,586,975	\$ -	\$ 38,620,462

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

WALSIN TECHNOLOGY CORPORATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 7,311,627	\$ 7,682,537
Adjustments for:		
Depreciation expense	1,958,006	1,479,389
Amortization expense	9,804	1,469
Expected credit loss recognized (reversed) on trade receivables	-	(270)
Net gain on financial assets at FVTPL	(106,343)	(47,227)
Interest expense	146,762	74,292
Interest income	(21,133)	(36,781)
Dividend income	(50,649)	(90,344)
Compensation cost of employee share options	114,765	144,654
Share of profit of subsidiaries and associates accounted for using the equity method	(4,054,625)	(4,444,585)
Gain on disposal of property, plant and equipment	(7,257)	(27,926)
Loss (gain) on disposal of investments	94,921	(2,951)
Impairment (gain) loss recognized on property, plant and equipment	(4,683)	127,054
(Reversal of) write-downs of inventories	(56,231)	114,697
Unrealized (realized) gross profit on the transactions with subsidiaries and associates	337,222	(1,649,277)
Realized gain on transactions with associates	(43,187)	-
Net loss (gain) on foreign currency exchange	24,252	(39,716)
Gain from bargain purchase	(51,912)	-
Gain on modification of lease	-	(136)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	2,951
Notes receivable from unrelated parties	(2,830)	126,065
Trade receivables from unrelated parties	(235,701)	1,671,247
Trade receivables from related parties	(2,099,488)	2,966,266
Other receivables from unrelated parties	24,274	(18,274)
Other receivables from related parties	(117,784)	40,697
Inventories	(361,214)	527,335
Other current assets	(59,575)	72,956
Trade payables to unrelated parties	787,918	(326,142)
Trade payables to related parties	(667,695)	1,305,184
Other payables	89,140	(514,926)
Other current liabilities	(1,340)	(8,835)
Other non-current liabilities	(4,021)	(3,334)
Cash generated from operations	2,953,023	9,126,069
Interest received	19,903	38,301
Dividend received	393,717	557,708
Interest paid	(100,291)	(71,978)
Income tax paid	(28,543)	(2,746,437)
Net cash generated from operating activities	3,237,809	6,903,663

(Continued)

WALSIN TECHNOLOGY CORPORATION

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(596,802)	(16,747)
Proceeds from financial assets at fair value through other comprehensive income	-	17,813
Proceeds from capital return of financial assets at fair value through other comprehensive income	519	1,189
Purchase of financial assets at amortized cost	(2,941,109)	-
Purchase of financial assets at fair value through profit or loss	(175,922)	-
Proceeds from financial assets at fair value through profit or loss	147,316	-
Acquisition of associates	(294,309)	(190,245)
Proceeds from capital return of investments accounted for using the equity method	881,298	799,496
Payments for property, plant and equipment	(3,942,552)	(4,980,804)
Proceeds from disposal of property, plant and equipment	106,397	76,715
Decrease in guarantee deposits paid	23,245	14,344
Payments for intangible assets	(72,730)	-
(Decrease) increase in receivables from related parties for advances or borrowings	(817,710)	491,440
Decrease in finance lease receivables	13,858	19,005
Increase in prepayments for other	(43,114)	-
Net cash used in investing activities	<u>(7,711,615)</u>	<u>(3,767,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(563,535)	3,100,000
Increase (decrease) in short-term bills payable	99,734	(689,842)
Proceeds from issuance of bonds payable	4,800,000	-
Increase in long-term borrowings	2,794,748	1,285,000
Decrease in guarantee deposits received	-	(44,242)
Repayment of the principal portion of lease liabilities	(45,071)	(49,767)
Cash dividends	(2,671,900)	(7,918,540)
Proceeds from transfer of treasury shares to employees	35,652	174,306
Payments for transaction costs attributable to the issue of bonds	(5,000)	-
Net cash generated from (used in) financing activities	<u>4,444,628</u>	<u>(4,143,085)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,178)	(1,007,216)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>805,133</u>	<u>1,812,349</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 775,955</u>	<u>\$ 805,133</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

Risk of Revenue Recognition

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Hung-Bin Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,212,053	14	\$ 7,627,620	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,028,393	4	5,845,572	10
Financial assets at amortized cost - current (Notes 4, 8 and 30)	7,381,204	9	3,266,088	5
Notes receivable from unrelated parties (Notes 4 and 9)	560,731	1	227,388	-
Trade receivables from unrelated parties (Notes 4 and 9)	10,567,154	13	7,166,957	12
Trade receivables from related parties (Notes 4, 9 and 29)	47,867	-	155,558	-
Finance lease receivable - current (Note 4)	11,248	-	10,266	-
Other receivables from unrelated parties	397,988	-	163,781	-
Other receivables from related parties (Note 29)	13,300	-	30,922	-
Inventories (Notes 4 and 10)	5,962,754	7	4,304,414	7
Other current assets	481,277	-	284,067	1
Total current assets	39,663,969	48	29,082,633	48
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	12,957	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	4,158,977	5	2,486,813	4
Financial assets at amortized cost - non-current (Notes 4, 8 and 30)	4,097,671	5	-	-
Investments accounted for using the equity method (Notes 4 and 13)	8,779,858	11	9,331,361	16
Property, plant and equipment (Notes 4 and 14)	23,031,847	28	17,989,602	30
Right-of-use assets (Notes 4 and 15)	808,140	1	566,902	1
Investment properties (Notes 4 and 16)	119,582	-	121,485	-
Patent (Notes 4 and 17)	363,361	1	-	-
Computer software (Notes 4 and 17)	123,603	-	4,986	-
Other intangible assets (Notes 4 and 17)	103,853	-	-	-
Deferred tax assets (Notes 4 and 24)	497,170	1	313,545	1
Guarantee deposits paid (Note 30)	123,069	-	167,238	-
Finance lease receivables - non-current (Note 4)	33,088	-	48,683	-
Other non-current assets (Note 18)	163,350	-	38,706	-
Total non-current assets	42,416,526	52	31,069,321	52
TOTAL	\$ 82,080,495	100	\$ 60,151,954	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 6,002,893	7	\$ 7,029,290	12
Short-term bills payable (Note 19)	99,980	-	-	-
Notes payable to unrelated parties	58,142	-	61,112	-
Trade payables to unrelated parties	4,283,826	5	2,194,591	4
Trade payables to related parties (Note 29)	1,765	-	229,029	1
Payables for equipment (Note 29)	2,686,042	3	1,841,488	3
Other payables (Note 29)	4,441,039	6	3,657,225	6
Current tax liabilities (Notes 4 and 24)	1,303,404	2	788,015	1
Lease liabilities - current (Notes 4 and 15)	98,177	-	80,570	-
Current portion of bonds payable (Note 4 and 20)	136,396	-	137,532	-
Current portion of long-term borrowings (Note 19)	190,687	-	151,699	-
Other current liabilities	353,031	1	152,425	-
Total current liabilities	19,655,382	24	16,322,976	27
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	5,130,218	6	681,272	1
Long-term borrowings (Note 19)	9,869,946	12	5,575,113	9
Current tax liabilities - non-current (Notes 4 and 24)	67,501	-	-	-
Deferred tax liabilities (Notes 14, 16 and 24)	576,794	1	123,088	-
Lease liabilities - non-current (Notes 4 and 15)	418,028	1	273,600	1
Long-term payables	4,007	-	4,054	-
Deferred revenue - non-current (Note 4)	15,790	-	14,467	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	314,154	-	264,058	-
Guarantee deposits received	374,481	-	348,169	1
Total non-current liabilities	16,770,919	20	7,283,821	12
Total liabilities	36,426,301	44	23,606,797	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	4,858,000	6	4,858,000	8
Bond conversion entitlement certificates	43	-	-	-
Capital surplus	6,006,342	7	5,619,231	9
Retained earnings				
Legal reserve	3,286,566	4	2,619,557	4
Special reserve	1,097,541	2	1,097,541	2
Unappropriated earnings	22,302,162	27	19,126,043	32
Other equity				
Exchange differences on translating foreign operations	(2,517,167)	(3)	(2,226,191)	(4)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,586,975	4	2,770,641	5
Treasury shares	-	-	(35,760)	-
Total equity attributable to owners of the Company	38,620,462	47	33,829,062	56
NON-CONTROLLING INTERESTS (Note 22)	7,033,732	9	2,716,095	5
Total equity	45,654,194	56	36,545,157	61
TOTAL	\$ 82,080,495	100	\$ 60,151,954	100

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 4, 29 and 36)	\$ 35,599,249	100	\$ 30,134,180	100
COST OF SALES (Notes 10 and 29)	<u>24,356,194</u>	<u>69</u>	<u>19,780,063</u>	<u>65</u>
GROSS PROFIT	<u>11,243,055</u>	<u>31</u>	<u>10,354,117</u>	<u>35</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,353,707	4	1,122,340	4
General and administrative expenses	1,112,534	3	838,425	3
Research and development expenses	<u>863,275</u>	<u>2</u>	<u>699,643</u>	<u>2</u>
Total operating expenses	<u>3,329,516</u>	<u>9</u>	<u>2,660,408</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>7,913,539</u>	<u>22</u>	<u>7,693,709</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	342,441	1	206,603	1
Rental income	27,130	-	25,937	-
Dividend income	87,482	-	123,593	-
Gain from bargain purchase (Notes 4 and 26)	52,009	-	-	-
Other income	175,317	1	141,636	-
(Loss) gain on disposal of property, plant and equipment	(18,815)	-	28,128	-
(Loss) gain on disposal of investments (Note 13)	(94,681)	-	72,842	-
Gain on financial assets at FVTPL	324,246	1	178,229	1
Foreign exchange loss, net	(191,802)	(1)	(7,891)	-
Other expenses	(88,880)	-	(34,738)	-
Interest expense	(185,765)	(1)	(86,204)	-
Share of profit of associates accounted for using the equity method (Note 13)	<u>692,586</u>	<u>2</u>	<u>624,724</u>	<u>2</u>
Total non-operating income and expenses	<u>1,121,268</u>	<u>3</u>	<u>1,272,859</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	9,034,807	25	8,966,568	30
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(1,817,162)</u>	<u>(5)</u>	<u>(1,885,372)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>7,217,645</u>	<u>20</u>	<u>7,081,196</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME				

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 9,034,807	\$ 8,966,568
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	2,972	(524)
Depreciation expense	3,421,757	2,663,387
Amortization expense	64,130	26,951
Interest expense	185,765	86,204
Gain from bargain purchase	(52,009)	-
Interest income	(342,441)	(206,603)
Dividend income	(87,482)	(123,593)
Share of profit of associates accounted for using the equity method	(692,586)	(624,724)
Loss (gain) on disposal of property, plant and equipment	18,815	(28,128)
Property, plant and equipment transferred to expense	448	-
Loss on disposal of intangible assets	100	-
Net gain on financial assets at FVTPL	(324,246)	(178,229)
Loss (gain) on disposal of investments	94,681	(72,842)
Impairment (gain) loss recognized on property, plant and equipments	(10,754)	117,496
Realized gain on transactions with associates	(43,187)	-
Net gain on foreign currency exchange	(35,944)	(8,498)
Write-downs of inventories	95,679	157,149
Compensation cost of employee share options	114,765	144,654
Gain on modification of lease	(594)	(561)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,115,179	(1,373,423)
Notes receivable from unrelated parties	(228,548)	625,963
Trade receivables from unrelated parties	(2,309,411)	6,644,494
Trade receivables from related parties	363,295	(117,811)
Other receivables from unrelated parties	(80,558)	42,582
Other receivables from related parties	17,622	(25,158)
Inventories	(1,054,808)	1,967,211
Other current assets	(177,855)	159,628
Other non-current assets	(90,903)	39,760
Notes payable to unrelated parties	(2,970)	(120,866)
Trade payables to unrelated parties	1,456,458	(770,027)
Trade payables to related parties	(289,205)	226,391
Other payables	737,076	(870,588)
Other current liabilities	(109,790)	(89,605)
Other non-current liabilities	(17,330)	(29,086)
Cash generated from operations	12,772,928	17,228,172
Interest received	188,782	188,116
Dividend received	274,613	272,274
Interest paid	(133,171)	(89,449)
Income tax paid	(1,009,384)	(4,478,180)

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
Net cash generated from operating activities	<u>12,093,768</u>	<u>13,120,933</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(797,220)	(23,331)
Proceeds from financial assets at fair value through other comprehensive income	190,581	17,813
Proceeds from capital return of financial assets at fair value through other comprehensive income	2,147	1,189
Purchase of financial assets at amortized cost	(8,202,691)	(2,725,830)
Acquisition of associates	(407,766)	(601,469)
Payments for property, plant and equipment	(5,614,676)	(8,269,667)
Proceeds from disposal of property, plant and equipment	47,975	120,261
Decrease in guarantee deposits paid	52,480	16,861
Payments for intangible assets	(83,309)	(225)
Net cash inflow on acquisition of subsidiary	1,593,747	-
Decrease in finance lease receivables	<u>10,988</u>	<u>7,629</u>
Net cash used in investing activities	<u>(13,207,744)</u>	<u>(11,456,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(1,001,235)	3,261,429
Increase (decrease) in short-term bills payable	99,734	(689,842)
Proceeds from issuance of bonds payable	4,800,000	844,259
Repayment of bonds payable	(141,658)	-
Increase in long-term borrowings	4,094,397	1,711,245
Repayment of the principal portion of lease liabilities	(111,468)	(81,259)
Cash dividends	(2,671,900)	(7,918,540)
Increase (decrease) in guarantee deposits received	26,312	(150,489)
Proceeds from transfer of treasury shares to employees	35,652	174,306
Changes in non-controlling interests	(214,641)	(383,746)
Payments for transaction costs attributable to the issue of bonds	<u>(5,000)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>4,910,193</u>	<u>(3,232,637)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(211,784)</u>	<u>(575,066)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,584,433	(2,143,539)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,627,620</u>	<u>9,771,159</u>

CASH AND CASH EQUIVALENTS AT THE END OF THE
YEAR

\$ 11,212,053

\$ 7,627,620

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

(Concluded)

Audit Committee's Review Report

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

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

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

Walsin Technology Corporation

Chairman of the Audit Committee : Fan Po-Kang

May 5, 2021

Walsin Technology Corporation
Shareholding of Directors

Apr. 27, 2021

Name	Name	Shareholding (shares)	Ratio to all shares outstanding (%)
Chairman of the Board	Chiao Yu-Heng	12,887,461	2.65%
Director	Walsin Lihwa corporation Representative: Chiao Yu-Cheng	88,902,325	18.3%
Director	Yeh Pei-Chen	0	0
Director	Lee Chia-Hwa	0	0
Director	HannStar Board Corporation representative: Shu Yao-Hsien	36,367,115	7.49%
Director	Ku Li-Chin	768,849	0.16%
Independent Director	Tan Yong Chian	358	0
Independent Director	Fan Po-Kang	0	0
Independent Director	Francis Chi	0	0
Number of Shares Held by All Directors		138,926,108	28.6%

Note: As of the book closure date(2021.04.27) for the 2021 Annual Shareholders' Meeting, the Company had issued 485,804,299 shares (including treasury stocks 600,000 shares) of common stock.

[Attachment V]

15th Plan of Transferring the Repurchased Shares to the Employees

Established on January 27, 2021

- Article 1. For the purpose of encouraging our employees and creating cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by Financial Supervisory Commission R.O.C., establishes the Plan of Transferring the Repurchased Shares to the Employees (the "Plan"). Except as otherwise provided in relevant laws or regulations, all share repurchased and transferred to the employees of the Company shall be implemented in compliance with the Plan.
- Article 2 Type of shares to be transferred, and content of and the restrictions on the rights
The shares to be transferred to the employees are common shares. Except as otherwise provided in relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other common shares of the Company.
- Article 3 Transfer period
In accordance with the provisions herein, transfer the repurchased shares to employees in one time or several times within 5 years from the date of share-repurchase.
- Article 4 Transferee's eligibility
The transferees of this method are based on the principle that the full-time employees of the company and the full-time employees of the company's domestic and overseas subsidiaries who took up the job before the stock subscription date.
In addition, the employee's subscription ratio and number of shares are determined based on their job title, salary, years of service, performance, and their contribution to the company, and take into account the total number of shares purchased by the company at the base date of subscription and the number of shares subscribed by a single employee. And factors such as the upper limit of the number of shares subscribed by a single employee are principles.
The qualifications of the transferee in the preceding paragraph and the number of shares that can be subscribed will be in accordance with the relevant laws and regulations at the time of the transfer, and in consideration of the company's operational needs and business development strategies and guidelines. The human resources department will draw up a proposal in accordance with the preceding principles to meet the rules of Compensation Committee Organization.
Managers with standardized organizational procedures of the Compensation Committee shall submit them to the Compensation Committee for review and approval by the board of directors, and the rest shall be approved by the chairman of the board. The domestic and overseas subsidiaries mentioned in Paragraph 1 refer to the subsidiaries in which the company directly or indirectly holds more than 50% of the voting shares of the same invested company.
- Article 5 The procedure of the Plan
(1) In accordance with the resolution of the Board, the Company shall make the announcements, filings and repurchase the shares of the Company within the execution period.
(2) Regarding the employee's stock subscription base date, the criteria for the number of shares to be subscribed, the subscription payment period, the content of rights and other operational matters, the human resources department of the company shall make a proposal in accordance with the provisions of these measures to meet

the organizational rules of the company's compensation committee.

Submit it to the Compensation Committee for review and approval by the board of directors, and the rest are approved by the chairman of the board.

(3) If the employee fails to subscribe and make the payment at the expiration of the payment period, it shall be deemed as a waiver of his/her subscription right.

The balance of the under-subscription shall be authorized to the Chairman to have other employees to subscribe.

(4) Count the actual number of shares being paid for subscription and process the registration of the transfer of shares.

Article 6 The agreed transfer price per share

For the repurchase shares being transferred to the employees, the transfer price is the actual average repurchase price of the repurchased shares. However, before the transfer, if there is an increase or decrease in the company's issued ordinary shares, the transfer price may be adjusted within the range of the increase or decrease ratio of the issued shares.

Transfer price adjustment formula:

The adjusted conversion price = the average price actually repurchased x (the total number of ordinary shares at the time the company's repurchased shares are executed ÷ the total number of ordinary shares before the company transfers the repurchased shares to employees)

Article 7 Rights and obligations of shares after transfer

After the repurchased shares have been transferred and registered under employees' names on the Company's Shareholders' Rosters, unless otherwise specified, the rights and obligations associated with the shares are the same as the other common shares

Article 8. Other related rights and obligations of the Company and employee

For the shares transferred according to the Plan, the taxes and fees incurred shall be handled in accordance with the laws and regulations at the time of the transfer and the company's related operations.

Article 9. These measures will become effective after the resolution of the board of directors. In the future, if there are changes due to changes in laws or regulations or changes approved by the competent authority or changes based on the objective environment, they may be reported to the board of directors for revision.

Article 10. The enactment and any amendment of the Plan shall be reported to the shareholders' meeting

16th Plan of Transferring the Repurchased Shares to the Employees

Established on March 25, 2021

- Article 1. For the purpose of encouraging our employees and creating cohesion among the employees, the Company hereby, pursuant to Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by Financial Supervisory Commission R.O.C., establishes the Plan of Transferring the Repurchased Shares to the Employees (the "Plan"). Except as otherwise provided in relevant laws or regulations, all share repurchased and transferred to the employees of the Company shall be implemented in compliance with the Plan.
- Article 2 Type of shares to be transferred, and content of and the restrictions on the rights
The shares to be transferred to the employees are common shares. Except as otherwise provided in relevant laws or regulations or in this Plan, the rights and obligations embedded thereon are the same with other common shares of the Company.
- Article 3 Transfer period
In accordance with the provisions herein, transfer the repurchased shares to employees in one time or several times within 5 years from the date of share-repurchase.
- Article 4 Transferee's eligibility
The transferees of this method are based on the principle that the full-time employees of the company and the full-time employees of the company's domestic and overseas subsidiaries who took up the job before the stock subscription date.
In addition, the employee's subscription ratio and number of shares are determined based on their job title, salary, years of service, performance, and their contribution to the company, and take into account the total number of shares purchased by the company at the base date of subscription and the number of shares subscribed by a single employee. And factors such as the upper limit of the number of shares subscribed by a single employee are principles.
The qualifications of the transferee in the preceding paragraph and the number of shares that can be subscribed will be in accordance with the relevant laws and regulations at the time of the transfer, and in consideration of the company's operational needs and business development strategies and guidelines. The human resources department will draw up a proposal in accordance with the preceding principles to meet the rules of Compensation Committee Organization.
Managers with standardized organizational procedures of the Compensation Committee shall submit them to the Compensation Committee for review and approval by the board of directors, and the rest shall be approved by the chairman of the board. The domestic and overseas subsidiaries mentioned in Paragraph 1 refer to the subsidiaries in which the company directly or indirectly holds more than 50% of the voting shares of the same invested company.
- Article 5 The procedure of the Plan
(1) In accordance with the resolution of the Board, the Company shall make the announcements, filings and repurchase the shares of the Company within the execution period.
(2) Regarding the employee's stock subscription base date, the criteria for the number of shares to be subscribed, the subscription payment period, the content of rights and other operational matters, the human resources department of the company shall make a proposal in accordance with the provisions of these measures to meet the organizational rules of the company's compensation committee.

Submit it to the Compensation Committee for review and approval by the board of directors, and the rest are approved by the chairman of the board.

(3) If the employee fails to subscribe and make the payment at the expiration of the payment period, it shall be deemed as a waiver of his/her subscription right.

The balance of the under-subscription shall be authorized to the Chairman to have other employees to subscribe.

(4) Count the actual number of shares being paid for subscription and process the registration of the transfer of shares.

Article 6 The agreed transfer price per share

For the repurchase shares being transferred to the employees, the transfer price is the actual average repurchase price of the repurchased shares. However, before the transfer, if there is an increase or decrease in the company's issued ordinary shares, the transfer price may be adjusted within the range of the increase or decrease ratio of the issued shares.

Transfer price adjustment formula:

The adjusted conversion price = the average price actually repurchased x (the total number of ordinary shares at the time the company's repurchased shares are executed ÷ the total number of ordinary shares before the company transfers the repurchased shares to employees)

Article 7 Rights and obligations of shares after transfer

After the repurchased shares have been transferred and registered under employees' names on the Company's Shareholders' Rosters, unless otherwise specified, the rights and obligations associated with the shares are the same as the other common shares

Article 8. Other related rights and obligations of the Company and employee

For the shares transferred according to the Plan, the taxes and fees incurred shall be handled in accordance with the laws and regulations at the time of the transfer and the company's related operations.

Article 9. These measures will become effective after the resolution of the board of directors. In the future, if there are changes due to changes in laws or regulations or changes approved by the competent authority or changes based on the objective environment, they may be reported to the board of directors for revision.

Article 10. The enactment and any amendment of the Plan shall be reported to the shareholders' meeting

Walsin Technology Corporation
Implementation Status of Repurchasing Company's Stock

Date:2021/04/30

Number of Times	15 th	16 th
Board of Directors Resolution date:	Jan. 27, 2021 The 14 th meeting of the 15 rd Board of Directors	Mar. 25, 2021 The 16 th meeting of the 15 rd Board of Directors
Purpose of Repurchase	Shares Transferred to Employees	Shares Transferred to Employees
Expected number of shares bought back	Common stock 500,000 shares	Common stock 600,000 shares
Repurchase price range	NT\$230 to NT\$243 per share	NT\$240 to NT\$252 per share
Actual Repurchase Period	Jan. 28, 2021 to Feb. 03, 2021	Mar.26, 2021 to Apr. 01, 2021
Actual number of shares bought back	Common stock 500,000 shares	Common stock 600,000 shares
Actual total amount of sharesbought back	NT\$115,235,981	NT\$151,104,443
Average repurchase price per share	NT\$230.47	NT\$251.84
Number of shares transferred to employees	500,000 shares	--
Note	none	none

[Attachment VI]

Walsin Technology Corporation			
Comparison Table for Amendments to the Rules of Procedures for Shareholders' Meetings			
Rule No.	Before Amendment	After Amendment	Explanation
4.	The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.	The chairman shall call the meeting to order at the appointed meeting time <u>and announce the relevant information such as the number of non-voting rights and the number of shares present.</u> However, when the attending shareholders do not represent a half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.	Amended according to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings"
15 、	(omission) When there's a directors election in the shareholders' meeting, it shall be conducted in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights.	(omission) When there's a directors election in the shareholders' meeting, it shall be conducted in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights <u>and the list of directors who are not elected and the number of election rights obtained.</u>	Amended according to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings"

[Attachment VII]

Walsin Technology Corporation			
Comparison Table for Amendments to the Procedures for Acquisition or Disposal of Assets			
Rule No.	Before Amendment	After Amendment	Explanation
9	This Procedures for Acquisition or Disposal of Assets, and any amendment thereto, shall be submitted to a shareholders meeting for approval after the said procedures have been agreed by one half or more of all audit committee members and approved by the board of directors. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion when the said procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	This Procedures for Acquisition or Disposal of Assets, and any amendment thereto, shall be submitted to a shareholders meeting for approval after the said procedures have been agreed by one half or more of all audit committee members and approved by the board of directors. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion. when the said procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	The amendment is done on basis of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
10	With respect to the company's acquisition or disposal of assets that is subject to the approval of audit committee and the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion. When a transaction involving the acquisition or disposal of assets is submitted to audit committee	With respect to the company's acquisition or disposal of assets that is subject to the approval of audit committee and the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to audit committee for discussion. <u>the board of directors shall take into full consideration each independent director's opinions.</u>	The amendment is done on basis of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

	<p>pursuant to the preceding paragraph, it should be agreed by one half or more of all audit committee members and a submitted to the board of directors for a resolution.</p> <p>After the establishment of the audit committee, any transaction involving major assets or derivatives shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p>	<p><u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>When a transaction involving the acquisition or disposal of assets is submitted to audit committee pursuant to the preceding paragraph, it should be agreed by one half or more of all audit committee members and a submitted to the board of directors for a resolution.</p> <p><u>If approval of one half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p>After the establishment of the audit committee, any transaction involving major assets or derivatives shall be approved by one half or more of all audit committee members and submitted to the board of directors for a resolution.</p>	
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Walsin Technology Corporation			
Comparison Table for Amendments to the rule of the Procedures of Endorsement and Guarantee			
Rule No.	Before Amendment	After Amendment	Explanation
4.2 Endorsement guarantee approval authority:	4.2.3 Subsidiaries of the company that directly and indirectly hold more than 90% of the voting shares shall be subject to a resolution of the company's board of directors before the endorsement is guaranteed in accordance with Article 2.3. However, the inter-company endorsement guarantee in which the company directly or indirectly holds 100% of the voting shares is not subject to this limitation.	4.2.3 Subsidiaries of the company that directly and indirectly hold more than 90% of the voting shares shall be submitted to the company's board of directors for a resolution before the endorsement is guaranteed in accordance with the provisions of Article 2.3 <u>Article 2.2~2.5</u> . However, the inter-company endorsement guarantee in which the company directly or indirectly holds 100% of the voting shares is not subject to this limitation.	Amend the corresponding provisions.

Articles of Association of Walsin Technology Corporation

Amended and approved by the annual shareholders' meeting on Jun. 19, 2019

Chapter I General Principles

Article 1. The Company is organized in accordance with the Company Act and named as Walsin Technology Corporation.

Article 2. The following is the business scope of the company:

- a. Manufacturing, processing, and selling of semiconductor components.
- b. Manufacturing, processing, and selling of diode & photodiode products.
- c. Manufacturing, processing, and selling of semiconductor & photodiode materials.
- d. Providing semiconductor engineering, design, and technical services.
- e. Authorized reseller and distributor of electronic and photodiode products from domestic/international manufacturers.
- f. Manufacturing, processing, and selling of precision ceramics powder metallurgy.
- g. Manufacturing , processing , and selling of chip resistor, capacitor, and inductor.
- h. Manufacturing, processing, and selling of nickel hydrogen battery and lithium ion battery (rechargeable battery).
- i. Operating import/export trade and distribution businesses (authorized businesses excluded).
- j. CC01080 Electronic Parts and Components Manufacturing
- k. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- l. F119010 Wholesale of Electronic Materials.
- m. F219010 Retail Sale of Electronic Materials.
- n. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1. The Company may provide endorsements/guarantees to external parties for business needs.

Article 2-2. The total amount of the Company's investments in other companies is not subject to the restriction of 40% of the Company's paid-up capital.

Article 3. The Company set up its headquarters in Taipei City. When necessary, it may set up branch offices or factories domestically or abroad with a resolution by the Board of Directors.

Article 4. The company's announcement is handled in accordance with the regulations of the securities authority.

Chapter II Shares

Article 5. The total capital of the company is set at NT\$8 billion, divided into 800 million shares, and each share is NT\$10 par value. Authorize the board of directors to issue it in installments

In the event that the company's shares can be repurchased by the company in accordance with the law, the board of directors shall be authorized to do so in accordance with the law.

If the company intends to transfer the repurchased shares to employees at a price lower than the average price of the actual repurchased shares, it shall be approved by the general meeting of shareholders representing more than half of the total issued shares and more than two-thirds of the voting rights of the present shareholders.

Article 6. The Company may be exempted from printing share certificates if such shares have been registered with a securities depository enterprise.

Article 7. (Deleted)

Article 8. Shares which are transferred, lost or destroyed shall be handled in accordance with the Company Act and the relevant regulatory requirements.

Article 9. (Deleted)

Article 10. (Deleted)

Article 11. If the stocks are exchanged or reissued, the company may charge the cost of production.

Chapter III Shareholders' Meetings

Article 12. The shareholders' meetings of the Company are classified into two types. The general shareholders' meetings shall be annually convened by the Board within 6 months from the end of each fiscal year in accordance with the relevant laws and regulations. The special shareholders' meetings shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

Article 13. The convening of regular and special meetings of shareholders shall be governed by the Company Act and the meeting proceedings shall be governed by the Company's rules and procedures governing Shareholders' meetings.

Article 14. If a shareholder is unable to attend the shareholders' meeting in person, shareholders may appoint proxies to attend Shareholders' meetings pursuant to the Company Act and the "Rules Governing the Use of Proxies for Attendance at Shareholders' meetings of Public Companies" promulgated by the competent authority by submitting proxy form printed and distributed by the Company and specifying the scope of authority therein.

Article 15. Unless otherwise provided for by law, the voting right of the Company's shareholders is based on one-share-one-vote.

Article 16. Unless otherwise regulated by law, a shareholders' meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 17. The resolutions of the shareholders' meeting shall be prepared in the minutes, recording the time and date of the meeting, the venue, the name of the chairman, the number of shares present, the number of voting rights and the resolutions, and the minutes shall be distributed to each shareholder within 20 days after the chairman's signature or seal. The dissemination of the proceedings of the preceding paragraph can be done by public announcement.

Chapter IV Board of Directors and the Audit Committee

Article 18. The Company shall have 7 to 9 directors including, at least, 3 independent directors. The Board of Directors is authorized to determine the number of directors. Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act; the shareholder may elect the directors among the list of candidates.

The nomination of directors and related announcement or other relevant matters shall comply with the relevant laws and regulations of Company Act, Securities and Exchange Act, and etc.

The election of directors shall be in accordance with the election of directors of the Company. Unless otherwise stipulated in the decree, independent directors and non-independent directors shall be elected at one time, and their names shall be calculated separately. The term of office is three years.

Regardless of the company's earnings, the company is entitled to a fixed remuneration, and the number of authorized directors shall, in accordance with the recommendations of the Remuneration Commission, have regard to the degree of participation of the company and the value of the salary, and shall, in the light of domestic and foreign standards, set it within the maximum salary standard stipulated in the salary Review Law of the Company. All directors shall hold no less than the number of shares specified by the competent authorities in accordance with the law.

In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an audit committee in replacement of the supervisors, which shall consist of all independent directors. The audit committee or the members of the audit committee shall be responsible for the responsibilities of supervisors specified under the Company Act, the Security and Exchange Act and other relevant regulations. The duties, rules of meeting, and other matters shall be in accordance

with the relevant rules of the competent securities authority.

Within the Directors' terms of office, the Company may purchase liability insurance for the Directors' liability which shall be taken within the scope of their business according to laws, with reference to the standard of the industry domestic or abroad.

Article18-1. More than half of the directors of the company shall not have following relations:

- a. Spouse relationship
- b. Relatives within the second class.

Article19. When the vacancy of directors reaches one-third, the board of directors shall convene a by-election at an extraordinary meeting of shareholders within 60 days and its term of office shall be limited to the duration of the original term of office.

Article 20. The directors organize the board of directors and elect one of the chairman from each other in accordance with the law. Unless otherwise provided by laws and regulations, the chairman of the board of directors is the chairman of the shareholders meeting and the board of directors internally, and represents the company externally. The directors may also elect a vice chairman from each other.

Article 21. Unless otherwise stipulated by the Company Law, the board of directors must have more than half of the directors present, and its resolutions shall be implemented with the consent of more than half of the directors present.

Article22. When the chairman asks for leave or is unable to exercise his powers for some reason, if the vice chairman has been appointed, the vice chairman shall act as his agent. If the vice chairman also asks for leave or cannot exercise his powers for some reason, the chairman shall designate a director to act as his representative. If an agent is not designated, the directors shall elect one person to act as an agent.

Article 23. The rights of the board of directors are as follows:

1. Review of important company rules.
2. Review of company business policy.
3. Preparation of company budget and final accounts.
4. The drafting of the company's surplus distribution or loss recovery plan.
5. The drafting of the company's capital increase or decrease is plan.
6. According to the law,the appointment and removal of important company

personnel who are required by the board of directors.

7. Review of the company's business report.

8. The company's important property and real estate purchase and disposal plan.

9. Other powers granted by laws, regulations, and shareholders' meetings.

Article 24. (Deleted)

Article 25. (Deleted)

Article 26. Board Meetings shall be convened by the Chairman. The reasons for convening a Board meeting shall be notified to each Director at least 7 days in advance. However, in the event of an emergency, the meeting may be convened at any time. The meeting of the notice may be delivered in written, fax, or electronic form. Unless otherwise provided by the Company Act. A Director may authorize another Director as his/her proxy in attending a Board meeting. However, one proxy can only represent one other Director during a meeting.

Chapter V Managers

Article 27. The company has a president and several vice presidents. The management team takes the resolution of the board of directors to comprehensively manage all the company's business. The appointment, dismissal and remuneration are carried out by the resolution of the board of directors.

The powers of the manager of the company are stipulated by the appointment contract.

Article 28. (Deleted)

Article 29. The company may hire several consultants after the resolution of the board of directors.

Chapter VI Accounting

Article 30. At the end of the fiscal year of the company, the board of directors shall compile the following lists and send them to the audit committee for review 30 days before the shareholders meeting, and submit them to the shareholders meeting for approval, but the audit committee may entrust an accountant on behalf of the company to verify it when handling the previous business.

1. Business report.

2. Financial statements.

3. Proposal for surplus distribution or loss recovery.

Article 31. If the company makes a profit during the fiscal year, it shall allocate 2% to 10% as employee compensation, which shall be distributed in stocks or cash. The board of directors shall be approved by more than two-thirds of the directors present and more than half of the present directors. The resolution is implemented and reported to the shareholders meeting. Employees include employees of affiliated companies who meet certain conditions. The company is able to increase the amount of profit, and the board of directors resolves to allocate no more than 2% as directors' remuneration.

However, when the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.

When the company's fiscal year's final accounts have current surpluses, in addition to the legal provisions for income tax and making up previous years' losses, 10% of the statutory surplus reserve should be raised first, but this is not the case when the statutory surplus reserve has reached the total capital of the company. After the special surplus reserve is allocated or converted in accordance with the laws or regulations of the competent authority, the special surplus reserve may be set aside

according to the business needs of the company. If there is a balance and the accumulated undistributed surplus, the board of directors shall draft a surplus distribution proposal. The shareholders' meeting shall be submitted to a resolution to distribute shareholder dividends.

Article31-1. In addition to the distribution of the company's earnings in accordance with the provisions of Article 31 of the company's articles of association, the principle that the proportion of stock dividends shall not exceed 50% of the shareholders' dividends distributed in the current year, and the rest shall be paid in cash dividends ; However, when the company obtains sufficient funds 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 decide the most appropriate dividend policy and payment method based on the actual operating conditions of the current year and the capital budget plan for the next year.

Chapter VII Supplementary Provisions

Article32. The company's organizational rules and rules for handling matters are separately formulated.

Article33. Any matters not specified in the Articles of Association shall be handled in accordance with the Company Act. relevant regulations.

Article34. The Articles of Association was established on July 6, 1970, The 1st amendment was made on May. 28, 1971. The 2nd amendment was made on Oct. 26, 1971. The 3rd amendment was made on Dec. 15, 1972. The 4th amendment was made on Nov. 21, 1973. The 5th amendment was made on Jul. 20, 1974. The 6th amendment was made on Jul. 10, 1975. The 7th amendment was made on Apr. 20, 1977. The 8th amendment was made on Apr. 21, 1977. The 9th amendment was made on Jun. 20, 1978. The 10th amendment was made on Jun. 18, 1979. The 11th amendment was made on Sep. 11, 1979. The 12th amendment was made on Sep. 24, 1980. The 13th amendment was made on Aug. 16, 1989. The 14th amendment was made on May. 2, 1990. The 15th amendment was made on Mar. 28, 1991. The 16th amendment was made on May. 21, 1992. The 17th amendment was made on Jul. 17, 1992. The 18th amendment was made on Aug. 18, 1993. The 19th amendment was made on Jun. 4, 1994. The 20th amendment was made on Apr. 21, 1995. The 21th amendment was made on Sep. 26, 1995. The 22th amendment was made on May. 2, 1997. The 23th amendment was made on Jun. 8, 1998.

The 24th amendment was made on Jun. 24, 1999. The 25th amendment was made on Oct. 29, 1999. The 26th amendment was made on Jun. 26, 2000. The 27th amendment was made on May. 29, 2001. The 28th amendment was made on Jun. 12, 2002. The 29th amendment was made on Jun. 20, 2003. The 30th amendment was made on Apr. 30, 2004. The 31th amendment was made on Apr. 30, 2004. The 32th amendment was made on Jun. 23, 2005. The 33th amendment was made on Jun. 23, 2006. The 34th amendment was made on May. 30, 2007. The 35th amendment was made on Jun. 19, 2008. The 36th amendment was made on Jun. 19, 2009. The 37th amendment was made on Jun. 25, 2010. The 38th amendment was made on Jun. 13, 2011. The 39th amendment was made on Jun. 18, 2013. The 40th amendment was made on Jun. 23, 2014. The 41th amendment was made on Jun. 22, 2016. The 42th amendment was made on Jun. 28, 2018(Among them, Article 18 has been effective since the Year 2019, and the rest shall take effect after the resolution of the shareholders meeting). The 43th amendment was made on Jun. 19, 2019. Effective after the resolution of the shareholders meeting, the amendment is also the same.

Walsin Technology Corporation
Rules of Procedures for Shareholders' Meetings

Amended and approved by the annual shareholders' meeting on Jun. 15, 2020

1. Unless otherwise specified by law, the Company's shareholders' meetings shall proceed according to the Rules.
2. Whenever the Rules refer to shareholders, they include the shareholders as well as any representative attending as their proxy.

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board according to the company Act 208. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair, or, where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. If the shareholders' meeting is convened by a convener other than the board of directors, the chairman shall be the convener. If there are two or more conveners, one of the other conveners shall be elected.

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

3. This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

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

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

The number of shares attending is calculated based on the sign-in card handed in by the shareholders at the time of sign-in plus the written or electronic shareholding of the voting rights. Attending shareholders (or proxies) are requested to wear attendance cards and hand in the sign-in card to sign in on their behalf. If the sign-in card is handed over to the company, it shall be deemed that the shareholder or agent on the sign-in card is present in person, and the company is not liable Responsibility identified.

4. The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a half of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made.
5. If the agenda of the shareholders meeting is convened by the board of directors, it shall be set by the board of directors; if it is convened by a person other than the board of directors who has the right to convene, it shall be set by the convener, and relevant proposals (including temporary motions and amendments to the original proposal) shall be adopted voted on one by one. For the resolution of the proposal, the meeting shall be conducted according to the scheduled agenda. The meeting shall not be changed unless it is resolved by the shareholders meeting. The scheduled agenda shall not be declared adjourned unless the meeting is resolved by the shareholders meeting.

When the chairman of the shareholders meeting announces the adjournment of the meeting in violation of the rules of procedure, The shareholders are able to elect one person as the chairman with a majority of the voting rights of the shareholders present and continue the meeting.

- 5-1 Appointment or dismissal of directors, change of articles of association, capital reduction, application for suspension of public offerings, directors' competition license, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division, or the first paragraph of Article 185 of the Company Law. The main content of the matter should be listed and explained in the reason for the convening, and it cannot be proposed by a temporary motion; the main content can be placed on the website designated by the securities authority or the company, and its website should be included in the notice.

If the reason for convening the shareholders' meeting has stated that the directors shall be fully re-elected with the appointment date stated. after the re-election of the shareholders' meeting is completed, the same meeting shall not change the appointment date by ad hoc motion or other means.

Shareholders holding more than 1% of the total number of issued shares can submit a proposal of shareholders' meeting to the Company in writing. The proposal, acceptance, review, etc. are handled in accordance with the Company Act and relevant laws and regulations.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the proposing shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals in the agenda. The shareholders of the proposal shall attend the shareholders' meeting in person or entrust others to participate in the discussion of the proposal.

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Shareholders do not ask whether the agent is aware of the content of the power of attorney or other methods, and the statement or vote made by the agent shall prevail.

7. The explanation of the proposal is limited to five minutes, and each person is limited to three minutes for discussion of questions and answers. However, with the permission of the chairman, it may be extended once, and the limit is still three minutes.
8. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

9. When discussing a proposal, the chairman may declare the end of the discussion within an appropriate period. If necessary, he may also declare the suspension of the discussion. The chairman shall put the vote to the end. In addition, the chair shall arrange an adequate amount of time for voting.
10. When a legal person is entrusted to attend the shareholders' meeting, the legal person can only appoint one representative to attend; when a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may be allowed to speak the same proposal.
11. If the shareholder's speech is overtime or beyond the agenda, the chairman may stop his speech.
12. When the shareholders give the speech, other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder, and the chairman shall stop the offender.
13. After the shareholders have spoken, the chairman may personally or designate relevant personnel to reply.
14. Unless otherwise stipulated in the Company Law and Articles of Association, the voting of the proposal shall be carried out with the approval of a majority of the voting rights of the shareholders present.

The counting of votes for shareholders' meetings or election proposals shall be done in a public place at the shareholders' meeting, and after the counting of votes is completed, the voting results shall be announced on the spot, including statistical weights, and recorded.

15. The voting rights of shareholders are calculated based on the voting rights of their representatives. When the company convenes a shareholder meeting, it shall adopt electronic means and may adopt a written method to exercise its voting rights; when it exercises its voting rights in writing or electronic means, its exercise method shall be stated in the notice of the shareholders meeting. Shareholders who exercise voting rights in writing or electronically are deemed to have attended the shareholders meeting in person. However, the provisional motion and the amendment to the original proposal of the shareholders meeting shall be deemed as abstention.

Shareholders shall exercise their voting rights in writing or electronically in accordance with the provisions of the Company Law and the "Guidelines for the Handling of Share Affairs of Companies Offering Public Shares".

When there are amendments or alternatives to the same proposal that do not coexist with the original proposal, the chairman shall determine the order of voting together with the original proposal. If one of the proposals has been passed by the statutory or the number of voting rights specified in the articles of association, the others cannot coexist. The motion is deemed to be vetoed and needless to be a vote.

When there's a directors election in the shareholders' meeting, it shall be conducted in accordance with the relevant election rules set by the company, and shall announce the results of the election on the spot, including the list of elected directors and the number of election rights.

16. The chair may put the meeting in recess at appropriate times.
17. During a shareholders' meeting, in the event of an air raid alarm or other act of force majeure, the chair shall immediately declare the meeting ceased, and order all present to take appropriate proactive measures to evacuate, then when the cause for the cessation of the meeting ends, the chair may determine whether to resume the meeting.
18. The unregulated items of these rules are governed by the regulations of the Public Stock meeting of the Ministry of political Affairs, the Company Law and the articles of Association of the Company as promulgated by the Securities and Futures Management Committee of the Ministry of political Affairs.
19. These Rules shall take effect after approval by the shareholder meeting and the same procedure shall apply when they are amended.