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WT Microelectronics Co., Ltd.

2021 Annual Report

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IV. Name of the CPA and name, address, website, and telephone number of the accounting firm for financial statements in the most recent year:

Name of CPA: CPA Hsu, Chieh-Ju, CPA Wu, Han-Chi

Accounting firm name: PricewaterhouseCoopers Taiwan

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V. Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None.

VI. Company website:

<http://www.wtmec.com>

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Chapter 1. Letter to Shareholders

Dear Shareholders:

The Group's net consolidated operating revenue in 2021 was NT\$447,896,117 thousand, a 26.83% growth compared with NT\$353,152,195 thousand in 2020. The net profit after tax in 2021 was NT\$7,855,168 thousand, up NT\$4,060,592 thousand compared to the NT\$3,794,576 thousand in 2020, which is an increase of 107.01%. With the accelerated global digitization brought on by the pandemic and the increased need for energy conservation and carbon reduction due to climate change, the main driving force for 2021 consisted of the increased use of semiconductors in electronics and the rapid growth of automotive electronics, industrial controls, data centers, and 5G communications. In addition to the development of high growth product applications and increasing customer penetration in the future, we will continue to go digital and improve operational efficiency, optimize operational management systems, enhance our financial management system, and strengthen human resource management, in order to enhance the Company's capability to provide added value to the semiconductor industry supply chain, and thus lay the foundation for corporate sustainability.

The Group's 2021 business overview and 2022 business plan summary report are as follows:

I. 2021 Business Report

1. Business plan implementation results:

Unit: NT\$ thousand

Item	2020	2021	Increase (Decrease)	Rate of change %
Operating Revenue	353,152,195	447,896,117	94,743,922	26.83
Operating Profit	5,315,969	10,557,129	5,241,160	98.59
Net profit after tax	3,794,576	7,855,168	4,060,592	107.01

2. Financial revenue and expenditure and profitability analysis:

Item		2020	2021
Financial structure	Debt to asset ratio (%)	64.80	68.93
	Long-term funds to fixed assets ratio (%)	4,824.28	6,250.35
Liquidity	Current ratio (%)	134.47	134.86
	Quick ratio (%)	79.84	73.91
Profitability	Return on assets (%)	3.64	5.39
	Return on equity (%)	10.90	15.71
	Net profit margin (%)	1.07	1.75
	Earnings per share (NT\$) (Note)	5.22	9.96

Note: Based on weighted average shares outstanding in the current year.

3. Research and development status:

The continued evolution of semiconductor processes, the rising demand upside for high performance computing processors, Artificial intelligence design also improve compute performance in microprocessor and microcontroller, New Generation Wide Band Gap semiconductor components, and fast deployment 5G mobile network on base station and small station, these new technology and Components drive new applications together, like new energy vehicles, open RAN, and edge computing ,These applications will be the next growth market in coming 10 years. The changes in environment requires new applications to satisfy new demand in the market, for example: high performance and high efficient digital power solution for HPC, AI cameras, AI door locks, smart speakers, 800G switches and 800G optics modules, SiC and GaN applications in electric cars and base stations, time-of-flight sensor components, Bluetooth 5.2 products and ultra-wideband, low power and high speed wireless LAN technologies,like Wifi 6E/7. All of them have become highlights of the next generation semiconductor industry. The Group is a distributor for key electronic components, such as: high performance x86 processors, neural embedded system image processor, high performance radio frequency components, single point infrared laser sensing component, multiple point far infrared sensing component, MEMS components, high performance AI microprocessors, high performance power components, highest-bandwidth switching solutions, and high precision analog components. To provide sufficient technology to support system design and product development in these new platforms, the Group will continue to invest and accumulate system integration knowledge and technology to enhance the technical quality of overall R&D. Furthermore, the Group will continue to cooperate with world-class chip design manufacturers to provide customers with high-quality technical services and total solutions. Research and development expenditures over the last three years are shown below:

Unit: NT\$ thousand

Item	2019	2020	2021
Operating revenue	335,187,151	353,152,195	447,896,117
R&D expenses	407,103	385,971	608,561
R&D expenses as a percentage of revenue	0.12%	0.11%	0.14%

II. 2022 Business Plan Summary

1. Operating strategy:

- (1) "Professional integrity and sustainable management" is the Group's business philosophy.
- (2) The Group's consistent service tenet is to "provide services to support downstream clients by reducing their R&D pipeline and increasing their competitiveness and to assist upstream suppliers through product promotion and marketing".
- (3) Focus on performance and efficiency in order to build a solid business team.
- (4) Monitor market trends and provide customers with technology-based services.

2. Expected sales volume and its basis:

The Group's main sales products consist of various electronic components. Due to the

wide variety of products and large variation in unit price, adopting sales volume as a basis for measurement is not suitable. For the Group's overall sales expectations, based on the analysis of the market and macroeconomic development, the Group's core business is expected to show steady growth in the coming year.

3. Important production and sales policies:

- (1) Introduce new product lines and enter new application markets: According to the long-term development strategy plan, the Company will optimize portfolios by introducing new product lines that accord with the market demand and have high margin, strengthening product and market planning ability, improving strategies for rapidly growing new application markets, and increasing the shipments and portion in automotive electronics, cloud data centers, artificial intelligence of things (AIoT), 5G related applications, industrial control, green energy, and medical devices.
- (2) Exploring new customers - For the existing customer base, optimize management capabilities, improve service quality, and continuously increase the penetration rate of the Group's products. At the same time, actively expand high-quality new customers, new product lines for existing customers, as well as new application opportunities for existing products, especially in the Group's strategic development areas of automotive electronics, cloud data centers, industrial control, AIoT, and 5G applications. By providing high-quality technical support and total solutions, accelerate customers' timeliness in promoting products to the market, and develop close and long-term cooperation with leaders in various fields.
- (3) Improving value-added services - Continue to go digital, and improve operating efficiency and reduce costs through AI enabled operations management systems and optimized internal processes. Create demand for vendors through solid customer relationships and rapid market response, and increase products' added value and the Group's profitability while providing solid technical support to help customers develop new products.
- (4) Effectively responding to changes in the macroeconomic environment - Changes in the global economic climate, tech industry chain transformations, exchange rate fluctuations, changes in government-led economic and financial policies, and unexpected global public health events such as the coronavirus and climate change all affect the Group's financial and business operations and management. Therefore, in order to stabilize the Group's competitiveness in the market, the management and control capabilities with regard to inventory, the customer account collection period, accounts receivable, exchange rate hedging, and cash flow must also be improved. The organization and business activities must be adjusted as needed to respond to various changes.

III. The Group's Future Development Strategy

In order to cope with the global industrial division of labor, improve overall competitiveness, and continue to increase the return on working capital and the return on equity, the Group's positioning strategies in Asia Pacific and emerging markets include the following: first, focusing on the Group's long-term development, introducing new product lines, entering new application areas in a timely manner, and adapting to industry demands and technology trends; second, strengthening the mix of customers, product lines, and market applications to reduce the risk of being affected by changes in a single factor; Third, increase the value added to upstream vendors and downstream customers through digital transformations and strengthened technical support. and fourth, integrate resources of different parties through mergers and acquisitions to generate synergistic effects that will reduce operating costs and gain economies of scale. The Group aims to become an international professional semiconductor components distributor, as well as to build a comprehensive service network in the pan-Asia Pacific region and emerging regions through a comprehensive business marketing system. While actively increasing market share and expanding revenue scale in accordance with the principles of "professional integrity and sustainable management", we will continue to pursue the best interests of shareholders, employees, and customers with the support of all employees and shareholders.

For the support of all shareholders, I would like to express my most sincere gratitude to the shareholders on behalf of the Board of Directors and all the Group's employees. We will uphold our consistent business philosophy, seize opportunities for industrial development, and present superior business results to share with you.

Sincerely yours,

Chairman: Cheng, Wen-Tsung

Chapter 2. Company profile

I. Date of Establishment: December 23, 1993

II. Company history

- 1993
- Established Serial Semiconductor Co. (currently known as WT Microelectronics Co. Ltd.) with a registered capital of NT\$10 million. Its main business was the sale of electronic components.
- 1994
- Purchased land and buildings in the Wanshunliao section of Shenkeng Township for office and storage use.
 - Underwent an organizational change from Serial Semiconductor Co. to Serial Semiconductor Co., Ltd.
- 1995
- Promoted and sold the semiconductor electronic components of the US-based Texas Instruments (TI).
- 1996
- Awarded TI's Fastest Growing Agent in Asia.
- 1997
- Had a cash capital increase of NT\$30 million, with a total capital of NT\$40 million.
 - The office was relocated to 7F, No. 34, Section 3, Bade Road, Taipei, Taiwan.
 - Established the R&D Application Engineering Department to engage in electronic-related product design and assisted design.
 - Awarded TI's Annual of SSL Sales Reaching US\$10 million and Second Place in DSP DWIN LNR Promotion.
- 1998
- Had a cash capital increase of NT\$40 million, with a total capital of NT\$80 million.
 - Reinvested in Wintech Microelectronics Holding Limited.
 - Established WT Microelectronics Hong Kong Branch.
 - Awarded TI's Highest Sales Revenue for CBT Series Products and DSP Best Promotion in Taiwan.
 - Awarded TI's Gold and Bronze for DSP Solution Design and Introducing Product Sales.
 - Awarded TI's Sales Gold of Specific Application Products.
 - Ranked among the top 500 in the service industry in Taiwan by China Credit Information Service Ltd.
- 1999
- Promoted and sold semiconductor electronic components of the US-based Fairchild.
 - Had a capital increase of NT\$119.2 million out of capital reserve, with a total capital of NT\$199.2 million.
 - Promoted and sold semiconductor electronic components of the US-based SST.
 - Had a cash capital increase of NT\$50 million and a capital increase of 15 million out of earnings, with a total capital of NT\$264.2 million, and retroactively handled the public issuance of shares.
 - Promoted and sold semiconductor electronic components of the US-based LSI.

- Had a cash capital increase of NT\$95.8 million, with a total capital of NT\$360 million.
 - Purchased the Far East Century Plaza (about 852 pings) in Zhonghe City, Taipei County for office and warehouse use.
 - Changed the Company's English name from Serial Semiconductor Co., Ltd. to Wintech Microelectronics Co., Ltd.
 - Awarded TI's Fastest Sales Growth in High-End CMOS Logic Products.
 - Awarded Fairchild's Best Agent.
 - Ranked 183rd in CommonWealth Magazine's survey of revenue growth rate and 26th in employee productivity.
- 2000
- Promoted and sold semiconductor electronic components of the France-based ST.
 - Moved offices and warehouses to Far East Century Plaza in Zhonghe City.
 - Promoted and sold semiconductor electronic components of the US-based Marvell.
 - Had a cash capital increase of NT\$168 million and a capital increase of NT\$72 million out of earnings, with a total capital of NT\$600 million.
 - Reinvested in Milestone Investment Co., Ltd.
 - Reinvested in Nino Capital Co., Ltd.
 - Stock was listed on the over-the-counter market.
 - Awarded TI's Fastest Growing Agent in Taiwan and the Best Quality App.
 - Awarded Fairchild's Best Agent in Taiwan, the New Product Promotion Excellence, and the Best Agent of the Year.
 - Awarded Marvell's Best Agent of the Year.
 - Ranked 32nd among the top 100 operational performance in the manufacturing and service industry in Taiwan by CommonWealth Magazine.
- 2001
- Reinvested in Shanghai Well Tech Microelectronics Co., Ltd.
 - Reinvested in World Motion Technology Limited.
 - Had a cash capital increase of NT\$100 million and a capital increase of NT\$136 million out of earnings, capital reserve, and employee bonus, with a total capital of NT\$836 million.
 - Issued the first domestic unsecured convertible corporate bonds of NT\$300 million.
 - Issued the first employee stock options of 5,000 units.
 - Awarded ST's Agent for the Fastest Growing Sales in Asia.
 - Awarded Marvell's Best Agent of the Year.
 - Awarded ST's Agent with the Most Growth Promise in the Asia-Pacific Region.
 - Ranked 496th among Business Weekly's "Top 1000 Listed Companies in the Mainland, Taiwan, and Hong Kong".
 - Ranked 98th among Business Weekly's "Top 500 Service Industry Survey" and 16th in the information, communication, and IC channels.
- 2002
- Issued the second domestic unsecured convertible corporate bonds of NT\$800 million.

- Convertible corporate bonds were converted to a share capital of NT\$44.74 million, with a total capital of NT\$880.74 million.
 - Awarded the "90 Top 500 Outstanding Exporters/Importers" certificate issued by the Bureau of Foreign Trade, MOEA.
 - The Company's stock was listed on the Taiwan Stock Exchange.
 - Reinvested in Welltech Microelectronics (Shenzhen) Co., Ltd.
 - Had a capital increase of NT\$60.04 million out of earnings, capital reserve, and employee bonuses, and convertible corporate bonds were converted to a share capital of NT\$57.24 million, with a total capital of NT\$998.01 million.
 - Reinvested in Lintek Singapore Ltd., and changed its English company name to Wintech Microelectronics Singapore Pte. Ltd.
 - Convertible corporate bonds were converted to a share capital of NT\$4.23 million, with a total capital of NT\$1.00224 billion.
 - Issued the second employee stock options of 2,240 units.
 - Purchased treasury shares of the Company for the first time for a total of 153 thousand shares.
 - Awarded TI's for being the Outstanding Distributor Team.
 - Awarded ST's Most Steady Growth Supplier in the past three years.
 - Ranked among the top 100 companies in CommonWealth Magazine's Top 500 Service Industry Surveys in terms of revenue.
 - Ranked 373rd among Business Weekly's "Top 1000 Listed Companies in the Mainland, Taiwan, and Hong Kong" and 13th in the information, communication, and IC channels.
- 2003
- Convertible corporate bonds were converted to a share capital of NT\$940 thousand, with a total capital of NT\$1.00319 billion.
 - Convertible corporate bonds were converted to a share capital of NT\$9.33 million, with a total capital of NT\$1.01251 billion.
 - Reinvested in Wintech Microelectronics Korea Co., Ltd.
 - Reinvested in Wintech Microelectronics (Malaysia) Sdn., Bhd.
 - Convertible corporate bonds were converted to a share capital of NT\$15.39 million, with a total capital of NT\$1.02791 billion.
 - Had a capital increase of NT\$71.55 million out of earnings and employee bonuses, and convertible corporate bonds were converted to a share capital of NT\$73.1 million, with a total capital of NT\$1.17256 billion.
 - Issued the third domestic unsecured convertible corporate bonds of NT\$800 million.
 - Issued the third employee stock options of 2,800 units.
 - Convertible corporate bonds were converted to a share capital of NT\$32.93 million, with a total capital of NT\$1.20549 billion.
 - Awarded ST's Best Apac Power Business Unit Best Application Support Manufacturer.
 - Ranked 119th in revenue and 82nd in service industry performance in the large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2003.

- 2004
- Convertible corporate bonds were converted to a share capital of NT\$8.95 million, and employee stock options were converted into a share capital of NT\$400 thousand, with a total capital of NT\$1.21484 billion.
 - Purchased treasury shares of the Company for the second time for a total of 3 million shares.
 - Convertible corporate bonds were converted to a share capital of NT\$20.29 million, and employee stock options were converted into a share capital of NT\$940 thousand, with a total capital of NT\$1.23607 billion.
 - Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2004: Ranked 67th in service industry revenue, 120th in service industry performance, and 7th in the electronic component wholesale industry.
 - Reinvested in Wintech Microelectronics (Thailand) Ltd.
 - The employee stock options were converted into a share capital of NT\$1.2 million, with a total capital of NT\$1.23727 billion.
 - Reinvested in Lintek Electronics Co., Ltd.
 - Reinvested in Sin Yie Investment Co., Ltd.
 - Had a capital increase of NT\$90.20 million out of earnings and employee bonuses, with a total capital of NT\$1.32748 billion.
 - Convertible corporate bonds were converted to a share capital of NT\$660 thousand, with a total capital of NT\$1.32813 billion.
 - The subsidiary, Lintek Electronics Co., Ltd., merged with Nuvision Technology Inc.
 - Reinvested in NuVision Technology (Samoa) Inc.
 - Reinvested in Ahead Success Co., Ltd.
 - Reinvested in Nuvision Technology (Shenzhen) Co., Ltd.
- 2005
- Promoted and sold semiconductor electronic components of SyChip.
 - Promoted and sold semiconductor electronic components of EXAR.
 - Ranked 48th among Business Weekly's 2004 Top 500 Service Industry Survey in Taiwan.
 - Convertible corporate bonds were converted to a share capital of NT\$750 thousand, with a total capital of NT\$1.32888 billion.
 - Convertible corporate bonds were converted to a share capital of NT\$2.1 million, with a total capital of NT\$1.33098 billion.
 - Promoted and sold semiconductor electronic components of the US-based CaMD.
 - Promoted and sold semiconductor electronic components of the US-based ALTERA.
 - Had a capital increase of NT\$267.4 million out of capital reserve and employee bonuses, with a total capital of NT\$1.59839 billion.
 - Reinvested in Wintech Microelectronics (Shanghai) Co., Ltd., setting up a share capital of US\$1 million.
 - Promoted and sold semiconductor electronic components of ESMT.

- Canceled the treasury shares of the first time purchase to reduce share capital by NT\$1.53 million, with a total capital of NT\$1.59686 billion.
 - Promoted and sold semiconductor electronic components of Audiocodes.
 - Awarded ST's Best Performance Growth in Asia Pacific.
 - Ranked among Digital Age Biweekly's 2005 Top 100 Technological Companies in Taiwan.
 - Awarded by Ambarella in recognition of contribution to delivering A1 chip, the world's first HD H. 264/AVC hybrid camera SoC.
 - Awarded ST's 2005 Best Performance Growth Agent – MPG Team.
 - Awarded TI's 2005 Asia Pacific HPA Outstanding New EE Development Agent and Asset Management Performance.
 - Awarded TI's 2005 Outstanding Agent Platinum (200M\$ Club).
 - Awarded the Silver Award of TI's 2005 Highest SLL Thrust Product Excellence Agent Retail Performance.
 - Awarded ADI's 2005 Best Team in the Notebook Computer Division.
- 2006
- Ranked 84th among revenue in Business Weekly's 2005 Top 1000 Listed Companies and 116th among the Top 150 Listed Companies Revenue Growth.
 - Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2006: Ranked 6th in the electronic component wholesale industry, 46th in service industry net revenue, 136th in the mixed list of public and private businesses, and 360th in service industry performance.
 - Purchased treasury shares of the Company for the fourth time for a total of 3.616 million shares.
 - Purchased treasury shares of the Company for the fifth time for a total of 845 thousand shares.
 - Reinvested in Wintech Logistics Limited.
 - Purchased treasury shares of the Company for the sixth time for a total of 1.5 million shares.
 - Awarded the "2005 Top 500 for Outstanding Exporters/Importers" certificated issued by the Bureau of Foreign Trade, MOEA.
 - Convertible corporate bonds were converted to a share capital of NT\$550 thousand, and employee stock options were converted into a share capital of NT\$2.98 million, with a total capital of NT\$1.60039 billion.
 - Had a capital increase of NT\$85.67 million out of earnings and employee bonuses, with a total capital of NT\$1.68606 billion.
 - Awarded ASUSTeK Computer's 2006 Excellent Supplier.
 - Awarded TI's Outstanding Agent in the Asia-Pacific region.
 - Awarded Fairchild's 2006 Excellent Supplier.
 - Ranked among Digital Age Biweekly's 2006 Top 100 Technological Companies in Taiwan.
- 2007
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2007: Ranked 6th in the

electronic component wholesale industry, 52nd in service industry net revenue, and 134th in the mixed list of public and private businesses.

- Issued the fourth domestic unsecured convertible corporate bonds of NT\$400 million.
- The employee stock options were converted into a share capital of NT\$27.27 million, with a total capital of NT\$1.71333 billion.
- Singapore-based Serial System Limited was dismissed as the Director and Supervisor in accordance with the law due to transferring more than one-half of the shares it held at the time of its selection as the Director and Supervisor.
- The employee stock options were converted into a share capital of NT\$3.09 million, with a total capital of NT\$1.71642 billion.
- The Company's English name was changed from Wintech Microelectronics Co., Ltd. to WT Microelectronics Co., Ltd.
- The employee stock options were converted into a share capital of NT\$3.21 million, with a total capital of NT\$1.71963 billion.
- Reinvested in WT Technology Pte. Ltd.
- Ranked 4th in the information channel industry in CommonWealth Magazine's 2007 selection of Benchmark Enterprise Survey.
- Had a capital increase of NT\$84.7 million out of earnings and employee bonuses, with a total capital of NT\$1.80433 billion.
- Convertible corporate bonds were converted to a share capital of NT\$18.91 million, and employee stock options were converted into a share capital of NT\$4.47 million, with a total capital of NT\$1.82771 billion.
- Awarded Altera's Asia Pacific Outstanding Performance for the third quarter of 2007.
- Awarded the 2006 Outstanding Exporters/Importers certificated issued by the Bureau of Foreign Trade, MOEA.
- Had a cash capital increase of NT\$250 million, with a total capital of NT\$2.07771 billion.
- 2008 • Issued the first employee stock options of 5,000 units for the year of 2007.
- Convertible corporate bonds were converted to a share capital of NT\$2.57 million, and employee stock options were converted into a share capital of NT\$4.92 million, with a total capital of NT\$2.08520 billion.
- Awarded ST's 2007 Fastest Growing Agent .
- Ranked 124th among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2008; ranked 6th in the electronic component wholesale industry and 48th in service industry net revenue.
- WT and its 100% indirectly held subsidiary, Promising Investment Limited, acquired all shares of the semiconductor parts distribution business of Solomon Co. Ltd. and the Hong Kong subsidiary Solomon QCE Limited of Solomon in cash.
- The employee stock options were converted into a share capital of NT\$1.76 million, with a total capital of NT\$2.08696 billion.

- Awarded the 2007 Outstanding Exporters/Importers certificated issued by the Bureau of Foreign Trade, MOEA.
 - Convertible corporate bonds were converted to a share capital of NT\$240 thousand, and employee stock options were converted into a share capital of NT\$11.78 million, with a total capital of NT\$2.09898 billion.
 - Had a capital increase of NT\$173.36 million out of earnings and employee bonus, with a total capital of NT\$2.27234 billion.
 - The employee stock options were converted into a share capital of NT\$750 thousand, with a total capital of NT\$2.27309 billion.
 - Ranked 5th in the information channel industry in CommonWealth Magazine's 2008 selection of Benchmark Enterprise Survey.
 - Purchased treasury shares of the Company for the seventh time for a total of 2.577 million shares.
 - Purchased treasury shares of the Company for the eighth time for a total of 393 thousand shares.
 - Awarded ST's 2008 Global Second Agent.
 - Awarded Pegatron & Unihan's 2008 Excellent Supplier.
 - Awarded Foxconn Technology Group's 2008 Excellent Supplier in JIT Promotion.
 - Awarded ASUSTeK Computer's 2008 Excellent Supplier.
 - Reinvested in Shanghai Welltech Microelectronics Co., Ltd. and changed its English name to Shanghai WT Microelectronics Co., Ltd.
 - Reinvested in Welltech Microelectronics (Shenzhen) Co., Ltd. and changed its Chinese name.
- 2009
- The employee stock options were converted into a share capital of NT\$2.68 million, with a total capital of NT\$2.27577 billion.
 - Ranked 114th among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2009; ranked 5th in the electronic component wholesale industry and 52nd in service industry net revenue.
 - Reinvested in Wintech Microelectronics (Shanghai) Co., Ltd. and changed its Chinese name.
 - Reinvested in Shanghai WT Microelectronics Co., Ltd. and changed its Chinese name.
 - Reinvested in Welltech Microelectronics (Shenzhen) Co., Ltd. and changed its English name to WT Microelectronics (Shenzhen) Co., Ltd.
 - Canceled the treasury shares of the fifth purchase to reduce share capital by NT\$6.48 million, with a total capital of NT\$2.26929 billion.
 - Canceled the treasury shares of the sixth purchase to reduce share capital by NT\$12.78 million, with a total capital of NT\$2.25651 million.
 - Purchased treasury shares of the Company for the tenth time for a total of 7.12 million shares.
 - Acquired all shares of Morrihan International Corp. to increase capital by NT\$ 209.08 million by share conversion, with a total capital of NT\$ 2.46559 billion.

- Had a capital increase of NT\$36.88 million out of earnings and employee bonuses, with a total capital of NT\$2.50247 billion.
- Awarded ST's 2009 Global First Agent.
- Awarded Pegatron & Unihan's Excellent Supplier.
- Ranked 5th in the information channel industry in Commonwealth Magazine's 2009 selection of Benchmark Enterprise Reputation Survey.
- Promoted and sold semiconductor electronic components of APL.
- Awarded Moxa Technology's 2009 Excellent Supplier.
- 2010 • Awarded ASUSTeK Computer's 2010 Excellent Supplier.
- Ranked 4th in the information channel industry in Commonwealth Magazine's 2010 selection of Benchmark Enterprise Reputation Survey.
- Ranked 85th among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2010; ranked 5th in the electronic component wholesale industry and 45th in service industry net revenue.
- Awarded ASUSTeK Computer's 2010 Best Partner.
- Awarded ASUSTeK Computer's 2010 Best Sales.
- Awarded IR's 2010 Taiwan Best Demand Creation.
- Awarded Ublox's 2010 Outstanding Distributor in Taiwan.
- Awarded ST's 2010 Special Award for the Support of PWM within the Computer Segment.
- Awarded ST's 2010 Best Performance for MSH Products.
- Awarded ST's 2010 A Profound Team Partner of 1B\$ in GC & SA Region.
- Awarded TI's Platinum Award in Recognition of Outstanding Resale Performance in the 2010 Asia Distributors Conference.
- Acquired all shares of BSI Semiconductor Pte. Ltd. and its subsidiaries in cash.
- Awarded Moxa Technology's 2010 Excellent Supplier.
- 2011 • Increased investment in the subsidiary, Wintech Microelectronics Holding Limited, by US\$20 million, and acquired all shares of NSU Semiconductor Co., Ltd. in cash through its indirectly held subsidiary, Wintech Investment Co., Ltd.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2011: Ranked 73rd in the mixed list of public and private businesses, 95th in service industry performance, 21st in service industry net revenue, and 3rd in electronic component wholesale.
- Ranked 21st among the service industry and 3rd in the information, communication, and IC channel category in Commonwealth Magazine's 2011 Top 1000 Business Survey.
- The employee stock options were converted into a share capital of NT\$16.7 million, with a total capital of NT\$2.51917 billion.
- The employee stock options were converted into a share capital of NT\$4.04 million, with a total capital of NT\$2.52321 billion.
- Had a capital increase of NT\$49.88 million out of earnings, with a total capital of NT\$2.57309 billion.

- Had a cash capital increase of NT\$300 million, with a total capital of NT\$2.87309 billion.
 - The employee stock options were converted into a share capital of NT\$2.73 million, with a total capital of NT\$2.87582 billion.
 - The employee stock options were converted into a share capital of NT\$6.42 million, with a total capital of NT\$2.88224 billion.
 - Ranked among Business Next Biweekly's 2011 Top 100 Technological Companies in Taiwan and Asia.
 - Awarded the 2011 Best Innovation, ST Microelectronics GC & SA Region, Distribution Sales Convention, Sept. 18~22, 2011, Sanya, China.
 - Awarded the 2011 Best Performance, ST Microelectronics GC & SA Region, Distribution Sales Convention, Sept. 18~22, 2011, Sanya, China.
 - Awarded Etasis Electronics Corp.'s 2011 Best Partner of the Year.
 - Awarded Orient Semiconductor Electronics Limited's 2011 Excellent Supplier.
- 2012
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2012: Ranked 67th in the mixed list of public and private businesses, 88th in service industry performance, 21st in service industry net revenue, and 4th in electronic component wholesale.
 - Acquired all shares of Techmosa International Inc. to increase capital by NT\$ 404.5 million by share conversion, with a total capital of NT\$3.28674 billion.
 - The employee stock options were converted into a share capital of NT\$5.3 million, with a total capital of NT\$3.29204 billion.
 - The employee stock options were converted into a share capital of NT\$1.46 million, with a total capital of NT\$3.2935 billion.
 - Canceled the treasury shares of the tenth purchase to reduce share capital by NT\$26.2 million, had a capital increase of NT\$98 million out of earnings, with a total capital of NT\$3.3653 billion.
 - The employee stock options were converted into a share capital of NT\$6.46 million, with a total capital of NT\$3.37176 billion.
 - Awarded Freescale's 2012 Asia Distribution Distinction for the Highest Customer Count Growth Regional Distributor.
 - Awarded TI's Outstanding Resale Performance, Platinum Award.
 - Ranked 21st among the service industry and 3rd in the information, communication, and IC channel category in CommonWealth Magazine's 2012 Top 1000 Business Survey.
- 2013
- The employee stock options were converted into a share capital of NT\$3.89 million, with a total capital of NT\$3.37565 billion.
 - Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2013: Ranked 65th in the mixed list of public and private businesses, 19th in service industry net revenue, and 2nd in electronic component wholesale.
 - Awarded EXAR's Best Continuing Grow-Up On BIZ Revenues and Demand Creation's Performances in the Past Six Quarters.

- Awarded ASUSTeK Computer's Excellence Supplier.
 - The Company acquired all shares of MSD Holdings Pte. Ltd. in cash.
 - Reinvested in NSU Semiconductor Co., Ltd. and changed its English name to WT Technology Korea Co., Ltd.
 - Awarded the Best Demand Creation (Industrial & Power Group) 2013, ST Microelectronics GC&SA, Annual Distribution Sales Convention, 2-6 September 2013, Macau.
 - Awarded FSP Technology Inc's 2013 Excellent Supplier.
- 2014
- Had a capital increase of NT\$168.78 million out of earnings, with a total capital of NT\$3.54443 billion.
 - Reinvested in Anius Enterprise Co., Ltd.
 - Reinvested in Mega Source Co., Ltd.
 - Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2014: Ranked 61st in the mixed list of public and private businesses, 17th in service industry net revenue, and 1st in electronic component wholesale.
 - Ranked 20th in the service industry and 3rd in the information, communication, and IC channel category, in Commonwealth Magazine's 2013 Top 2000 Business Survey.
 - Awarded the "2014 Top 500 for Outstanding Exporters/Importers" certificated issued by the Bureau of Foreign Trade, MOEA (ranked 292nd).
 - Awarded Texas Instruments' in Recognition of Achieving \$1B Milestone.
 - Awarded Freescale's 2013 Asia Distribution Distinction for Best Performing Regional Distributor in the Greater China.
 - Awarded Orient Semiconductor Electronics Limited's 2013 Excellent Supplier.
 - Awarded Whetron Electronics Co., Ltd.'s 2013 Supplier Excellence.
 - Donated NT\$30 million to establish the WT Education Foundation.
- 2015
- Had a cash capital increase of NT\$525 million, with a total capital of NT\$4.06943 billion.
 - Ranked 4th in Asia Pacific and 4th in the world in Gartner's 2014 Semiconductor Channel Distributors Market Survey.
 - Ranked 67th among Commonwealth Magazine's 2014 Top 2000 Business Survey, 18th in the service industry, and 3rd in the information, communication, and IC channel category.
 - Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2015: Ranked 52nd in the mixed list of public and private businesses, 14th in service industry net revenue, and 1st in electronic component wholesale.
 - Received ST's 2014 Best Demand Creation for Memory, Microcontrollers, & Secure Microcontrollers Division.
 - Awarded Fairchild Distributor of the Year 2014.
 - Awarded Freescale's 2014 Outstanding Reference Design Team.
 - Awarded Orient Semiconductor Electronics Limited's 2014 Excellent Supplier.
 - Awarded the UK-based Quixant's 2014 Best Partner.

- Had a capital increase of NT\$406.94 million out of earnings, with a total capital of NT\$4.47638 billion.
- The Company obtained the ISO 9001:2008 Quality Management System Certificate and the 14001:2004 Environmental Management System Certificate.
- The subsidiary, WT Microelectronics (Shanghai) Co., Ltd., obtained real estate for business in Shanghai.
- The subsidiary, Wintech Microelectronics (Shanghai) Co., Ltd., changed its Chinese name and English name to WT Microelectronics (Shanghai) Co., Ltd.
- 2016 • The subsidiary, WT Technology Korea Co., Ltd., absorbed the subsidiary BSI Semiconductor (Korea) Co., Ltd.
- Awarded Texas Instruments' in Recognition of Year 2015 for Outstanding MM Growth WT Taiwan, Outstanding MM Growth WT China, Outstanding MM Growth WT Asia, and Excellent Distributor Partner WT Asia.
- Awarded Freescale's 2015 Outstanding Performance Award in Market Penetration.
- Ranked 16th in the service industry in CommonWealth Magazine's 2015 Top 2000 Business Survey and 2nd in the information, communication, and IC channel category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2016: Ranked 49th in revenue among companies in mixed industries, 14th in service industry net revenue, and 2nd in the electronic component wholesale industry.
- Awarded ST's 2015 Best Demand Creation – Digital Product Group, Best Partnership—China, and Best Performance-Gold.
- Ranked among the top 21%-35% bracket of the 2nd Corporate Governance Evaluation in 2015.
- Invested US\$20 million to increase the capital of Wintech Microelectronics Holding Limited, an important subsidiary, and subsequently reinvested the same amount to the subsidiaries Promising Investment Limited and Rich Web Ltd. and the Mainland subsidiary WT Microelectronics (Shenzhen) Co., Ltd.
- Issued the fifth domestic unsecured convertible corporate bonds for NT\$1.5 billion.
- Had a capital increase of NT\$223.82 million out of earnings, with a total capital of NT\$4.7002 billion.
- Convertible corporate bonds were converted to a share capital of NT\$15 million, with a total capital of NT\$4.7152 billion.
- Increased the capital of the subsidiary, Morrihan International Corp. by NT\$1 billion in cash.
- 2017 • Awarded Texas Instruments' in Recognition of Year 2016 (NonCF) 1B Milestone Achievement.
- Awarded ST's 2016 Best Agent in Taiwan.
- Awarded ON Semiconductor's 2016 Best Distributor Award in Taiwan.
- Awarded Foxconn's 2016 Outstanding Supplier Award.

- Ranked 12th in the service industry in CommonWealth Magazine's 2016 Top 2000 Business Survey, 3rd in the information, communication, and IC channel category, 36th in the service industry's fastest growing category, and 36th in the service industry's most profitable companies category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2017: Ranked first in the electronic component wholesale industry, 10th in service industry revenue, 41st in the revenue among companies in mixed industries, and 151st in service industry performance.
- Convertible corporate bonds were converted to a share capital of NT\$57.03 million, with a total capital of NT\$4.77223 billion.
- Ranked among the top 6%-20% of the 3rd Corporate Governance Evaluation in 2016.
- Awarded ST's Asia Pacific Best Agent.
- Awarded ST's Asia Pacific Best Agent for Memory Products.
- Awarded Foxconn (Wuhan) Technology Group's 2017 Best Cooperative Agent.
- Awarded Foxconn CESBG's 2017 Best Partner.
- Acquired 100% of all shares of Maxtek Technology Co., Ltd. converted by cash consideration.
- Increased the capital of the subsidiary, Morrihan International Corp. by NT\$1.6 billion in cash.
- Awarded first place in Qisda's 2017 H2 supplier evaluation.
- 2018 • Awarded INVENTEC's 2017 Best Supplier.
- Awarded ON Semiconductor Corporation's 2017 Top Distribution Partner in APAC.
- Had a cash capital increase of NT\$750 million, with a total capital of NT\$5.52223 billion.
- Convertible corporate bonds were converted to a share capital of NT\$3.22 million, with a total capital of NT\$5.52545 billion.
- Ranked among the top 6%-20% of the 4th Corporate Governance Evaluation in 2017.
- Ranked 10th in the service industry in CommonWealth Magazine's 2017 Top 2000 Business Survey, 3rd in the information, communication and IC channel category, 28th in the service industry's fastest growing category, and 27th in the service industry's most profitable companies category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2018: Ranked first in the electronic component wholesale industry, 6th in service industry revenue, and 33rd in revenue among companies in mixed industries.
- Awarded ST's 2018 Best Partnership (Taiwan), Best Growth STD Products Award and Best Performance (Gold Award).
- Awarded GIGABYTE's 2018 Best Agent.
- First release of the Chinese version of the 2017 Corporate Social Responsibility Report.

- Awarded the 2018 Great support to Dell NB Business.
- 2019 • Convertible corporate bonds were converted to a share capital of NT\$50.66 million, with a total capital of NT\$5.57611 billion.
- First release of the English version of the 2017 Corporate Social Responsibility Report.
- Ranked among the top 6%-20% of the 5th Corporate Governance Evaluation in 2018.
- Ranked 6th in the service industry in Commonwealth Magazine's 2018 Top 2000 Business Survey, 3rd in the information, communication and IC channel category, 24th in the service industry's fastest growing category, and 26th in the service industry's most profitable companies category.
- Convertible corporate bonds were converted to a share capital of NT\$290.32 million, with a total capital of NT\$5.86643 billion.
- Issued the sixth domestic unsecured convertible corporate bonds for NT\$1.2 billion.
- Convertible corporate bonds were converted to a share capital of NT\$36.93 million, with a total capital of NT\$5.90336 billion.
- Awarded NXP's 2018 Outstanding Performance in Demand Creation.
- Awarded Korenix Technology's 2018 Best Partner of the Year.
- Awarded Inventec Appliances' 2019 Excellent Supplier.
- 2020 • Convertible corporate bonds were converted to a share capital of NT\$11.01 million, with a total capital of NT\$5.91437 billion.
- Increased capital by NT\$1.710 billion in new shares with a total capital of NT\$7.62437 billion in a stock swap with ASMedia Technology Inc.
- Convertible corporate bonds were converted to a share capital of NT\$11.68 million, with a total capital of NT\$7.63605 billion.
- Ranked among the top 6%-20% of the 6th Corporate Governance Evaluation in 2019.
- Ranked 5th in the service industry in Commonwealth Magazine's 2019 Top 2000 Business Survey, 2nd in the information, communication and IC channel category, 48th in the service industry's fastest growing category, and 33rd in the service industry's most profitable companies category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2019: Ranked first in the electronic component wholesale industry, 4th in service industry revenue, and 22nd in revenue among companies in mixed industries.
- Ranked 24th in Commonwealth Magazine's 2020 Top 50 Business Survey.
- Acquired all shares of Analog World Co., Ltd. in cash, and transferred the semiconductor product distribution business of Analog Tech Systems, Inc. and Analog Devices, Inc. of Analogtechsys Limited to the subsidiary, Morrihan International Corp.
- Convertible corporate bonds were converted to a share capital of NT\$205.86 million, with a total capital of NT\$7.84191 billion.

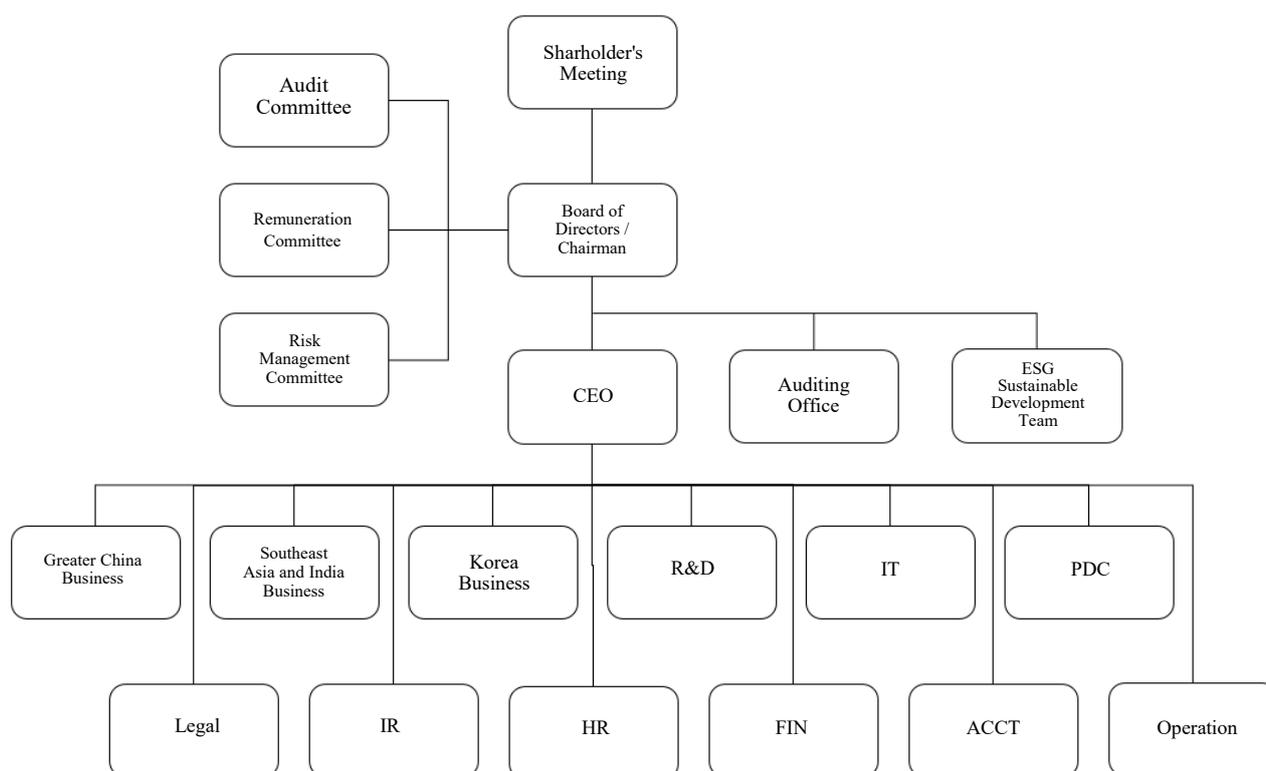
- Had a cash capital increase of NT\$1.350 billion in Class A preferred shares, with a total capital of NT\$9.19191 billion.
 - Convertible corporate bonds were converted to a share capital of NT\$38.35 million, with a total capital of NT\$9.23026 billion.
 - Awarded the "2019 Top 500 for Outstanding Exporters/Importers" certificated issued by the Bureau of Foreign Trade, MOEA.
 - Awarded ST's 2020 Best Partnership (Taiwan) and Best Performance (Gold Award).
 - Awarded Winbond Electronics Corporation's 2020 Best PM Award.
 - Awarded Maxim's 2020 Best Agent.
 - Awarded Nuvoton Technology Corp's 2020 Best Agent, Top Sales Award, and Best MCU FAE.
 - Awarded Microchip's 2020 Partnership Award.
 - The major subsidiary, Wintech Microelectronics Holding Limited reinvested in subsidiaries, Brillnics Inc., Brillnics (HK) Limited, Brillnics Singapore Pte. Ltd., Brillnics Japan Inc., and Brillnics (Taiwan) Inc.
 - Received the 2019 TCSA Taiwan Corporate Sustainability Report Bronze Award.
- 2021
- Convertible corporate bonds were converted to a share capital of NT\$2.06 million, with a total capital of NT\$9.23232 billion.
 - Issued restricted employee shares of NT\$29.92 million, with a total capital of NT\$9.26224 billion.
 - Ranked in 500 High-growth Companies Asia Pacific by Financial Times and Nikkei Asia.
 - Convertible corporate bonds were converted to a share capital of NT\$530 thousand, with a total capital of NT\$9.26277 billion.
 - Ranked in the top 5% of listed companies in the 7th Corporate Governance Evaluation in 2020 and the 10% of listed electronics companies worth over NT\$10 billion.
 - Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2020: Ranked first in the electronic component wholesale industry, 3rd in service industry revenue, and 19th in revenue among companies in mixed industries.
 - Ranked 4th in the service industry in Commonwealth Magazine's 2020 Top 2000 Business Survey, 1st in the information, communication and IC channel category, and 28th in the service industry's most profitable companies category.
 - Convertible corporate bonds were converted to a share capital of NT\$3.51 million, and canceled restricted employee shares reduced capital by NT\$240 thousand, for a total capital of NT\$9.26604 billion.
 - Issued new restricted employee shares of NT\$27.88 million, with a total capital of NT\$9.29392 billion.
 - Received the Sports Company Certification by the Sports Administration of the Ministry of Education in 2021.
 - Convertible corporate bonds converted share capital of NT\$58.37 million, canceled treasury stock reduced share capital by NT\$24.94 million, and canceled restricted employee shares reduced capital by NT\$280 thousand, for a total capital of NT\$9.32707 billion.

- Received the 2020 Taiwan Corporate sustainability Awards (TCSA) Taiwan Corporate Sustainability Report Bronze Award.
 - Awarded the Green Procurement Enterprise Award for green procurements over NT\$5 million by the Environmental Protection Bureau, New Taipei City, in 2021.
 - Awarded the ST Microelectronics In Recognition of Outstanding Performance: Achieve\$1 Billion 2021 Yearly Revenue and Long Lasting Partnership ◦
 - Awarded the GIGABYTE's 2021 Best Agent award.
 - Awarded the Nuvoton Technology Corp's 2021 Top Sales Award.
 - Awarded the Smartsens' 2021 Best Agent award.
 - Awarded the Lumileds Gold Excellent-Excellent Distribution Partner Award 2021.
 - Awarded ST's 2021 Best Performance (Gold Award).
- 2022
- Convertible corporate bonds converted share capital of NT\$51.50 million, and canceled restricted employee shares reduced capital by NT\$620 thousand, for a total capital of NT\$9.37795 billion.
 - Reinvested in WT Semiconductor Holdings Pte. Ltd.

Chapter 3. Corporate Governance Report

I. Company organization

(I) Organization chart



(II) Business operations of major departments

Departments	Business Operations
Business	Responsible for the sales of goods, with different locations in Greater China, Southeast Asia, India and South Korea.
R&D	Responsible for research and development of new products and technologies
IT	Responsible for the construction, integration and control of information systems
PDC	Including Warehouse Department and Shipping Department
Auditing Office	Responsible for business implementation assessments, audits, supervision and recommendations for improvement of various departments
ESG Sustainable Development Team	Responsible for the preparation of the annual ESG report, and Participating in discussions related to sustainability and climate change trends
Legal	Responsible for the management of corporate legal affairs, litigation and business contracts
Investor Relations	Responsible for the service matters of institutional investors and public relations
Human Resources	Responsible for the management of human resources
Finance	Responsible for capital management and bank transactions
Accounting	Responsible for accounting summaries of company transactions and tax return filings and planning
Operation	Including GA Department, VSR Department, and CSR Department

II. Information on directors, supervisors, president, vice president, assistant vice president, and heads of departments and branch offices

(I) Information on Directors

1. Information on Directors:

March 31, 2022/ Unit: shares

Title	Nationality or place of registration	Name	Gender/age	Date appointed	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes		
							Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)			Number of preferred shares	Shareholding ratio (Note1)	Title		Name	Relationship
Chairperson	ROC	Cheng Wen-Tsung	Male/51-60 years old	2019.06.21	3	1994.11.11	28,177,112	4.79%	28,177,112	3.50%	8,485,194	1.05%	79,460,307 (Note 2)	9.86%	Department of Industrial Engineering, Tunghai University Chairperson, WT Microelectronics Co., Ltd.	President, WT Microelectronics Co., Ltd. Chairperson, Nuvision Technology, Inc. Chairperson, Techmosa International Inc. Chairperson, Morrihan International Corp. Chairperson, Maxtek Technology Co., Ltd. Chairperson, Hongtech Electronics Co., Ltd. Chairperson, Milestone Investment Co., Ltd. Chairperson, SinYie Investment Co., Ltd. Chairperson, Shaoyang Investment Co., Ltd. Director, WT Microelectronics (Hong Kong) Limited Director, Promising Investment Limited Director, Wen You Investment Co., Ltd. Director, Tang Ye Investment Co., Ltd. Director, WT Technology(H.K.) Limited Director, WT Technology Pte. Ltd. Director, WT Microelectronics Singapore Pte. Ltd. Director, Wintech	Director and Senior Vice President	Hsu, Wen-Hung	Spouse	Note 3		
							0	0%	0	0%	0	0%	0	0%								

Title	Nationality or place of registration	Name	Gender/age	Date appointed	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)			Title	Name	Relationship	
							Number of preferred shares		Number of preferred shares		Number of preferred shares		Number of preferred shares							
															Microelectronics Ltd. Director, Wintech Microelectronics Holding Limited Director, Wintech Microelectronics Limited Director, Wintech Investment Co., Ltd. Director, WT Microelectronics (Malaysia) Sdn. Bhd. Director, WT Solomon QCE Limited Representative Director, Wonchang Semiconductor Co., Ltd. Representative Director, WT Technology Korea Co., Ltd. Representative Director, Analog World Co., Ltd. Director, BSI Semiconductor Pte. Ltd. Director, Morrihan Singapore Pte. Ltd. Director, MSD Holdings Pte. Ltd. Director, Anius Enterprise Co., Ltd. Director, Mega Source Co., Ltd. Director, Lacewood International Corp. Director, Best Winner International Development Ltd. Director, Maxtek International (HK) Limited Director, Asia Latest Technology Limited					

Title	Nationality or place of registration	Name	Gender/age	Date appointed	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)			Title	Name	Relationship	
							Number of preferred shares		Number of preferred shares		Number of preferred shares		Number of preferred shares							
															Director, Nino Capital Co., Ltd. Director, Rich Web Ltd. Director, Brillnics Inc. Director, Brillnics (HK) Limited. Director, Brillnics Singapore Pte. Ltd. Director, Brillnics Japan Inc. Chairman, Brillnics (Taiwan) Inc.					
Director	ROC	Hsu, Wen-Hung	Female/51-60 years old	2019.06.21	3	2005.05.25	8,356,543	1.42%	8,435,194	1.05%	28,227,112	3.50%	79,460,307 (Note 2)	9.86%	National Chengchi University Senior Vice President, WT Microelectronics Co., Ltd. Director, BSI Semiconductor Pte. Ltd. Director, MSD Holdings Pte. Ltd. Director, Maxtek International (HK) Limited Director, Analog World Co., Ltd. Chairperson, Wen You Investment Co., Ltd. Chairperson, Tang Ye Investment Co., Ltd. Supervisor, Shaoyang Investment Co., Ltd. Director, Brillnics Inc. Representative of Legal Person Director, Brillnics (Taiwan) Inc.	Chairman and President	Cheng, Wen-Tsung	Spouse	None	
							0	0%	0	0%	0	0%	0	0%						

Title	Nationality or place of registration	Name	Gender/age	Date appointed	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes		
							Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)			Number of preferred shares	Shareholding ratio (Note1)	Title		Name	Relationship
Director	ROC	Wen You Investment Co., Ltd.	-	2019.06.21	3	2019.06.21	1,359,204	0.23%	1,359,204	0.17%	-	-	0	0%	-	-	-	-	None			
							0	0%	0	0%	-	-	0	0%								
Legal Representative	ROC	Cheng, Ken-Yi	Male/61-70 years old	-	-	-	0	0%	0	0%	0	0%	0	0%	Department of Accounting, Feng Chia University Vice President, Hung Yang Venture Capital Co., Ltd. Assistant Manager, Taiwan International Securities Co., Ltd.	Director, Grand Fortune Securities Co., Ltd. Director, Solytech Enterprise Corporation Director, Leader Electronics Inc. Director, Shieh Yih Machinery Industry Co., Ltd. Independent Director, Prolific Technology Inc. Independent Director, Holy Stone Enterprise Co., Ltd. Director, Metagone Biotech Inc. Representative of legal person Director, Fuyo Capital Co., Ltd. Representative of legal person Director, Grand Fortune Investment Management Co., Ltd. Representative of Legal Person Director, Grand Fortune Investment Co., Ltd.	None	None	None	None		
							0	0%	0	0%	0	0%	0	0%								
Director	ROC	Sung Kao, Hsin-Ming	Female/61-70 years old	2019.06.21	3	2009.06.16	4,474,434	0.76%	4,474,434	0.56%	0	0%	0	0%	EMBA, International Business, National Taiwan University Section Head, Electronics Research Institute, Institute for Industrial Research	Chairperson and CEO, Marketech International Corp. Chairperson, JI-XUAN Investment Corp. Chairperson, Smart Health Corporation Supervisor, ProbeLeader Co., Ltd. Director, Macrotec Technology Corp. Director, eZoom Information, Inc Director, ADAT Technology Co., Ltd. Director, Vertex System Corporation Director, Forward Science Corporation	None	None	None	None		
							0	0%	0	0%	0	0%	0	0%								

Title	Nationality or place of registration	Name	Gender/age	Date appointed	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)			Title	Name	Relationship	
							Number of preferred shares		Number of preferred shares		Number of preferred shares		Number of preferred shares							
															Director, Brillian Network & Automation Integrated System Co.,Ltd. Chairperson, Everlasting Digital ESG Co., Ltd.					
Independent Director	ROC	Cheng, Ten-Chong	Male/61-70 years old	2019.06.21	3	2016.06.03	0	0%	0	0%	0	0%	0	0%	MBA, Santa Clara University, USA CEO, FIH Mobile Limited, subsidiary of Foxconn Technology Group Vice President, Foxconn Technology Group President, Texas Instruments Asia President, HP China	Director, Aurotek Corporation Director, Jorjin Technologies Inc. Independent Director, Howtch Technology Co., Ltd.	None	None	None	None
							0	0%	0	0%	0	0%	0	0%						
Independent Director	ROC	Kung, Ju-Chin	Female/51-60 years old	2019.06.21	3	2016.06.03	0	0%	0	0%	0	0%	0	0%	CPA of Taiwan, USA and China MBA, University of California, USA Master of Laws, National Chengchi University Assistant Manager, Pricewaterhouse Coopers President and CFO, Cite Media Holding Group CEO and Director, Cite Cultural & Arts Foundation Managing Director, Magazine Business Association of Taipei	CFO and CIO, TNL Media Group Associate Professor, China Industrial & Commercial Research Institute	None	None	None	None
							0	0%	0	0%	0	0%	0	0%						

Title	Nationality or place of registration	Name	Gender/age	Date appointed	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)	Number of common shares	Shareholding ratio (Note1)			Title	Name	Relationship	
							Number of preferred shares		Number of preferred shares		Number of preferred shares		Number of preferred shares							
Independent Director	ROC	Ding, Kung-Wiha	Male/61-70 years old	2020.03.27	3	2020.03.27	0	0%	0	0%	200,000	0.02%	0	0%	Master's Degree in of Public Finance, National Chengchi University Bachelor Degree in Finance, National Chung-Hsing University Deputy Commissioner, Commissioner of the Securities and Futures Commission, Ministry of Finance Chairperson of the Securities and Futures Institute Chairperson of Taiwan Depository & Clearing Corporation Chairperson of Taipei Exchange Chairperson of the Financial Supervisory Commission	Independent Director, Energenis Biomedical Co., Ltd. Director, Hotung International Co., Ltd. Full-time Chair Professor, Chihlee University of Technology Part-time Chair Professor, National Taipei University Part-time Associate Professor, National Chengchi University, National Yang Ming Chiao Tung University, and National Taiwan Normal University Director, Hotung Investment Holdings Limited	None	None	None	None
							0	0%	0	0%	0	0%	0	0%						

Note 1: The total number of shares used to calculate the shareholding percentage was based on the number of issued common shares of 805,649,151 and the number of preferred shares of 135,000,000 on March 31, 2022.

Note 2: Total shares held by Shao Yang Investment Co., Ltd., Tang Ye Investment Co., Ltd., and Wen You Investment Co., Ltd.

Note 3: Where the chairperson and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or managerial officers):

The Company's chairperson and president aims to improve operational efficiency and the execution of decisions. To strengthen the Board's independence, the Company is actively training suitable candidates. The responsible unit shall periodically convene meetings to discuss and plan the candidates and cultivation of successors. Furthermore, the chairperson fully communicates the Company's recent condition, plans, and policies with directors to implement corporate governance. In the future, the Company also plans to enhance the Board's capabilities and supervisory function by increasing the number of independent director seats. The Company currently has the following measures:

1. The three independent directors have expertise in finance, accounting, and semiconductors, thus ensure efficient supervision.
2. Arrange directors to participate in professional courses offered by external institutions every year, such as the Securities and Futures Institute, to enhance Board performance.
3. Independent directors can fully discuss and provide recommendations in functional committees to the Board of Directors in implementing corporate governance.
4. Over half of the directors in the Board of Directors do not concurrently serve as an employee or managerial officer.

2. Major shareholders of the institutional shareholders:

March 31, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholders:	Shareholding ratio (%)
Wen You Investment Co., Ltd.	Hsu, Wen-Hung	80.39
	Cheng, Hui-Shan	12.17
	Cheng, Wen-Tsung	5.68
	Hsu, Wen-Ting	1.76

3. Professional qualifications of Directors (including Independent Directors) and independence information disclosure of Independent Directors:

April 7, 2022

Qualifications Position Name	Professional qualifications and experience (Note 1 and 2)	Independence (Note 3)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent director
Chairperson Cheng, Wen-Tsung	Co-founder of WT Microelectronics Co., Ltd., possesses experience in establishing and managing a public company and the management capabilities for an international company. He possesses knowledge related to the development of the semiconductor industry and knowledge of component industry, and professional leadership abilities and business strategy.	(6)(8)(9) (11)(12)	0
Director Hsu, Wen-Hung	Co-founder of WT Microelectronics Co., Ltd., possesses experience in establishing and managing a public company and the management capabilities for an international company. Her expertise is related to finance, business management, and corporate governance.	(6)(8)(9) (11)(12)	0
Director Wen You Investment Co., Ltd. Representatives: Cheng, Ken-Yi	He has served as a director and consultant for a securities company for more than 10 years. He has a background in the securities industry and accounting and is serving as a director for multiple electronics and semiconductor companies. He has professional qualifications in the finance market, corporate mergers and acquisitions, and asset management.	(1)(2)(3)(4)(5) (6)(8)(10)(11)	2

<p>Director Sung Kao, Hsin-Ming</p>	<p>Founder of Markettech International Corp. Once held the position of Section Head, Electronics Research Institute, Institute for Industrial Research. Possesses experience in establishing and managing a public company and the management capabilities for an international company. Currently serving as a director and administrator of multiple electronics companies and possesses expertise in technical services in the technology industry.</p>	<p>(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)</p>	<p>0</p>
<p>Independent Director Cheng, Tien-Chong</p>	<p>Once held the positions of President of HP China, President of Texas Instruments Asia Pacific, and Vice President of Foxconn Technology Group. Possesses experience in managing international companies and has been working in the semiconductors industry for over 40 years. He is a professional manager with extensive experience in the electronics industry. Currently serving as a director of electronics company and has invested in the startup movement to cultivate the next generation of professional managers.</p>	<p>(1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11) (12)</p>	<p>1</p>
<p>Independent Director Kung, Ju-Chin</p>	<p>Possesses CPA qualification in Taiwan, the United States, and China. An expert in finance and tax planning in Taiwan and China. Once held the positions of President and CFO of Cite Media Holding Group. Possesses a professional background in accounting and extensive practical experience.</p>	<p>(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)</p>	<p>0</p>
<p>Independent Director Ding, Kung-Wha</p>	<p>Once held the positions of Chairman of the Financial Supervisory Commission, Chairman of the Taipei Exchange, and Chairman of the Securities & Futures Institute and Taiwan Depository & Clearing Corporation. He possesses expertise related to securities management, finance, tax planning, and corporate governance. Currently teaching in National Chengchi University, National Yang Ming Chiao Tung University, and National Taipei University.</p>	<p>(1)(2)(3)(4)(5) (6)(7)(8)(9)(10) (11)(12) (Note 4)</p>	<p>1</p>

Note 1: Professional qualifications and experience: Details the professional qualifications and experience of individual director. Those who are members of the Audit Committee and who possess accounting or financial expertise should clearly explain their accounting or finance background and work experience.

Note 2: The matters stipulated in all paragraphs of Article 30 of the Company Act do not describe the directors mentioned above. For the academic experiences and position information of the Directors, please refer to 3. Corporate Governance Report (II) Information on directors, supervisors, presidents, vice presidents, assistant managers, and managers of each department and branch:

Note 3: The independent directors shall explain their compliance of independence, including, but not limited to, whether the person, person's spouse, or their relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates. The shareholdings of the person, person's spouse, or relative within the second degree of kinship (or using the name of others) and the ratio. Whether the person serves as a director, supervisor, or employee of companies with specific relationships with the Company (refer to Items 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). The remuneration received for providing business, legal, financial, or accounting services to the Company or its affiliated enterprises in the most recent 2 years.

Independence of Directors and Independent Directors in the two years before appointment and during their term. Those who comply will be disclosed above.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Directors and supervisors who are not part of the Company or its affiliated companies (except if the Company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up in accordance with this law or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a manager in (1) or not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of personnel in (2) and (3).
- (5) Not directors, supervisors or legal shareholders who directly hold more than 5% of the total issued shares of the Company, in the top five for shareholdings, or appointed a representative as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except for those who concurrently serve as independent directors established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this law or local laws and regulations).
- (6) Not a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (7) Directors, supervisors or employees of other companies or institutions that are not the same person or spouse as the chairman, president or equivalent positions of the Company (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (8) Not directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that is in financial or business dealings with the Company (but if a specific company or organization holds more than 20% but less than 50% of the Company's total issued shares, and the concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or president of a sole proprietorship, partnership, company, or institution that, provides auditing and commercial, legal, financial, accounting services or consultation that does not exceed NT\$500,000 in remuneration over the last two years to the Company or to any affiliate of the Company, or a spouse thereof. However, this does not apply to members of the Remuneration Committee, Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee who perform their duties in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
- (11) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.
- (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

Note 4: The spouse holds 200,000 common shares, accounting for 0.02% of shareholdings. The total number of shares used to calculate the shareholding percentage was based on the total number of outstanding common shares of 805,649,151 on March 31, 2022.

4. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The Company has stipulated in Article 20 of the Corporate Governance Best Practice Principles that diversity shall be considered in the composition of board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

A. Basic requirements and values: Gender, age, nationality, and culture.

B. Professional knowledge and skills: A professional background (e.g., law, accounting,

industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties. To achieve an ideal level of corporate governance, the Board of Directors should be equipped with the following abilities:

- A. Ability to make operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to manage a business.
- D. Ability to handle crisis management.
- E. Industry knowledge.
- F. An understanding of international markets.
- G. Leadership ability.
- H. Decision-making ability.

Implementation of the diversity policy is as follows:

■ Basic composition:

Diversification item Name of director	Composition							
	Gender	Serving as the Company's employee	Age distribution			Year(s) as independent director		
			Below 60	61 to 69	70 or more	3 years or less	3 to 9 years	9 years or more
Cheng, Wen-Tsung	Male	V	V					
Hsu, Wen-Hung	Female	V	V					
Cheng, Ken-Yi	Male			V				
Sung Kao, Hsin-Ming	Female				V			
Cheng, Tien-Chong	Male			V			V	
Kung, Ju-Chin	Female		V				V	
Ding, Kung-Wha	Male			V		V		

■ Professional background, knowledge and skills:

Diversification item Name of director	Professional background				Professional knowledge and skills						
	Accounting	Industry	Finance	Technology	Ability to make sound business judgments	Ability to manage a business	Leadership /Decision-making capability	Industry knowledge	An understanding of international markets	Accounting and financial analysis capability	Ability to respond to a crisis
Cheng, Wen-Tsung		V		V	V	V	V	V	V		V
Hsu, Wen-Hung		V	V		V	V	V	V	V	V	V
Cheng, Ken-Yi	V		V		V	V	V		V	V	V
Sung Kao, Hsin-Ming		V	V	V	V	V	V	V	V	V	V
Cheng, Tien-Chong		V		V	V	V	V	V	V		V
Kung, Ju-Chin	V		V		V	V	V		V	V	V
Ding, Kung-Wha	V		V		V	V	V		V	V	V

(2) Independence of the Board of Directors:

The current Board of Directors of the Company consists of 7 directors, including 3 independent directors, 3 female directors and 2 employees serving as directors

(accounting for 43%, 43%, and 29% of the directors, respectively). Among the directors, the Chairman of the Board, Cheng, Wen-Tsung, and Director Hsu, Wen-Hung are spouses. The remaining 5 directors are not spouses or relatives within the second degree of kinship of each other. Therefore, it complies with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

(II) Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

March 31, 2022

Title	Nationality	Name	Gender	Date appointed (Note1)	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree			Notes
					Number of common shares	Shareholding ratio (Note2)	Number of common shares	Shareholding ratio (Note2)	Number of common shares	Shareholding ratio (Note2)			Title	Name	Relationship	
President	ROC	Cheng, Wen-Tsung	Male	1993.12.23	28,177,112	3.50%	8,485,194	1.05%	79,460,307 (Note 3)	9.86%	Department of Industrial Engineering, Tunghai University Chairperson, WT Microelectronics Co., Ltd.	Please refer to page 21-23.	Senior Vice President	Hsu, Wen-Hung	Spouse	Note 4
					0	0%	0	0%	0	0%						
Senior Vice President	ROC	Hsu, Wen-Hung	Female	2005.02.01	8,435,194	1.05%	28,227,112	3.50%	79,460,307 (Note 3)	9.86%	National Chengchi University Senior Vice President, WT Microelectronics Co., Ltd.	Please refer to page 23	Chairman and President	Cheng, Wen-Tsung	Spouse	None
					0	0%	0	0%	0	0%						
Senior Vice President	ROC	Jack Yang	Male	2000.03.01	1,021,155	0.13%	2,341	0.00%	0	0%	National Chin-Yi University of Technology Senior Vice President, WT Microelectronics Co., Ltd. Texas Instruments Incorporated	None	None	None	None	None
					0	0%	0	0%	0	0%						
Senior Vice President	ROC	James Wen	Male	2004.01.01	436,746	0.05%	194,556	0.02%	0	0%	Tungnan University Senior Vice President, WT Microelectronics Co., Ltd. Xingqiang Electronics Co., Ltd.	None	None	None	None	None
					0	0%	0	0%	0	0%						
Senior Vice President	ROC	Rick Chang	Male	2012.01.01	234,070	0.03%	17,423	0.00%	0	0%	China University of Science and Technology Senior Vice President, WT Microelectronics Co., Ltd. DFI Inc.	None	None	None	None	None
					0	0%	0	0%	0	0%						
Vice President	ROC	Willie Sun	Male	2005.08.01	484,543	0.06%	26,403	0.00%	0	0%	Ph.D., National Central University Vice President, WT Microelectronics Co., Ltd. Lecturer, Kuang Wu Institute of Technology	None	None	None	None	None
					0	0%	0	0%	0	0%						

Title	Nationality	Name	Gender	Date appointed (Note1)	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree			Notes
					Number of common shares	Shareholding ratio (Note2)	Number of common shares	Shareholding ratio (Note2)	Number of common shares	Shareholding ratio (Note2)			Title	Name	Relationship	
					Number of preferred shares		Number of preferred shares		Number of preferred shares							
Vice President and CFO	ROC	Yang, Hsing-Yu	Female	2008.04.11	345,336	0.04%	0	0%	0	0%	Master of Accounting, Soochow University Vice President and Chief Accountant, WT Microelectronics Co., Ltd.	Supervisor, Wonchang Semiconductor Co., Ltd. Supervisor, WT Technology Korea Co., Ltd. Supervisor, Analog World Co., Ltd. Supervisor, Nuvision Technology Inc.	None	None	None	None
					0	0%	0	0%	0	0%						
Vice President	ROC	Jerry Chang	Male	2021.07.01	8,018	0.00%	0	0%	0	0%	MBA, Tulane University Toshiba Taiwan Co., Ltd. Ming Yi Enterprise Co., Ltd.	None	None	None	None	None
					84	0%	0	0%	0	0%						
Vice President	ROC	Tim Wu	Male	2021.07.01	86,104	0.01%	0	0%	0	0%	Master of Computer Science, National Chiao Tung University Chunghwa Telecom Co., Ltd. Ericsson Taiwan Ltd. Oracle Taiwan LLC Vice President, WT Microelectronics Co., Ltd.	None	None	None	None	None
					0	0%	0	0%	0	0%						
Senior Assistant Vice President and Finance Supervisor	ROC	Jason Lu	Male	2007.06.01	477,800	0.06%	0	0%	0	0%	Master of Finance, National Taiwan University of Science and Technology Senior Assistant Vice President and Finance Supervisor, WT Microelectronics Co., Ltd. Junior Manager, Jih Sun International Bank	None	None	None	None	None
					0	0%	0	0%	0	0%						

Note 1: This is the date of the first appointment as executive officers.

Note 2: The total number of shares used to calculate the shareholding percentage was based on the number of issued common shares of 805,649,151 and the number of preferred shares of 135,000,000 on March 31, 2022.

Note 3: Total shares held by Shao Yang Investment Co., Ltd., Tang Ye Investment Co., Ltd., and Wen You Investment Co., Ltd.

Note 4: Where the chairperson and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or managerial officers):

The Company's chairperson and president aims to improve operational efficiency and the execution of decisions. To strengthen the Board's independence, the Company is actively training suitable candidates. The responsible unit shall periodically convene meetings to discuss and plan the candidates and cultivation of successors. Furthermore, the chairperson fully communicates the Company's recent condition, plans, and policies with directors to implement corporate governance. In the future, the Company also plans to enhance the Board's capabilities and supervisory function by increasing the number of independent director seats. The Company currently has the following measures:

1. The three independent directors have expertise in finance, accounting, and semiconductors, thus ensure efficient supervision.
2. Arrange directors to participate in professional courses offered by external institutions every year, such as the Securities and Futures Institute, to enhance Board performance.
3. Independent directors can fully discuss and provide recommendations in functional committees to the Board of Directors in implementing corporate governance.
4. Over half of the directors in the Board of Directors do not concurrently serve as an employee or managerial officer.

(III) Remunerations to directors, supervisors, president, and vice presidents in recent years

1. Remuneration to directors and independent directors

Title	Name	Director's remuneration								Ratio of total remuneration (A+B+C+D) to net income (Note 8)		Pay received as an employee								Ratio of total remuneration (A+B+C+D+E+F+G) to net income (Note 8)		Remuneration received from invested companies other than subsidiaries or the parent company (Note 9)						
		Remuneration (A) (Note 1)		Severance pay and pension (B)		Remuneration to directors (C) (Note 2)		Business expense (D) (Note 3)				Salary, bonus and special allowance (E) (Note 3)		Severance pay and pension (F)		Employee compensation(G) (Note 4)												
		The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company		All Consolidated Entities (Note 7)		The Company	All Consolidated Entities (Note 7)							
		Cash	Stock	Cash	Stock																							
Director	Cheng, Wen-Tsung																											
	Hsu, Wen-Hung																											
	Wen You Investment Co., Ltd. Representatives: Cheng, Ken-Yi	0	0	0	0	20,000 NT\$ thousand	20,000 NT\$ thousand	0	0	20,000 NT\$ thousand	20,000 NT\$ thousand	61,025 NT\$ thousand	61,025 NT\$ thousand	24 NT\$ thousand	24 NT\$ thousand	0	0	0	0	81,049 NT\$ thousand	81,049 NT\$ thousand	1.02%	1.02%	None				
	Sung Kao, Hsin-Ming																											
Independent Director	Cheng, Tien-Chong	1,980 NT\$ thousand	1,980 NT\$ thousand	0	0	15,000 NT\$ thousand	15,000 NT\$ thousand	0	0	16,980 NT\$ thousand	16,980 NT\$ thousand	0	0	0	0	0	0	0	0	0	0	0	16,980 NT\$ thousand		16,980 NT\$ thousand	0.21%	0.21%	None
Kung, Ju-Chin																												
Ding, Kung-Wha																												

*1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

For the remuneration of independent directors, besides referring to results of director performance evaluations, the Remuneration Committee considers each director's degree of participation and contribution to the Company's operations, links the reasonableness and fairness of performance and risks to remuneration, considers the Company's business performance and the remuneration standards of competitors, and makes recommendations to the Board of Directors in accordance with Article 16 of the Company's Articles of Incorporation and Article 5 of the Director and Functional Committee Remuneration Payment Guidelines.

2. In addition to the table above, in the most recent fiscal year, compensation for services provided by directors of the company (including as a non-employee advisor for all companies/investees under the parent company/in the Financial Report) is as follows: None.

Remuneration Bracket Table for Directors and Independent Directors

Range of remuneration paid to each director	Name of director			
	Total amount of (A+B+C+D)		Total amount of (A+B+C+D+E+F+G)	
	The Company (Note 6)	All Consolidated Entities (I) (Note 7)	The Company (Note 6)	All Consolidated Entities (J) (Note 7)
Less than NT\$1,000,000				
NT\$1,000,000 (incl) - NT\$2,000,000 (excl)				
NT\$2,000,000 (incl) - NT\$3,500,000 (excl)				
NT\$3,500,000 (incl) - NT\$5,000,000 (excl)				
NT\$5,000,000 (incl) - NT\$10,000,000 (excl)	Directors: Cheng, Wen-Tsung, Hsu, Wen-Hung, and Representatives of Wen You Investment Co., Ltd.: Cheng, Ken-Yi and Sung Kao, Hsin-Ming Independent Directors: Cheng, Tien-Chong, Kung, Ju-Chin, and Ding, Kung-Wha	Directors: Cheng, Wen-Tsung, Hsu, Wen-Hung, and Representatives of Wen You Investment Co., Ltd.: Cheng, Ken-Yi and Sung Kao, Hsin-Ming Independent Directors: Cheng, Tien-Chong, Kung, Ju-Chin, and Ding, Kung-Wha	Directors: Wen You Investment Co., Ltd. Representatives: Cheng, Ken-Yi and Sung Kao, Hsin-Ming Independent Directors: Cheng, Tien-Chong, Kung, Ju-Chin, and Ding, Kung-Wha	Directors: Wen You Investment Co., Ltd. Representatives: Cheng, Ken-Yi and Sung Kao, Hsin-Ming Independent Directors: Cheng, Tien-Chong, Kung, Ju-Chin, and Ding, Kung-Wha
NT\$10,000,000 (incl) - NT\$15,000,000 (excl)				
NT\$15,000,000 (incl) - NT\$30,000,000 (excl)			Directors: Hsu, Wen-Hung	Directors: Hsu, Wen-Hung
NT\$30,000,000 (incl) - NT\$50,000,000 (excl)			Directors: Cheng, Wen-Tsung	Directors: Cheng, Wen-Tsung
NT\$50,000,000 (incl) - NT\$100,000,000 (excl)				
NT\$100,000,000 and above				
Total	7	7	7	7

Note 1: Refers to director remuneration in the most recent year (2021) (including independent directors and members of the Remuneration Committee).

Note 2: Refers to the amount of remuneration to directors as approved by the Board of Directors for the most recent year (2021). On February 24, 2022, the Board of Directors passed the 2021 directors and supervisors' remuneration of NT\$35,000 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 3: All pays to the director who is also an employee of the Company (including the position of president, vice president, other executive officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car for the most recent year (2021). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. Furthermore, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. In addition, the salaries recognized in accordance with IFRS 2 "Share-based Payment", including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 4: Refers to the employees' compensation (including stocks and cash) received by a director who is also an employee (including the position held concurrently as President, Vice President, other executive officers, or an employee) for the most recent year (2021), On February 24, 2022, the Board of Directors passed the 2021 employees' compensations of NT\$92,900 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 5: The total pay to the directors from all companies in the consolidated statements (including the Company).

Note 6: Refers to the total remuneration paid to each director by the Company, and the director's name shall be disclosed in the corresponding remuneration bracket.

Note 7: Refers to the total remuneration all companies (including the Company) in the consolidated financial statements paid to each director of the Company, and the director's name shall be disclosed in the corresponding remuneration bracket.

Note 8: Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT\$7,923,257 thousand in the standalone financial statements for the most recent year (2021).

- Note 9: a. This column is for the amount of relevant remuneration received by the Company's directors from invested companies other than subsidiaries or the parent company.
b. Where the Company's directors received relevant remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the Company's directors from invested companies other than subsidiaries or the parent company shall be included in the "I" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies".
c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the director serving as a director, supervisor or manager of an invested company other than subsidiaries or the parent company.
* The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

2. Supervisor remuneration: N/A.

3. President and Vice President remunerations

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of total remuneration (A+B+C+D) to net income (%) (Note 8)		Remuneration received from invested companies other than subsidiaries or the parent company (Note 9)
		The Company	All Consolidated Entities (Note 5)	The Company	All Consolidated Entities (Note 5)	The Company	All Consolidated Entities (Note 5)	The Company		All Consolidated Entities (Note 5)		The Company	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Cheng, Wen-Tsung	44,683 NT\$ thousand	44,683 NT\$ thousand	574 NT\$ thousand	574 NT\$ thousand	120,813 NT\$ thousand	120,813 NT\$ thousand	0	0	0	0	166,070 NT\$ thousand 2.10%	166,070 NT\$ thousand 2.10%	None
Senior Vice President	Hsu, Wen-Hung													
Senior Vice President	Jack Yang													
Senior Vice President	James Wen													
Senior Vice President	Rick Chang													
Vice President	Willie Sun													
Vice President	Jerry Chang													
Vice President	Tim Wu													
Vice President and CFO	Yang, Hsing-Yu													

Remuneration Bracket Table for President and Vice Presidents

Range of remuneration paid to president and vice presidents	Names of president and vice presidents	
	The Company (Note 6)	All Consolidated Entities (E) (Note 7)
Less than NT\$1,000,000		
NT\$1,000,000 (incl) - NT\$2,000,000 (excl)		
NT\$2,000,000 (incl) - NT\$3,500,000 (excl)		
NT\$3,500,000 (incl) - NT\$5,000,000 (excl)		
NT\$5,000,000 (incl) - NT\$10,000,000 (excl)	Tim Wu	Tim Wu
NT\$10,000,000 (incl) - NT\$15,000,000 (excl)	Willie Sun, Jerry Chang, and Yang, Hsing-Yu	Willie Sun, Jerry Chang, and Yang, Hsing-Yu
NT\$15,000,000 (incl) - NT\$30,000,000 (excl)	Hsu, Wen-Hung, James Wen, Jack Yang, and Rick Chang	Hsu, Wen-Hung, James Wen, Jack Yang, and Rick Chang
NT\$30,000,000 (incl) - NT\$50,000,000 (excl)	Cheng, Wen-Tsung	Cheng, Wen-Tsung
NT\$50,000,000 (incl) - NT\$100,000,000 (excl)		
NT\$100,000,000 and above		
Total	9	9

Note 1: The names of the president and vice presidents shall be separately listed, and the amount of each payment shall be disclosed on an aggregate basis. Fill out this table and the remuneration table for directors and independent directors if the director is also the president or vice president.

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the president or vice president in the most recent year (2021).

Note 3: Refers to the remuneration paid to the president or vice president, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other remuneration in kind, other compensations, etc., in the most recent year (2021). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. Furthermore, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. In addition, the salaries recognized in accordance with IFRS 2 "Share-based Payment", including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 4: Refers to the amount of compensation distributed to the president and vice presidents approved by the Board of Directors in the most recent year (including stocks and cash). On February 24, 2022, the Board of Directors passed the 2021 employees' compensations of NT\$92,900 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 5: The total pay to the president or vice president from all companies in the consolidated statements (including the Company).

Note 6: Refers to the total remunerations paid to each president and vice president by the Company, and the names of presidents and vice presidents shall be disclosed in the corresponding remuneration bracket.

Note 7: Refers to the total remuneration all companies (including the Company) in the consolidated financial statements paid to each president and vice president of the Company, and the names of presidents and vice presidents shall be disclosed in the corresponding remuneration bracket.

Note 8: Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT\$7,923,257 thousand in the standalone financial statements for the most recent year (2021).

Note 9: a. This column is for the amount of relevant remuneration received by the Company's president and vice president from invested companies other than subsidiaries or the parent company.

- b. Where the Company's president and vice president received relevant remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the Company's president and vice president from invested companies other than subsidiaries or the parent company shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies".
- c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of an invested company other than subsidiaries or the parent company.

* The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

4. Names of executive officers that received employee bonuses and status of the distribution

December 31, 2021						
	Title	Name	Stock (Note 1)	Cash (Note 1)	Total	Ratio accounted compared to the total net income (%) (Note 2)
Executive officers	President	Cheng, Wen-Tsung	0	0	0	0%
	Senior Vice President	Hsu, Wen-Hung				
	Senior Vice President	Jack Yang				
	Senior Vice President	James Wen				
	Senior Vice President	Rick Chang				
	Vice President	Willie Sun				
	Vice President	Jerry Chang				
	Vice President	Tim Wu				
	Vice President and CFO	Yang, Hsing-Yu				
	Senior Assistant Vice President and Finance Supervisor	Jason Lu				

Note 1: Refers to the amount of employee compensation distributed to executive officers approved by the Board of Directors (on February 24, 2022) in the most recent year; the total amount of the proposed employee compensation for distribution was NT\$92,900 thousand, and the proposed amount to be distributed in 2021 is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 2: Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT\$7,923,257 thousand in the standalone financial statements for the most recent year (2021).

- (IV) Compare and describe separately the analysis of total remunerations paid to the Company's directors, president, and vice presidents for the past two years by the Company and all companies in the consolidated report as a percentage of the net income after tax, and describe the correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management performance and future risks.

Title	2020				2021			
	Total amount of remuneration (Unit: NT\$ thousands)		Ratio of the total amount to net income after tax (%) (Note)		Total amount of remuneration (Unit: NT\$ thousands)		Ratio of the total amount to net income after tax (%) (Note)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	11,677	11,677	0.31	0.31	36,980	36,980	0.46	0.46
Supervisor	0	0	0	0	0	0	0	0
President and Vice Presidents	76,575	76,575	2.02	2.02	166,070	166,070	2.10	2.10
Total	88,252	88,252	2.33	2.33	203,050	203,050	2.56	2.56

Note: The Company's 2020 net income after tax was NT\$3,794,178 thousand and the 2021 net income after tax was NT\$ 7,923,257 thousand.

- 1.The Company has specified in Article 19 of the Articles of Incorporation that if there is any profit in the current year, it shall contribute no less than 1% to the employee's remuneration and no more than 3% to the directors' remuneration. The amount to be contributed shall be reviewed by the Remuneration Committee, and then submitted to the Board of Directors for discussion and approval, and shall be reported to the Annual Shareholders' Meeting.
- 2.The Company's procedures for determining the remuneration of directors, president and vice presidents use the "Remuneration Committee Charter", "Rules for Board of Directors Performance Assessments", "Director and Functional Committee Remuneration Payment Guidelines", and "Regulations Governing Compensation Payment of Executive Officers" as the basis of evaluation. For the remuneration of directors, besides referring to results of director performance evaluations (grasp of company goals and mission, understanding of director responsibilities, level of participation in company operations, internal relationship management and communications, a director's training and continuous education, and internal control), the

Remuneration Committee considers each director's degree of participation and contribution to the Company's operations, links the reasonableness and fairness of performance and risks to remuneration, considers the Company's business performance and the remuneration standards of competitors, and makes recommendations to the Board of Directors in accordance with Article 16 of the Company's Articles of Incorporation and Item 3, Paragraph 1, Article 5 of the Director and Functional Committee Remuneration Payment Guidelines. Performance evaluation and remuneration for managerial officers, including the president and vice presidents, follow the Regulations Governing Compensation Payment of Executive Officers. The evaluation criteria include the absence of any moral risk incident or any other incident that might have a negative impact on the company's image or reputation, or inadequate internal management or fraud. Evaluation and remuneration shall also take into account the general pay levels in the industry, individual performance evaluation results, the time invested by an individual and his/her responsibilities, the extent of goal achievement, performance in other positions, and remuneration paid to employees in similar positions in recent years. Other factors include the reasonableness of the correlation between an individual's performance and the company's business results and future risk exposures with respect to the achievement of short- and long-term business targets and the company's financial position. The content and reasonableness of the remuneration are reviewed by the Remuneration Committee and submitted to the Board for discussion and approval. The remuneration system is reviewed in a timely manner depending on the operational status and relevant laws and regulations, so as to achieve a balance between the Company's sustainable operation and risk control.

3. The Company's remuneration policy considers the Company's current financial status, operating results and future capital utilization needs for overall planning. Future risk assessment is also included in the scope of consideration to minimize the possibility of risk occurrence. As of the annual report publication date, there are no existing matters that will cause the Company to potentially bear any responsibility, obligation or liability in the future.

III. Implementation of corporate governance

(I) Board of Directors:

In the most recent year (2021), the Board of Directors had 12 meetings [A] and the average attendance rate of all directors was 99%. The attendance of directors and supervisors is as follows:

Title	Name	Attendance Frequency [B]	By proxy	Attendance Rate in Person (%) [B/A]	Notes
Chairperson	Cheng, Wen-Tsung	12	0	100%	Re-elected on June 21, 2019
Director	Hsu, Wen-Hung	12	0	100%	Re-elected on June 21, 2019
Director	Wen You Investment Co., Ltd. Representatives: Cheng, Ken-Yi	12	0	100%	Corporate directors were re-elected on June 21, 2019.
Director	Sung Kao, Hsin-Ming	11	1	92%	Re-elected on June 21, 2019
Independent Director	Cheng, Tien-Chong	12	0	100%	Re-elected on June 21, 2019
Independent Director	Kung, Ju-Chin	12	0	100%	Re-elected on June 21, 2019
Independent Director	Ding, Kung-Wha	12	0	100%	Elected to fill vacancy on March 27, 2020

Attendance of Independent Directors in the 12 Board meetings in 2021:

Independent Director	2021											
	1th meeting	2th meeting	3th meeting	4th meeting	5th meeting	6th meeting	7th meeting	8th meeting	9th meeting	10th meeting	11th meeting	12th meeting
Cheng, Tien-Chong	Attendance in person in every meeting											
Kung, Ju-Chin	Attendance in person in every meeting											
Ding, Kung-Wha	Attendance in person in every meeting											

Other matters that require reporting:

I. If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:

(I) Matters referred to in Article 14 -3 of the Securities and Exchange Act

Term and date	Agenda
16th meeting of the 9th Board January 5, 2021	1.2020 executive officers' year-end and performance bonus payment. 2.2021 executive officers' salary compensation payment. 3.Issuance of new restricted employee awards and approval of employee share entitlement. 4.Proposal to issue first employee stock options in 2021. 5.Acquisition of common shares of Sino-American Silicon Products Inc. 6.Proposed appointment of CPA and independence assessment. 7.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.

17th meeting of the 9th Board February 25, 2021	<ol style="list-style-type: none"> 1.Proposal to make a donation to the "WT Education Foundation". 2.Proposal for the 2020 internal control system effectiveness assessment and internal control system statement. 3.To provide associated guarantees for subsidiaries to obtain a credit line from banks. 4.Appointment/Dismissal of internal auditing officers.
18th meeting of the 9th Board March 18, 2021	<ol style="list-style-type: none"> 1.Proposal to issue employee stock options in 2021 and the list of eligible employees. 2.Proposal to optimize employee stock ownership trusts and incentives for managerial participation in employee stock ownership trusts. 3.Motion for the Company to provide endorsements and guarantees for the subsidiary to obtain purchase credit line from suppliers.
19th meeting of the 9th Board April 16, 2021	<ol style="list-style-type: none"> 1.Issuance of new restricted employee awards. 2.Issuance of new common shares for cash capital increase and/or Issuance of new common shares for cash to sponsor issuance of GDRs. 3.To provide associated guarantees for subsidiaries to obtain a credit line from banks.
20th meeting of the 9th Board April 27, 2021	Proposal for 2020 director remuneration distribution of the Company.
21st meeting of the 9th Board May 17, 2021	Proposed the implementation of the 11th company stock buyback to safeguard the Company's credit and shareholders' equity
22nd meeting of the 9th Board June 25, 2021	<ol style="list-style-type: none"> 1.Restipulation of the date and location of the 2021 Annual Shareholders' Meeting. 2.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.
23rd meeting of the 9th Board July 12, 2021	<ol style="list-style-type: none"> 1.Proposal for changing CPAs. 2.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.
24th meeting of the 9th board July 28, 2021	Issuance of new restricted employee awards and approval of employee share entitlement.
25th meeting of the 9th board August 6, 2021	<ol style="list-style-type: none"> 1.Stipulation of the Treasury Stock Buyback Operating Procedures. 2.Proposal to amend the Internal Control System. 3.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.
26th meeting of the 9th board November 5, 2021	<ol style="list-style-type: none"> 1.To provide associated guarantees for subsidiaries to obtain a credit line from banks. 2.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks or manufacturers.
27th meeting of the 9th board November 23, 2021	Proposal to issue second employee stock options in 2021.
Resolutions of the matters above: Passed as proposed after the chairperson consulted all attending directors. Independent directors' opinions: No dissenting or unqualified opinions. The Company's handling of independent directors' opinions: N/A.	
(II) In addition to the aforementioned matters, other Board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements: No such incident occurred.	
II. Details, including names of directors, proposals, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest:	

Details of directors absenting themselves due to conflict of interest in 2021		
Date	Agenda	Name of recused director
January 5, 2021	<ol style="list-style-type: none"> 1.2020 executive officers' year-end and performance bonus payment. 2.2021 executive officers' salary compensation payment. 3.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks. 	Cheng, Wen-Tsung and Hsu, Wen-Hung
February 25, 2021	<ol style="list-style-type: none"> 1.Proposal to make a donation to the "WT Education Foundation". 2.To provide associated guarantees for subsidiaries to obtain a credit line from banks. 	Cheng, Wen-Tsung and Hsu, Wen-Hung
March 18, 2021	<ol style="list-style-type: none"> 1.Proposal to issue employee stock options in 2021 and the list of eligible employees. 2.Proposal to optimize employee stock ownership trusts and incentives for managerial participation in employee stock ownership trusts. 3.Motion for the Company to provide endorsements and guarantees for the subsidiary to obtain purchase credit line from suppliers. 	Cheng, Wen-Tsung and Hsu, Wen-Hung
April 16, 2021	To provide associated guarantees for subsidiaries to obtain a credit line from banks.	Cheng, Wen-Tsung and Hsu, Wen-Hung
April 27, 2021	Proposal for 2020 director remuneration distribution of the Company.	Cheng, Wen-Tsung, Hsu, Wen-Hung, Cheng, Ken-Yi, Sung Kao, Hsin-Ming, Cheng, Tien-Chong, Kung, Ju-Chin, and Ding, Kung-Wha
June 25, 2021	To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.	Cheng, Wen-Tsung and Hsu, Wen-Hung
July 12, 2021	To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.	Cheng, Wen-Tsung and Hsu, Wen-Hung
August 6, 2021	To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.	Cheng, Wen-Tsung and Hsu, Wen-Hung
November 5, 2021	<ol style="list-style-type: none"> 1.To provide associated guarantees for subsidiaries to obtain a credit line from banks. 2.To continue providing associated guarantees for subsidiaries to obtain a credit line from banks or manufacturers. 	Cheng, Wen-Tsung and Hsu, Wen-Hung
<p>Reason for recusal: The directors recused themselves from the proposals above where they had a conflict of interest in accordance with Article 15 of the Company's "Rules of Procedure for Board of Directors' Meetings".</p> <p>Participation in voting: Directors with conflict of interest excused themselves in accordance with the law. The proposals were passed as proposed after the acting chairperson consulted with all attending directors.</p>		

III. Implementation of self-evaluations by the Company's Board of Directors and Functional Committees:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Triennially	2020.1.1-12.31	Board of Directors	Hired an external professional institutions, Taiwan Institute of Ethical Business and Forensics, to conduct the assessment by the following methods: 1. Review documents on board meeting minutes and on corporate governance related internal guidelines and documents. 2. All board members completed individual self-assessment questionnaires. 3. Onsite interviews with directors. 4. Present board performance evaluation reports.	Assessment in 4 aspects: 1.The Board's professional competencies. 2.The Board's decision making performance. 3.The Board's attention to and oversight of internal control. 4.The Board's attitude toward CSR.
Once a year	2021.1.1-12.31	Board of Directors	Board of Directors internal self-evaluation (organizer evaluation)	1.Participation in the operation of the company. 2.Improvement of the quality of the Board of Directors' decision making. 3.Composition and structure of the Board of Directors. 4.Selection and continuing education of directors. 5.Internal control.
Once a year	2021.1.1-12.31	Individual board members	Board of Directors individual member self-evaluation	1.Familiarity with the goals and missions of the company. 2.Awareness of the duties of a director. 3.Participation in the operation of the company. 4.Management of internal relationship and communication. 5.Professionalism and continuing education of directors. 6.Internal control.
Once a year	2021.1.1-12.31	Audit Committee individual members	Audit Committee individual member self-evaluation	1.Participation in the operation of the company. 2.Understanding of Audit Committee responsibilities. 3.Improvement of the quality of the Audit Committee's decision making. 4.Composition and member appointment of the Audit Committee. 5.Internal control.

Once a year	2021.1.1-12.31	Remuneration Committee individual members	Remuneration Committee individual member self-evaluation	1.Participation in the operation of the company. 2.Understanding of Remuneration Committee responsibilities. 3.Improvement of the quality of the Remuneration Committee's decision making. 4.Composition and member appointment of the Remuneration Committee.
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The 2021 Board of Directors and Functional Committees Performance Evaluations were completed on January 6, 2022, and reported to the Board of Directors on February 24, 2022. The average score of the overall Board of Directors performance self-evaluation was 4.93. The average score of the Board of Directors individual member self-evaluation was 4.22. The Directors gave favorable scores, representing the good operations of the entire Board of Directors. The average score of the Audit Committee performance self-evaluation was 5. The average score of the Remuneration Committee performance self-evaluation was 4.96. The operations of both committees are complete and both fulfill their duties. (The scores are out of 5)

IV. Evaluation of targets to enhance the role of the board and performance in the current year and last year:

- (I) In addition to providing relevant laws and regulations to directors whenever necessary, the Company shall report the Company's current business status at the time of the board meeting, and prepare related information and assign personnel for directors' inquiry.
- (II) The Company actively provides information on various types of continuous education courses and encourages directors to participate in various corporate governance courses, or the Company irregularly holds such courses, in order to strengthen the competencies of the Board members. In 2021, 7 directors received continuing education for a total of 66 hours. Each director received an average of 9.4 hours of education.
- (III) The Company adheres to the operational transparency and safeguards shareholders' equity, and actively discloses relevant information such as important resolutions of the Board of Directors on the Company's website. The Company organizes investor conferences regularly to improve company recognition among investors.
- (IV) In order to implement corporate governance and enhance the function of the Board of Directors for the purpose of establishing performance targets and strengthening the efficiency of the Board of Directors, the Company completed the enactment of the "Regulations Governing the Board Performance Evaluation" on August 10, 2016. The Company amended the Regulations on August 7, 2020 to require external board evaluation be performed at least once every three years. The Company hired an external professional institutions, Taiwan Institute of Ethical Business and Forensics, to conduct the 2020 board evaluation. The institute and its experts were independent as they had no business relationship with the Company. The evaluation was performed through document review, questionnaire, and onsite interview in four aspects, the Board's professional competencies, the Board's decision making performance, the Board's attention to and oversight of internal control, and the Board's attitude toward CSR. The evaluation report was issued on February 4, 2021, and the recommendations of the report and measures to be taken were presented to the Board of Directors on February 25, 2021. The recommendations and improvement measures were as follows:
 - 1.Strengthening communication between the board members and the management team
 - Recommendation: The corporate governance department could take initiative to summarize questions from individual directors and ask the management team to provide more information in order to give the directors a better understanding of the Company's operations.
 - Improvement measure: The Company would increase the frequency of communication between the board members and the management team in the future in order to strengthen the partnership between the Board of Directors and the management team.
 - 2.The issue of the chairman serving concurrently as the highest level managerial officer
 - Recommendation: The percentage of independent directors could be raised for now in the interest of corporate oversight.
 - Improvement measure: The Company would consider whether to add one more independent director in the future.

3. The evaluation subject had installed a risk management committee to ensure effective risk management.

Recommendation: Risk management mechanisms should be implemented effectively through the risk management committee to ensure they would be enforced.

Improvement measure: The risk management committee would be scheduled to meet at least once every six months to identify and monitor potential risks to the Company's sustainable development and to ensure normal operation of the risk management system.

4. Strengthening the Board's attention to CSR

Recommendation: The Board of Directors could conduct more discussions on CSR issues or have external consultants introduced.

Improvement measure: The CSR campaigns and results, including status of stakeholder communication, would be presented to the Board of Directors at least once a year.

The above measure is used to evaluate suggestions and formulate adopted measures. The Company's Corporate Governance Department shall compile the questions proposed by individual directors and convey them to the management team. Related managers are requested to attend the Board of Directors meeting to explain to the directors if necessary. The Company established the Risk Management Committee on November 6, 2020. A total of 3 meetings were held in 2021. Apart from stipulating the risk management policy, the Committee evaluates the impact of exchange rate fluctuations, the China-US trade war, and information security risks on company operations, and reports the results to the Board of Directors for discussion. The Committee also submitted the 2022 information security plan to the Board of Directors for resolution. Furthermore, in response to the Board of Directors' focus on sustainable development issues (known as corporate social responsibility issues in the past), the Company established the WT Microelectronics ESG Sustainable Development Team at the end of 2021. The team is responsible for preparing the annual ESG report and promoting corporate sustainable development strategies. The Committee reports the promotion plan and the implementation results to the Board of Directors regularly.

(V) The Audit Committee was established to replace supervisors and strengthen Board functions on June 21, 2019.

(II) Operation of the Audit Committee:

1. Professional qualifications and experience of Independent Directors

Qualifications Independent Director	Professional qualifications and experience
Cheng, Tien-Chong	Once held the positions of President of HP China, President of Texas Instruments Asia Pacific, and Vice President of Foxconn Technology Group. Possesses experience in managing international companies and has been working in the semiconductors industry for over 40 years. He is a professional manager with extensive experience in the electronics industry. Currently serving as a director of electronics company and has invested in the startup movement to cultivate the next generation of professional managers.
Kung, Ju-Chin	Possesses CPA qualification in Taiwan, the United States, and China. An expert in finance and tax planning in Taiwan and China. Once held the positions of President and CFO of Cite Media Holding Group. Possesses a professional background in accounting and extensive practical experience.
Ding, Kung-Wha	Once held the positions of Chairman of the Financial Supervisory Commission, Chairman of the Taipei Exchange, and Chairman of the Securities & Futures Institute and Taiwan Depository & Clearing Corporation. He possesses expertise related to securities management, finance, tax planning, and corporate governance. Currently teaching in National Chengchi University, National Yang Ming Chiao Tung University, and National Taipei University.

2. Key tasks

The Audit Committee consists of 3 Independent Directors. The mission of the Audit Committee is to assist the Board of Directors in performing its duty to oversee the accounting, audit, and financial reporting processes in the Company and the quality and integrity of its audits, in order to improve corporate governance. The Audit Committee discusses material matters related to the finances and operations of the Company with the CPA and audit personnel.

Key tasks for audits in 2021 are as follows:

- (2) Financial statement audits and financial forecast.
- (3) Review the assessment of the effectiveness of the internal control system.
- (4) Auditing plan.
- (5) Loans of funds, endorsements, or provision of guarantees of a material nature.
- (6) Asset acquisition transactions of a material nature.
- (7) Proposals involving conflicts of interest of the directors.
- (8) The offering, issuance, or private placement of any equity-type securities.
- (9) Appointment of Certifying CPAs.
- (10) Amendments to the Procedures for Acquisition or Disposal of Assets.
- (11) Amendment of the internal control system
- (12) The appointment or discharge of a financial, accounting, or internal auditing officer.

3. In the most recent year (2021), the Audit Committee convened 10 meetings [A], and the attendance of independent directors in the meetings is as follows:

Title	Name	Attendance in Person [B]	By proxy	Attendance rate [B/A](%)	Notes
Independent Director	Cheng, Tien-Chong	10	0	100%	
Independent Director	Kung, Ju-Chin	10	0	100%	
Independent Director	Ding, Kung-Wha	10	0	100%	Elected to fill vacancy on March 27, 2020

Other matters that require reporting:

I. If one of the situations below occurs during Audit Committee operations, the Audit Committee meeting date, period, proposal content, content of objections, reserved comments or major suggestions made by independent directors, results of the Audit Committee resolution, and the Company's handling of the Audit Committee members' opinions should be described:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

Term and date	Agenda
10th meeting of the 1st Committee January 5, 2021	1. Proposal to issue first employee stock options in 2021. 2. Proposed appointment of CPA and independence assessment. 3. Acquisition of common shares of Sino-American Silicon Products Inc. 4. To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.
11th meeting of the 1st Committee February 25, 2021	1. Proposal to make a donation to the "WT Education Foundation". 2. Proposal for the 2020 Business Report and Financial Statements. 3. Proposal for the 2020 internal control system effectiveness assessment and internal control system statement. 4. To provide associated guarantees for subsidiaries to obtain a credit line from banks. 5. Appointment/Dismissal of internal auditing officers.
12th meeting of the 1st Committee March 18, 2021	Motion for the Company to provide endorsements and guarantees for the subsidiary to obtain purchase credit line from suppliers.
13th meeting of the 1st Committee April 16, 2021	1. Issuance of new restricted employee awards. 2. Issuance of new common shares for cash capital increase and/or Issuance of new common shares for cash to sponsor issuance of GDRs. 3. To provide associated guarantees for subsidiaries to obtain a credit line from banks. 4. The 2020 Earnings Distribution.
14th meeting of the 1st Committee April 27, 2021	Consolidated Financial Statements for Q1 2021.
15th meeting of the 1st Committee June 25, 2021	To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.
16th meeting of the 1st Committee July 12, 2021	1. Proposal for changing CPAs. 2. To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.

17th meeting of the 1st Committee August 6, 2021	1. Consolidated Financial Statements for Q2 2021. 2. Proposal to amend the Internal Control System. 3. To continue providing associated guarantees for subsidiaries to obtain a credit line from banks.
18th meeting of the 1st Committee November 5, 2021	1. Consolidated Financial Statements for Q3 2021 2. Proposal for the 2022 audit plan. 3. To provide associated guarantees for subsidiaries to obtain a credit line from banks. 4. To continue providing associated guarantees for subsidiaries to obtain a credit line from banks or manufacturers.
19th meeting of the 1st Committee November 23, 2021	Proposal to issue second employee stock options in 2021.
Content of objections, reserved comments or major suggestions made by Independent Directors: No such incident occurred. Audit Committee's resolution: Passed as proposed after the chairperson consulted all attending members. The Company's response to the Audit Committee's opinions: N/A.	

(II) Besides the matters above, other resolutions adopted with the approval of two-thirds or more of all Directors, without having been passed by the Audit Committee: No such incident occurred.

II. If Independent Directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for recusal, and participation in voting: None.

III. Communication between Independent Directors and the internal auditing officer and CPAs (must include material matters of communication, methods, results relating to the Company's financial reports and business conditions):

(I) Independent Directors and the internal auditing officer contacted and communicate with each other via e-mail, telephone or meetings as needed. Any material abnormal events should be reported to the Independent Directors or prompt a meeting to be convened. Communication channels are diverse and open. The Company submitted the audit report or follow-up report of the previous month in writing to Independent Directors for review. Independent Directors gave responses or opinions based on the necessity of the report. The auditing officer attended regularly the quarterly meetings of the Audit Committee, and reported audits performed and the results to the Independent Directors. The communication records in 2021 are summarized as follows:

Date	Communication method	Communication subject	Recommendations and results
January 5, 2021	Audit Committee	Audit report October - November 2020	No opinions. Moved to be presented to the Board of Directors.
February 25, 2021	Meeting	Communication regarding the audited 2020 consolidated financial statements with the governance departments	No opinions

	Audit Committee	1. Audit report December 2020 - January 2021. 2. 2020 internal control system effectiveness assessment and internal control system statement	1. No opinions. Moved to be presented to the Board of Directors. 2. No opinions. Submitted to the Board of Directors for discussion.
March 18, 2021	Audit Committee	Audit report February 2021	No opinions. Moved to be presented to the Board of Directors.
April 27, 2021	Meeting	Communication regarding the approved 2021 Q1 consolidated financial statements with the governance departments	No opinions
	Audit Committee	Audit report March 2021	No opinions. Moved to be presented to the Board of Directors.
June 25, 2021	Audit Committee	Audit report April - May 2021	No opinions. Moved to be presented to the Board of Directors.
August 6, 2021	Meeting	Communication regarding the approved 2021 Q2 consolidated financial statements with the governance departments	No opinions
	Audit Committee	1. Audit report June 2021 2. Amendment of the Internal Control System	1. No opinions. Moved to be presented to the Board of Directors. 2. No opinions. Submitted to the Board of Directors for discussion.
October 20, 2021	Email	Communication regarding the 2022 internal audit plan.	No opinions
November 5, 2021	Meeting	Communication regarding the approved 2021 Q3 consolidated financial statements with the governance departments	No opinions
	Audit Committee	1. Audit report July - September 2021 2. 2022 internal audit plan	1.No opinions. Moved to be presented to the Board of Directors. 2.No opinions. Submitted to the Board of Directors for discussion.
November 23, 2021	Audit Committee	Audit report October 2021	No opinions. Moved to be presented to the Board of Directors.

(II) In addition to reporting to independent directors for the audit or review of financial reports, the Company's CPAs hold at least one legal advocacy briefing at the Company each year to update the financial and taxation laws and the response

measures for the corresponding impacts. In normal times, independent directors and CPAs can communicate with each other via e-mail, telephone or meeting at any time as needed. The Company's independent directors communicated well with CPAs. The communication records in 2021 are summarized as follows:

Date	Main Points of Communication	Independent Directors' Opinions
February 25, 2021	<ul style="list-style-type: none"> ● Explaining the findings and results of the review of the 2020 consolidated and standalone financial reports and communicating key review matters ● Responding to and discussing the issues raised by the participants. 	Independent Directors had no opinions and suggestions.
April 27, 2021	<ul style="list-style-type: none"> ● Explaining the findings and results of the review of the 2021 Q1 consolidated financial report ● Responding to and discussing the issues raised by the participants. 	Independent Directors had no opinions and suggestions.
August 6, 2021	<ul style="list-style-type: none"> ● Explaining the findings and results of the review of the 2021 Q2 consolidated financial report ● Responding to and discussing the issues raised by the participants. 	Independent Directors had no opinions and suggestions.
November 5, 2021	<ul style="list-style-type: none"> ● Explaining the findings and results of the review of the 2021 Q3 consolidated financial report ● Responding to and discussing the issues raised by the participants. 	Independent Directors had no opinions and suggestions.

(III) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons:

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		In order to establish a good corporate governance system, the Company's Board of Directors passed the "Corporate Governance Best Practice Principles" on December 1, 2014, and revised the Principles on July 11, 2016, May 11, 2018, August 8, 2019, August 7, 2020, February 25, 2021, and February 24, 2022. The Principles are disclosed on the Market Observation Post System and the Company's website (www.wtmec.com) for download.	Operations are in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
II. Shareholding structure & shareholders' rights				
(I) Does the company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly?	✓		(I) In addition to the stock affairs agency, the Company also, in accordance with internal operating procedures, obliges investor relations (spokesperson or deputy spokesperson), stock affairs, legal and other relevant departments to properly handle matters such as shareholders' suggestions, doubts, disputes and litigation, and respond appropriately. In addition, the Company's website also has a stakeholder section and a shareholders contact person for shareholders/investors to make suggestions or ask questions.	No difference.
(II) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(II) The Company keeps track of directors, executive officers and major shareholders with more than 10% shares, and keeps track of the list of major shareholders and their ultimate controllers through the previous register of shareholders as much as possible. In addition, the dedicated stock affairs and investor relation units shall maintain good interaction with major shareholders and pay attention to important issues that may cause changes in shares.	No difference.
(III) Does the company establish	✓		(III) The Company clearly defines the division of authority and	No difference.

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
and implement risk management and firewall systems within its conglomerate structure?			responsibilities between the Company and affiliated enterprises, in order to supervise affiliated enterprises in accordance with regulations such as the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", "Regulations Governing Establishment of Internal Control Systems by Public Companies", "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies " and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", etc., the Company formulated the relevant regulations such as the Group's "Corporate Governance Best Practice Principles", "Internal Control Systems", "Operation Procedures for Loaning of Funds and Making of Endorsements/Guarantees", "Procedures for Acquisition and Disposal of Assets," "Regulations Governing Monitoring of Subsidiaries", " Regulations Governing Subsidiaries' Operations", " Operation Procedures for Transactions between Group Enterprises, Related Parties and Specific Company", etc. The Company constructs appropriate firewalls based on risk assessment for continual implementation and control.	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(IV) In addition to complying with the requirements of the Securities and Exchange Act, the Company's employees, executive officers, and directors shall also follow the Company's " Code of Ethical Conduct", " Procedures for Handling Material Inside Information", " Procedures for Ethical Management and Guidelines for Conduct", etc. Relevant personnel shall not engage in insider trading using the undisclosed information they know, nor may they disclose it to others in order to prevent others from using the undisclosed information to engage in insider trading. Furthermore, in response to the amendments to Article 10 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" by the competent authority, the Company has amended Article 10 of the "Corporate Governance Best	No difference.

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			Practice Principles" on February 24, 2022, stipulating that directors may not trade the Company's stock during the closed period within 30 days of announcing the annual financial reports and within 15 days of announcing the quarterly financial reports.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Have diversification policies and specific management goals been formulated and implemented by the Board of Directors?</p>	✓		<p>(I) The Company has established a diversification policy of board members in Article 20 of the "Corporate Governance Best Practice Principles": In addition to the requirement that no more than one third of the directors may serve concurrently as the Company's managers, an appropriate diversity policy based on the Company's business operations, operating dynamics, and development needs should be formulated. It is advisable that the policy includes, without being limited to, the following two general standards:</p> <p>I. Basic requirements and values: Gender, age, nationality, culture, etc. Among the Board, female directors account for one third of all directors.</p> <p>II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</p> <p>Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties. To achieve an ideal level of corporate governance, the Board of Directors should be equipped with the following abilities:</p> <p>I. Ability to make operational judgments.</p> <p>II. Ability to perform accounting and financial analysis.</p> <p>III. Ability to manage a business.</p> <p>IV. Ability to handle crisis management.</p> <p>V. Industry knowledge.</p>	No difference.

Evaluation Item	Implementation status		Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																																																																																														
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			<p>VI. An understanding of international markets. VII. Leadership ability. VIII. Decision-making ability.</p> <p>The current Board of Directors of the Company consists of 7 directors, including 3 independent directors, 3 female directors and 2 employees serving as directors (accounting for 43%, 43%, and 29% of the directors, respectively). The management goals for the board diversity policy and the progress are as follows:</p> <table border="1"> <thead> <tr> <th>Diversity management goal</th> <th>Progress</th> </tr> </thead> <tbody> <tr> <td>No more than one third of the directors may serve concurrently as the Company's managers</td> <td>Completed</td> </tr> <tr> <td>Attention to gender equality in board composition with one third or more of the directors being female</td> <td>Completed</td> </tr> <tr> <td>No independent director shall serve more than three terms</td> <td>Completed</td> </tr> <tr> <td>An adequate level of diversity in professional knowledge and skills and professional backgrounds</td> <td>Completed</td> </tr> </tbody> </table> <p>Implementation of the board diversity policy is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="3">Diversification item Name of director</th> <th colspan="7">Composition</th> </tr> <tr> <th rowspan="2">Gender</th> <th rowspan="2">Serving as the Company's employee</th> <th colspan="3">Age distribution</th> <th colspan="2">Year(s) as independent director</th> </tr> <tr> <th>Below 60</th> <th>61 to 69</th> <th>70 or more</th> <th>3 years or less</th> <th>3 to 9 years</th> <th>9 years or more</th> </tr> </thead> <tbody> <tr> <td>Cheng, Wen-Tsung</td> <td>Male</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hsu, Wen-Hung</td> <td>Female</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cheng, Ken-Yi</td> <td>Male</td> <td></td> <td></td> <td>V</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sung Kao, Hsin-Ming</td> <td>Female</td> <td></td> <td></td> <td></td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cheng, Tien-Chong</td> <td>Male</td> <td></td> <td></td> <td>V</td> <td></td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Kung, Ju-Chin</td> <td>Female</td> <td></td> <td>V</td> <td></td> <td></td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Ding, Kung-Wha</td> <td>Male</td> <td></td> <td></td> <td>V</td> <td></td> <td>V</td> <td></td> <td></td> </tr> </tbody> </table>	Diversity management goal	Progress	No more than one third of the directors may serve concurrently as the Company's managers	Completed	Attention to gender equality in board composition with one third or more of the directors being female	Completed	No independent director shall serve more than three terms	Completed	An adequate level of diversity in professional knowledge and skills and professional backgrounds	Completed	Diversification item Name of director	Composition							Gender	Serving as the Company's employee	Age distribution			Year(s) as independent director		Below 60	61 to 69	70 or more	3 years or less	3 to 9 years	9 years or more	Cheng, Wen-Tsung	Male	V	V						Hsu, Wen-Hung	Female	V	V						Cheng, Ken-Yi	Male			V					Sung Kao, Hsin-Ming	Female				V				Cheng, Tien-Chong	Male			V			V		Kung, Ju-Chin	Female		V				V		Ding, Kung-Wha	Male			V		V			
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	Yes	No	Summary	
(III) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination	✓		<p>Yu, possesses over a decade of professional financial manager experience.</p> <p>Committee members must exercise the care of a prudent manager to fulfill the following duties, report to the Board of Directors, and offer recommendations to the Board of Directors for discussion:</p> <ol style="list-style-type: none"> I. Review the risk management policy. II. Review the suitability of the risk management structure. III. Review management strategies for major risks, including risk appetite or tolerance. IV. Review the management report for major risk issues and supervise improvement mechanisms. V. Regularly report the risk management implementation status to the Board of Directors. <p>The Committee stipulated the risk management policy, risk evaluation and management responses for the operational risks of exchange rate fluctuations and the China-US trade war and information security risks, and information system security improvements on January 5, March 18, and November 5, 2022.respectively. The 2022 information security plan was submitted to the Board of Directors for resolution.</p> <p>(III) On August 10, 2016, the Board of Directors pass the "Rules for Board of Directors Performance Assessments", and amended it on August 7, 2020. The evaluation scope includes the performance evaluation of the Board of Directors, individual board members and functional committees. The evaluation method may include the internal evaluation of the Board of Directors, the self-evaluation of the board members, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation; the measurement items of the Board's performance evaluation include the following five aspects:</p>	No difference.

Evaluation Item	Implementation status		Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
of individual directors?			<p>I. Participation in the operation of the company.</p> <p>II. Improvement of the quality of the Board of Directors' decision making.</p> <p>III. Composition and structure of the Board of Directors.</p> <p>IV. Selection and continuing education of directors.</p> <p>V. Internal control.</p> <p>It is implemented by the Company's stock affairs unit to evaluate the internal performance of the overall Board of Directors at the end of a year, and the results will be used as a reference for future selection or nomination of directors and remuneration of directors. An external professional institution completed the board performance evaluation for the Company in 2020. The results were presented in a meeting of the Board of Directors on February 25, 2021, and improvements were implemented according to the suggestions.</p> <p>The 2021 overall board evaluation and individual director self-assessments were completed at the beginning of 2022. The evaluation results were satisfactory, and the corporate governance criteria were met. Furthermore, in order to improve the operating efficiency of the Board of Directors, the 2021 performance evaluation was expanded to include the individual members of the Audit Committee and the Remuneration Committee.</p>	
(IV) Does the company regularly evaluate the independence of CPAs?	✓		<p>(IV) The Company's accounting firm is PricewaterhouseCoopers Taiwan. The firm's independence policy requires all employees to complete the annual statement of compliance with independence and risk management policies regularly each year, and they must also self-inspect for any violation before accepting tasks. In addition, the Company has established independence evaluation items after referencing Article 47 of the Certified Public Accountant Act on independence, as well as the contents of "Integrity, Objectivity and</p>	No difference.

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
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			<p>Independence" in Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and assesses the independence of the accountant once a year.</p> <p>For the current year, the Board of Directors resolved on January 6, 2022 to pass the appointment of the CPAs and the independence evaluation. The evaluation items include reviewing whether the CPA and the person in charge of the Company or executive officers are a spouse, lineal blood relative, lineal affinity, or collateral blood relatives within second degree; whether the CPA or his/her spouse, minor children and the Company have investment or shared financial interests; whether the CPA or his/her spouse, minor children are employed by the Company to work as a regular employee, or to receive a fixed salary or serve as Directors and Supervisors, etc. The evaluation results showed that the CPAs, Chieh-Ju Hsu and Yung-Chien Hsu, of PricewaterhouseCoopers Taiwan met all the Company's evaluation criteria of independence, and can serve as the Company's CPAs.</p>	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws,	✓		<p>In order to implement corporate governance, allow the Board of Directors to play its due role, and safeguard the rights and interests of investors, the Board of Directors on May 8, 2019 approved the appointment of Senior Vice President Hsu, Wen-Hung as the Company's corporate governance supervisor, which is the highest supervisor on the corporate governance related matters, and the stock affairs unit shall directly report to her. Senior Vice President Hsu, Wen-Hung is the Company's executive officer and has over 10 years of management experience in finance, stock affairs, or meeting agenda in public companies.</p> <p>Key responsibilities:</p> <ol style="list-style-type: none"> 1. Organize board meetings and general meetings according to the law. 2. Compile board meeting and general meeting minutes. 3. Help directors take office and participate in continuing education. 	No difference.

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organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?			<p>4. Provide business information for directors as needed for performing their duties.</p> <p>5. Assist directors with legal compliance.</p> <p>6. Other duties pursuant to the Articles of Incorporation or other contracts.</p> <p>Training completed by corporate governance officers in 2021, 18 hours in total:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2021/08/18</td> <td>Securities & Futures Institute</td> <td>The value of information security in the post-pandemic era and during the China-US trade war</td> <td>3 hours</td> </tr> <tr> <td>2021/09/01</td> <td>Financial Supervisory Commission</td> <td>13th Taipei Corporate Governance Forum</td> <td>6 hours</td> </tr> <tr> <td>2021/10/15</td> <td>Securities & Futures Institute</td> <td>Global ESG Trends and Digitalization</td> <td>3 hours</td> </tr> <tr> <td>2021/10/22</td> <td>Securities & Futures Institute</td> <td>2021 Insider Trading Compliance Seminar</td> <td>3 hours</td> </tr> <tr> <td>2021/11/12</td> <td>Securities & Futures Institute</td> <td>The 2021 Advocacy Briefing on Prevention of Insider Trading</td> <td>3 hours</td> </tr> </tbody> </table>	Date	Organizer	Course Name	Hours	2021/08/18	Securities & Futures Institute	The value of information security in the post-pandemic era and during the China-US trade war	3 hours	2021/09/01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6 hours	2021/10/15	Securities & Futures Institute	Global ESG Trends and Digitalization	3 hours	2021/10/22	Securities & Futures Institute	2021 Insider Trading Compliance Seminar	3 hours	2021/11/12	Securities & Futures Institute	The 2021 Advocacy Briefing on Prevention of Insider Trading	3 hours	
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V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		(I) The Company obliges the departments including investor relations, stock affairs, etc., to communicate with stakeholders, depending on the situation, and provides contact information of the spokesperson and various related business departments on the Company's website (www.wtmec.com), and the communication channel is smooth and open. In addition, the Company has established a stakeholders section to respond appropriately to the issues of concern to stakeholders (vendors/upstream suppliers, customers, shareholders/investors/banks, media, employees, suppliers/ outsourcers, government institutions/competent authorities, and community/non-government organizations).	No difference.																								

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			(II) The Group has employee communication channels, and employees can reflect their opinions via e-mail or writing. (III) The Company reported the communication status with the stakeholders in 2020 to the Board of Directors on November 5, 2021.	
VI. Does the company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the stock transfer agency of the Grand Fortune Securities Co., Ltd. to help handle the matters of the Company's Shareholders' Meetings.	No difference.
VII. Information disclosure				
(I) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(I) The Company has set up a company website (www.wtmec.com), and the Company's financial business and corporate governance status are irregularly disclosed and updated for access by investors.	No difference.
(II) Does the company have other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	✓		(II) The Company has set up webpages in three languages: Traditional Chinese, Simplified Chinese and English, and provides dedicated e-mail addresses for various businesses. In addition, the Company has established the "Procedures for Handling Material Inside Information" to provide a good internal material information processing and disclosure mechanism, and implement the spokesperson system. Investor relations and stock affairs units are responsible for the collection and disclosure of the Company's information. Besides announcing the monthly consolidated revenue, the Company also regularly holds investor conferences and announces quarterly financial predictions. All of these are disclosed on the Market Observation Post System or Company's website to improve the Company's information	No difference.

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Does the company announce and report annual financial statements certified by a CPA within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements certified by a CPA, as well as monthly operation results, before the prescribed time limit?	✓		<p>transparency.</p> <p>(III) The Company announces and reports annual financial statements within two months after the end of each fiscal year, and announces and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.</p>	No difference.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer	✓		<p>(I) For employee benefits and employee care, please refer to V. Labor relations under 5. Operational highlights in the Company's 2021 annual report.</p> <p>(II) Investor relations, supplier relations, and rights of stakeholders: The Company has established the corporate social responsibilities related regulations such as "Corporate Governance Best Practice Principles", "Supplier Code of Conduct", "Sustainable Development Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" etc., in order to substantiate the implementation of corporate governance. For other information, refer to "(V)Promotion status of sustainable development and discrepancy with industry standards in sustainable development practices and reasons of III. Corporate governance implementation, 3. Corporate Governance Report".</p>	No difference.

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																																																																																																
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relations policies, and purchasing insurance for directors and supervisors)?			<p>(III) Continuing education of directors: Continuing education courses taken by the Company's directors in 2021 are listed below and in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", so that directors will fulfill their fiduciary duties and exercise the due care of a good administrator.</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Organizer</th> <th>Course Name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairperson</td> <td rowspan="2">Cheng, Wen-Tsung</td> <td>2021/08/18</td> <td>Securities & Futures Institute</td> <td>The value of information security in the post-pandemic era and during the China-US trade war</td> <td>3 hours</td> </tr> <tr> <td>2021/10/15</td> <td>Securities & Futures Institute</td> <td>Global ESG Trends and 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Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>1.Risk management policy: For the purpose of enforcing the Company's risk management mechanisms and strengthening corporate governance while reasonably assuring the Company's strategies, plans, and targets are achieved, the Board of Directors passed the risk management policy on January 5, 2021. The policy provides the top principles for risk management. The policy covers the purpose of management, the scope of risks, organizational structure and responsibilities, management procedures, risk categories, and risk management operations and implementation evaluation. Risks arising from the business activities are kept within the range of tolerance in order to achieve sustainability and stability.</p> <p>2.Implementation of risk measurement standards: All proposals involving the Company's important business policies, major investment projects, endorsements and guarantees, loans to others, and bank loans must be evaluated and analyzed by the appropriate departments in charge and passed by the Board of Directors before execution. The Auditing Office will formulate annual audit plans based on the risk assessment results, and execute the plans accordingly to enforce oversight measures and monitor risk management practices.</p> <p>3.Risk analysis and assessment: Please refer to "VI. Risk analysis and evaluation of 7. Review and analysis of the financial status, financial performance, and risk management" in the Company's 2021 annual report for details.</p> <p>(V) Customer policy implementation: The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" to comply with the business activities of ethical management practices. Please refer to "I. Business activities of 5. Operational highlights" in the Company's 2021 annual report.</p>	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			(VI) Status of purchase of liability insurance by the company for directors and supervisors: The Company purchased a liability insurance policy in the amount of US\$15 million for directors and other key persons in 2021. The policy had not expired as of publication of this report. Renewal will be completed before the policy expires, and important details of the policy will be reported in the next board meeting.	

IX. Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement.

Prioritized issues for improvement in the 8th Corporate Governance Evaluation Indicators		
No.	Indicator Item	Priority Matters the Require Strengthening and Measures
2.27	Has the Company stipulated an Intellectual Property Management Plan related to the operational goals and disclosed the implementation status on the company website or in the annual report, as well as reported the status to the Board of Directors at least once a year? [If Taiwan Intellectual Property System (TIPS) or other similar intellectual property system certifications have been acquired, one point will be added to the total score.]	Discuss the acquisition of third party certification by the Taiwan Intellectual Property System (TIPS) in 2022.
3.8	Has the Company voluntarily announced the quarterly financial prediction report and the related operations have not been corrected by the competent authority or marked as flawed by TWSE or TPEX?	The quarterly financial prediction report will be voluntarily announced in 2022.

(IV) If the company has a Remuneration Committee, disclose its composition, responsibilities and operations:

The Company established the Remuneration Committee and formulated its organizational charter in accordance with the "Securities and Exchange Act" and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter". The responsibilities of the Remuneration Committee is to assess the remuneration policy and system for the Company's directors and executive officers in a professional and objective manner and make recommendations to the Board of Directors for reference.

The Company's Remuneration Committee has three members at present. All members meet the expertise and independence requirements, and were reappointed in coordination with the term of the Board of Directors on June 21, 2019. Miss Kung, Ju-Chin, Mr. Lin, Che-Wei, and Miss Lu, Hwei-Chung are the members of the 4th-term Remuneration Committee. Mr. Lin, Che-Wei resigned for personal reasons on February 20, 2020, and the vacancy was filled by the newly appointed independent director, Mr. Ding, Kung-Wha. Miss Kung, Ju-Chin is the convener and chairperson. The committee is required to convene at least two meetings each year, and convened seven meetings in 2021.

1.Members of the Remuneration Committee:

April 7, 2022

Title	Qualifications Name	Professional qualifications and experience	Independence (Note 2)	Number of other public companies in which the member also serves as a member of their Remuneration Committee
Independent Director (Convener)	Kung, Ju-Chin	Note 1	Note 1	0
Independent Director	Ding, Kung-Wha	Note 1	Note 1	0
Other	Hwei-Chung Lu	Ph.D of Economics, National Taiwan University. Once held the positions of Dean, Chair and Director . College of Social Sciences, Fu Jen Catholic University. Possesses over 25 years of teaching experience. Currently serving as a Distinguished Professor of Economics, Fu Jen Catholic University. Expert in economics principles, individual economics, labor economics, etc.	(1)(2)(3)(4)(5) (6)(7)(8)(9) (10)(11)(12)	0

Note 1:For the professional qualifications and experience of independent directors, please refer to 3. Corporate Governance Report II.Information on directors, supervisors, president, vice president, assistant vice president, and heads of departments and branch offices (I)Information on Directors.

Note 2:Independence of the Remuneration Committee members in the two years before appointment and during their term. Those who comply will be disclosed above.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Directors and supervisors who are not part of the Company or its affiliated companies (except if the Company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up in accordance with this law or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse,

minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

- (4) Not a manager in (1) or not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of personnel in (2) and (3).
- (5) Not directors, supervisors or legal shareholders who directly hold more than 5% of the total issued shares of the Company, in the top five for shareholdings, or appointed a representative as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except for those who concurrently serve as independent directors established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this law or local laws and regulations).
- (6) Not a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (7) Directors, supervisors or employees of other companies or institutions that are not the same person or spouse as the chairman, president or equivalent positions of the Company (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (8) Not directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that is in financial or business dealings with the Company (but if a specific company or organization holds more than 20% but less than 50% of the Company's total issued shares, and the concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or president of a sole proprietorship, partnership, company, or institution that, provides auditing and commercial, legal, financial, accounting services or consultation that does not exceed NT\$500,000 in remuneration over the last two years to the Company or to any affiliate of the Company, or a spouse thereof. However, this does not apply to members of the Remuneration Committee, Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee who perform their duties in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers and Acquisitions Act.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
- (11) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.
- (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

2. Operations of the Remuneration Committee:

- (1) The current Remuneration Committee has 3 members.
- (2) Current term of office: From June 21, 2019 to June 20, 2022. In the most recent year (2021), the Remuneration Committee met seven times [A], and the members' qualifications and attendance are as follows:

Title	Name	Attendance Frequency [B]	By proxy	Attendance rate (%) [B/A]	Notes
Convener	Kung, Ju-Chin	7	7	100%	Re-appointed on June 21, 2019.
Committee Member	Huei-Chung Lu	4	3	57%	1.Re-appointed on June 21, 2019. 2.Due to personal health issues, 3 meetings were attended by proxy.
Committee Member	Ding, Kung-Wha	7	7	100%	Appointed to fill the vacancy with the Board's approval on May 11, 2020.

Other matters that require reporting:

- I. If the Board of Directors did not adopt or revised the recommendations of the Remuneration Committee, describe the date of board meeting, term of the board, agenda item, resolutions adopted by the board, and actions taken by the company in response to the opinion of the compensation committee (if the remunerations approved by the board of directors are better than those recommended by the compensation committee, describe the difference and reasons):
No such incident occurred in this year.
- II. If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members:
No such incident occurred in this year.
- III. Proposals and resolutions of the Remuneration Committee meetings and the Company's handling of the members' opinions in the most recent year:

Term and date	Agenda
8th meeting of the 4th Committee January 5, 2021	1. 2020 executive officers' year-end and performance bonus payment. 2. 2021 executive officers' salary compensation payment. 3. Suggested number of restricted share awards issued for managers. 4. Proposal to establish the Company's "2021 Employee Stock Options Issuance and Subscription Regulation".
9th meeting of the 4th Committee February 25, 2021	Proposal for the 2020 distribution of remuneration to employees and directors.
10th meeting of the 4th Committee March 18, 2021	1. Proposal to issue employee stock options to managers in 2021. 2. Proposal to optimize employee stock ownership trusts and incentives for managerial participation in employee stock ownership trusts.
11th meeting of the 4th Committee April 27, 2021	Proposal for 2020 director remuneration distribution.
12th meeting of the 4th Committee July 28, 2021	Issuance of new restricted employee awards to managers.
13th meeting of the 4th Committee November 5, 2021	Stipulation of Director and Functional Committee Remuneration Payment Guidelines.
14th meeting of the 4th Committee November 23, 2021	Proposal to establish the Company's "2021 Employee Stock Options Second Issuance and Subscription Regulations".
Resolution: Passed as proposed after the chairperson consulted all attending members. The Company's handling of member opinions: N/A.	

(V) Promotion status of sustainable development and discrepancy with industry standards in sustainable development practices and reasons

Evaluation Item	Implementation status		Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	✓		<p>In response to the importance of current sustainable development issues, the Company established the "WT Microelectronics Sustainable Development Team" in November 2021, after receiving approval from the Chairperson. The team is responsible for conducting risk assessments on environmental, social and corporate governance issues related to company operations. The ESG team is led by the company's Applied Engineering Officer, Dr. Willie Sun.</p> <p>The main tasks of the WT Microelectronics ESG Development Team include the proposing and implementing sustainable development policies and systems, or related management directions and specific promotion plans, preparing the annual ESG report, following and participating in sustainable development discussions related to the environmental, corporate governance, and giving back to society of the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). Through this, the Company aims to stay up to date with the trends.</p> <p>The WT Microelectronics ESG Sustainable Development Team consists of PR, IR, HR, GA, finance, stock affairs, audit, FAE, warehouse, IT, WT Foundation, and Welfare Committee personnel. The Team is supported by professional certification institutions, sustainable development guidance organizations, and ESG report editing units, in order to completely implement an ESG system in Taiwan and introduce international regulations.</p> <p>Domestic and foreign competent authorities and legal person investors have emphasized corporate governance related to the promotion and practical issues of sustainable development. It is reported to the Board</p>

Evaluation Item	Implementation status		Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	
			<p>of Directors annually to improve the internal maintenance of consensus and communication measures of the Company.</p> <p>The Company has stipulated the "Sustainability Report Preparation and Verification Operating Procedures" according to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of TWSE. The Procedures have been reported to the Board of Directors for resolution on April 7, 2022, and shall be implemented by the Sustainable Development Team after approval.</p> <p>The Company published the 2020 CSR Report in May 2021. The Company's CSR plans and results can be found on the company website.</p>
II. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<p>For the purpose of enforcing the Company's risk management mechanisms and strengthening corporate governance while reasonably assuring the Company's strategies, plans, and targets are achieved, the Board of Directors passed the risk management policy on January 5, 2021. The policy provides the top principles for risk management. Based on business activities, the Company identifies and manages risks in operations, finance, compliance, information security, and environment, and follows closely the development of risk management in and outside the country and identification of new risks.</p> <p>Does the company assess risks associated with important issues based on the CSR principle of materiality, and establish related risk management policies as follows:</p>

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies												
	Yes	No														
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Evaluation Item	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
			<p>regulations. This ensures that the business activities are environmentally friendly and complies with ethics. Internal training courses are also organized to promote laws and regulations.</p> <p>Anti-corruption</p> <p>The Company has adopted a zero-tolerance policy for corruption and has provided an official whistleblowing mechanism, establishing a free communication channel, such as the WT Microelectronics website reporting section. The Company requires the implementation of internal ethics and integrity training. Each year, the Company conducts "Ethical Values and Business Practice Principles" training for the employees. In 2020, 1,013 employees completed the training and passed the examination. The completion rate was 100%. Courses on important management regulations related to new employee training, including the Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of Ethics, Procedures for Ethical Management and Guidelines for Conduct, and Supplier Code of Conduct.</p>	
<p>III. Environmental issues</p> <p>(I) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	✓		<p>(I) The Group has passed ISO 14001 Environmental Management System (EMS) certification and has stipulated the borders of the organization according to ISO/CNS 14064-1:2018. The Group has referenced the international BCSD greenhouse gases inventory agreement and implemented greenhouse gases inventories every year. A third party completes the verification according to ISO/CNS 14064-1 and ISO/CNS14064-3, in order to grasp the effects of emission reductions and gradually amend the management policies. The related information is disclosed in the sustainability report and the Group's website. (https://www.wtmec.com/corporate-sustainability/corporate-social-responsibility-report)</p>	No difference.
<p>(II) Does the Company endeavor to</p>	✓		<p>(II) The Group continues to promote various energy reduction and</p>	No difference.

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies									
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improve energy usage efficiency and use renewable materials which have a low impact on the environment?			<p>environmental impact reduction measures, including the gradual replacement of high energy usage equipment, improvements to the recycling ratio of paper and packaging, prioritization of green product and high energy efficiency equipment procurement, and installation of energy conservation controllers for various equipment, in order to effectively use energy and natural resources.</p> <p>1. In 2021, the energy usage per unit area was 77.368kWh/m², representing a reduction of 7.386kWh/m² compared to 2020 (reduction of 8.71%). Additionally, the total energy usage in 2021 increased by 74,688kWh compared to 2020 because the geographical boundary of the 2021 inventory added the Zhonghe and Hsinchu offices, totaling 12 units. In 2022, energy consumption will continue to be reduced and the goal is to reduce energy usage by 2% compared to 2021, in order to optimize energy efficiency.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total power consumption (kWh)</th> <th>Energy usage per unit area (kWh/m²)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1,994,138</td> <td>84.754</td> </tr> <tr> <td>2021</td> <td>2,068,826</td> <td>77.368</td> </tr> </tbody> </table> <p>2. The packaging materials required for logistics, such as exterior boxes, paper boxes, and cardboard, are made of recyclable or biodegradable materials. In 2021, the packaging recycling percentage of the Taiwan, Hong Kong, and China warehouses reached 3.79%. The Company is actively implementing reductions at the source and</p>	Year	Total power consumption (kWh)	Energy usage per unit area (kWh/m ²)	2020	1,994,138	84.754	2021	2,068,826	77.368	
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(III) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		<p>recycling the empty boxes from purchases for shipment packaging.</p> <p>3. In order to fully understand the safety of materials, the Group has adopted EU RoHS and EU Reach to conduct environmental evaluations of supplier products. The Group uses hazard and risk assessment tools to evaluate the various chemicals in the materials, in order to understand the impact of the materials on human health and the environment. Moreover, since 2010, the Group has been actively encouraging customers to purchase low power modules and products to implement environmental policies related to energy saving and green electronics, including low power and energy saving power management chips and low power microprocessors. Environmental impacts are considered during the design stage of innovative electronics.</p> <p>(III) In response to the importance of current sustainable development issues, the Company established the "WT Microelectronics Sustainable Development Team" in November 2021, after receiving approval from the Chairperson. The team is responsible for integrating the related manners, including the drafting of the annual ESG report and participating in discussions related to sustainability and climate change trends. The ESG team is led by the company's Applied Engineering Officer, Dr. Willie Sun. The Company supported the Paris Agreement, supporting and disclosing information related to the Task Force on Climate-</p>	No difference.

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies																										
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(IV) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	✓		<p>related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). The Company is improving the transparency of sustainability information and performance year over year and is expected to complete the disclosure of financial information related to climate change by 2023.</p> <p>WT Microelectronics has passed ISO 14001 Environmental Management System (EMS) certification. The two locations that passed EMS certification include the head offices in Taiwan and the logistics warehouse in Hong Kong.</p> <p>(IV) All offices and logistics centers of the Group have complied with ISO/CNS 14064-1:2018 and completed greenhouse gas inventories based on scope 1,2,and 3. The Company has passed external verification by the British Standards Institution (BSI).</p> <p>1. The greenhouse gas emissions in the most recent 2 years and the baseline year (2018) are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 (CO₂e-t)</th> <th>Scope 2 (CO₂e-t)</th> <th>Emissions per unit area (CO₂e-t/m²)</th> <th>Scope 3 (CO₂e-t)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2018</td> <td>204.4237</td> <td>1,041.1094</td> <td rowspan="2">0.0547</td> <td rowspan="2">N/A</td> </tr> <tr> <td colspan="2">1,245.5331</td> </tr> <tr> <td rowspan="2">2020</td> <td>200.4029</td> <td>1,015.0164</td> <td rowspan="2">0.0517</td> <td rowspan="2">N/A</td> </tr> <tr> <td colspan="2">1,215.4193</td> </tr> <tr> <td rowspan="2">2021</td> <td>144.6972</td> <td>1,038.5507</td> <td rowspan="2">0.0442</td> <td rowspan="2">190.9526</td> </tr> <tr> <td colspan="2">1,183.2479</td> </tr> </tbody> </table> <p>Notes: Inventory was implemented according to ISO/CNS 14064-1:2006 before 2020 (inclusive). Therefore, scope 3 was not included in the inventory. In 2021, ISO/CNS 14064-1:2018 was adopted and</p>	Year	Scope 1 (CO ₂ e-t)	Scope 2 (CO ₂ e-t)	Emissions per unit area (CO ₂ e-t/m ²)	Scope 3 (CO ₂ e-t)	2018	204.4237	1,041.1094	0.0547	N/A	1,245.5331		2020	200.4029	1,015.0164	0.0517	N/A	1,215.4193		2021	144.6972	1,038.5507	0.0442	190.9526	1,183.2479		No difference.
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			<p>scope 3 was included in the inventory.</p> <p>The greenhouse gases emissions of scope 1 and scope 2 in 2021 totaled 1,183.2479 tCO₂e, representing a reduction of 62.2852 tCO₂e (reduction of 5%) compared to the baseline year of 2018. The Group has achieved the goal of an annual 1% reduction compared to the baseline year.</p> <p>2. In response to the national greenhouse gas reduction policies and developments, and to achieve the sustainable development goals of energy conservation and carbon reductions, the "Greenhouse Gas Inventory Promotion Committee" was formed. Using 2018 as the baseline year, inventories are conducted for the internal greenhouse gas emissions of the Group to understand the status of emissions. Improvement measures are formulated accordingly, in order to achieve the goal of 2% annual reductions compared to the baseline year. Additionally, based on concerns related to global climate change, resource utilization, and fulfilling corporate responsibilities, systematic greenhouse gas emissions inventory, documentation, and review procedures are implemented for greenhouse gas control development trends and future greenhouse gas reductions. Effective reduction solutions for the future are provided for reference. The Company is committed to the following matters:</p> <p>(1)All employees actively participate in energy</p>	

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			<p>conservation and carbon reduction activities.</p> <p>(2)Dedicated to the promotion of energy-saving and carbon reduction measures.</p> <p>(3)Comply with environmental protection laws and other related regulations.</p> <p>(4)Commit to using the most advanced international and domestic standards as the basis for self-improvement.</p> <p>3. The main uses for water are the circular use for air conditioning in office areas and use by employees. Water usage in the most recent 2 years is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water use (tons)</th> <th>Water use per unit area (tons/m²)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>17,009</td> <td>0.723</td> </tr> <tr> <td>2021</td> <td>11,138</td> <td>0.421</td> </tr> </tbody> </table> <p>Notes: The water usage before 2020 (inclusive) was calculated by converting the water bill amount paid for by the management committee into units of water. Starting in 2021, the units of water stated in the payment notice from Taiwan Water.</p> <p>The water usage in 2021 was 11,138 tons. With the continued implementation of water management and the advocacy of water conservation related issues, as well as the changed calculation method, water usage was reduced by 5,781 tons compared to 2020, which is a reduction of 34.52%. In order to respond to the lack of water caused by</p>	Year	Total water use (tons)	Water use per unit area (tons/m ²)	2020	17,009	0.723	2021	11,138	0.421	
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			<p>the changing environment, apart from actively focusing on water and environmental protection issues, smart water meters have been introduced in the Zhonghe park to monitor leaks in real time and implement repairs immediately. Various opportunities are utilized to promote water conservation related information and water conservation signage have been posted in the breakrooms. The Company hopes to start with reducing daily water usage to maximize the benefits of water usage.</p> <p>4. The operating locations of the Group do not manufacture products. During operations, only non-hazardous waste is generated from the daily lives of the employees. The amount of waste in the most recent 2 years is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Consumer electronics, office equipment and construction waste</th> <th>Cardboard packaging</th> <th>Daily non-hazardous waste of employees</th> <th>Total (kg)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1,092</td> <td>5,400</td> <td>N/A</td> <td>6,492</td> </tr> <tr> <td>2021</td> <td>N/A</td> <td>N/A</td> <td>118,332</td> <td>118,332</td> </tr> </tbody> </table> <p>In 2020, total electronics, office equipment, and cardboard packaging wastes totaled 6,492kg. The waste was donated to welfare institutions for recycling and reuse, and not handled according to the waste regulations stated in the "Waste Disposal Act" announced by the Environmental Protection Administration, Executive Yuan. In order to more effectively implement waste management, starting in 2021, the non-</p>	Year	Consumer electronics, office equipment and construction waste	Cardboard packaging	Daily non-hazardous waste of employees	Total (kg)	2020	1,092	5,400	N/A	6,492	2021	N/A	N/A	118,332	118,332	
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			<p>hazardous waste generated by employees will be listed. The total amount of waste in 2021 was 118,332kg.</p> <p>5. Starting in 2016, the Group stipulated and implemented eco-friendly waste disposal methods. Recyclable or biodegradable materials were selected for packaging materials for logistics, such as exterior boxes, paper boxes, and cardboard. The Group is actively implementing reductions at the source and recycling the empty boxes for purchased goods, reusing them for shipment packaging. The Taiwan and Hong Kong logistics warehouses have passed ISO 14001 Environmental Management System (EMS) certification. Apart from implementing recycling policies, waste management has been centralized and the amount and clearing data of the waste is regularly recorded</p>
<p>IV.Social issues</p> <p>(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓	(I)	<p>The Company supports and follows the Universal Declaration of Human Rights, the United Nations Global Compact, the Declaration of Fundamental Principles and Rights at Work and other principles disclosed in the International Bill of Human Rights, together with the Labor Standards Act and related laws and regulations, when establishing internal management regulations. The Company also established the "Social Policy and Code of Conduct" in order to protect the basic human rights of all employees, customers and stakeholders and to safeguard</p>

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(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		<p>public interests. In addition, when signing a transaction contract with a customer, the Company is also committed to comply with the Responsible Business Alliance (RBA) Code of Conduct, ensuring a safe working environment, that employees are respected and have dignity, environmentally friendly business operations, and ethical conduct.</p> <p>(II) 1. The Group complies with the Labor Standards Act and related laws and regulations when setting salary and benefit measures, and provides better leaves and flexible hours than what is required by law. The Group also offers insurance policies and allowances, and encourage different wellness activities to attract and retain top talent.</p> <p>Outstanding talent comes from a diverse team. The percentage of employees with an education at the college level or higher has reached 94.5%. Employees in their prime between 20 to 40 years old account for 61.4%. Female employees account for 40.7% of all employees and female managers account for 28.9% of management. The Group continues to promote diversity and equal promotion opportunities in the workplace. In addition to a competitive fixed salary, quarterly or annual variable performance bonuses are paid according to the company's overall business performance, the extent of department specific goal achievement, and personal performance as well as the nature of an individual's role and responsibilities. The variable bonuses are management reviewed regularly for incentive and profit sharing. Long-term incentive bonuses are also made available as a means to defer rewards and create a link between executive officers and key</p>	No difference.

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies
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			<p>personnel and the company's long-term performance. Furthermore, the company has been an advocate for sustainable operations and employee stock ownership since September 2020. Employees (members) organize themselves and form the Employee Stock Ownership Committee. Employees will contribute fixed amounts from their monthly salaries, and the company will match their contributions. All contributions will be deposited into the trust accounts, effectively allowing employees and the company to share the fruit of business growth. The system not only makes it easier for the company to retain talent, but also helps employees accumulate wealth and prepare for retirement by saving small but regular sums.</p> <p>2. Employee benefit measures of the Group:</p> <p>(1) The Company's Welfare Committee provides various benefits such as: group insurance, public liability insurance, maternity subsidy, funeral decoration subsidy, wedding and funeral allowance, monetary gifts of birthday and festivals, gifts for festivals and New Year, contracted store discount, etc.</p> <p>(2) Provide fresh, delicious and healthy drinks. Excellent coffee beans that have passed multiple SGS toxin tests are used in the Swiss-made, fully automatic coffee machine. The tea leaves were purchased from natural and organic tea farms in Ruisui, Hualien. Excellent dairy products that have passed FSSC 22000 (food safety management system) international certification have been chosen. The milk is checked for impurities when it is purchased and the drink by date is confirmed, in order to ensure that the employees can enjoy the safest and healthiest milk.</p>	

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	Yes	No		
			<p>(3)The Company is dedicated to the promotion of the importance of a balanced diet and breakfast. The breakfast bar event was organized to provide balanced meals to the employees. The idea of "less meat, more vegetables to reduce carbon and improve health" was promoted. By sharing and promoting the carbon reduction effects of a vegetarian diet, the Company hopes that employees will eat the vegetarian meals provided by the company and implement carbon reductions in their daily diets. The Company provides vegetarian meals to help employees improve their health.</p> <p>(4)We continue to organize charity sponsorships. The Company still provides fruit from small farmers in the office. In addition to sponsorships, the Company promotes helping small farmers in the field, and learn about farming through doing. The aim is to help employees learn to appreciate the hard work and cherish the result.</p> <p>(5)Departmental gatherings are held each year to bring the employees closer together. The barbeques for the Mid-Autumn Festival and the hotpot gathering for Christmas at the end of the year allow the employees to celebrate the holidays together and rewards them for their hard work throughout the year.</p> <p>(6)The new multipurpose classroom for employees is equipped with several simple exercise equipment and flexible hours. It has effectively boosted interest and participation in healthy exercise among employees. Sports clubs organize different activities and competitions every year. These events encourage employees to interact</p>	

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No		
			<p>with each other and participate in outside competitions. They also raise employees' interest and participation in sports. Over the years, the Company has arranged various health and exercise related courses and activities to actively promote regular exercise among employees. The Company has established exercise in the workplace to help employees maintain a healthy lifestyle, earning the Company the title of Certified Sports Company.</p> <p>(7)The diversity of the clubs allows employees to strengthen their bodies and minds, and increase their hobbies after work. For example, the running club calls on employees to participate in the various marathons around Taiwan. Apart from encouraging each other to finish the race, healthcare and exercise information is exchanged. The basketball club and badminton club regularly organizes friendly matches among the industry every month. The clubs organize fun basketball competitions and summer badminton camps for families, allowing employees and their families to improve their interactions and enjoy the events together. The brain teasing board game club regularly hosts board game events every month and will add new games from time to time, increasing the fun of the events. Besides organizing regular flower arrangement classes every month, the floral club hosts special classes every year on important holidays. The classes are based on any topic related to flowers. The best works from each class are displayed in the office for employees to admire and to improve the atmosphere in the office. The cooking club provides Chinese, Western, exotic, and desert cooking classes. Participants work in</p>	

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	Yes	No		
			<p>pairs to cook the dishes. The addition of simple interactive games fills the classes with the fragrance of food and joyous laughter. The managers of the mountain climbing club include members with professional mountain climbing licenses and extensive climbing experiences. They lead the members to visit various beautiful mountain landscapes.</p> <p>(8) Organize hiking volunteer activities and promote diverse exercises. Each month, hiking and farmland volunteer activities are organized so that employees can "exercise and share the love" with their families on the weekends. While allowing the clubs to help the volunteer activities organized by the WT Microelectronics Welfare Committee, the Company understands the importance and timeliness of social responsibilities. Because of the Covid-19 pandemic, rolling changes were made to the activities. The passion of the volunteers will be perpetuated and the love will continue to be shared. The Company shall implement more volunteer actions related to social welfare and environmental protection.</p> <p>(9) Starting in 2016, the Company began working with the non-profit organization, New Taipei City Welfare Association for the Blind. Visually impaired massage therapists were asked to provide massages to the employees. This not only allowed employees to effectively relax their bodies and minds when working, but also provided a comfortable work environment and delicious lunches for the visually impaired workers, allowing the visually impaired to increase their confidence and sense of recognition in the workplace.</p>	

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies
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			<p>(10) The WT Microelectronics Book Club aims to promote the habit of reading. It adds new books every month to expand the knowledge of the employees. Books, magazines, corner promotion materials, etc., are provided for employees to read and relax in the rest area, so colleagues can cultivate humanistic literacy and relax their bodies and minds while resting.</p> <p>(11) Gifts are carefully selected every year for the employees. Charity products are purchased during the holidays and events:</p> <ul style="list-style-type: none"> a. Employees received the rice dumpling gift boxes for the Dragon Boat Festival. This year, because employees are working from home, the rice dumpling gift boxes will be donated to charity organizations to share the love in these challenging times. b. Low calorie cake gift boxes were distributed for Mothers' Day. c. Massage guns were gifted for Fathers' Day to help employees relax physically. d. Shihu rice from Tongxiao in Miaoli was gifted for the Mid-Autumn Festival. e. Charity scratch card and charity gacha activities were organized for Christmas. Products made by the Syin-Lu Social Welfare, Eden Social Welfare Foundation, Association of Blind Taiwan, Love Dog Taiwan, Lang Lang Don't Cry Pet Halfway House & Cafe, Down Syndrome Foundation, Chi Po-Lin Foundation, and Child Welfare League Foundation were purchased as prizes and gifts for the activities. All proceeds from the activities were donated to the Double Bliss 	

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			<p>Welfare and Charity Foundation and the Animal Rescue Team Taiwan.</p> <p>(12) In response to the coronavirus, the original benefit measures were adjusted and the two-day trip was shortened to a short hotel stay. Employees were able to bring the families and relax in an appropriate venue amid the pandemic. A number of hotels that supported green consumption, environmental conservation and responsible use of resources were selected to give employees a safe, healthy, and comfortable stay and to raise environmental awareness. Because of the rolling changes implemented for the pandemic, short hotel stays have been suspended in the second half of the year.</p> <p>(13) Team building courses are organized every year to provide different team motivation exercises for employees. The diverse activities include fun events and DIY and printing courses, which encourage creativity and focus among employees. They are designed to inspire employees to practice communication, problem solving, creativity and to boost morale in the workplace. Employees will also learn new things and find new hobbies in the process. Although the pandemic has reduced the number of events, the events will continue to be planned in order to ensure effective implementation in the future.</p> <p>(14) The "WT Microelectronics Campus Photography Competition" was organized. Apart from providing various gifts, the main purpose of the competition is to help employees further understand the work the WT Microelectronics Foundation has conducted for children</p>	

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No		
(III) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		<p>in rural areas in terms of education in the "Rural Area - WT Microelectronics Campus Photography Project" over several years. The employees also learned of the countless hours spent by many passionate volunteers alongside the school children.</p> <p>(III) Employees are the Group's most valued asset, and creating a friendly workplace is one of the Group's primary tasks. In 2021, no disabling injuries were reported.</p> <p>1. Working environment and employee safety protection measures: Facial recognition temperature readers are installed on all floors to detect anyone with a fever entering the office on a daily basis. Employees are asked to fill out health questionnaires to care for the physical conditions of employees. Alcohol disinfectant sprays are also provided and medical grade masks made available to employees. Professional cleaners are arranged to maintain daily the workplace environment, including sterilizing the work environment and cleaning air conditioners once a year. Professional technicians are hired to periodically perform safety inspections and maintenance in accordance with the law. Fire safety equipment inspections are performed monthly, and in-house fire drills are conducted semiannually. Employees are required to wear their identification cards when entering and leaving the office; visitors or guests are led by the receptionist to register their visits and may not enter the office without permission. The</p>	No difference.

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies												
	Yes	No														
			<p>Company has signed a contract with a security company. The front gate is strictly monitored around the clock to maintain the safety of the office.</p> <table border="1"> <tr> <td>Daily</td> <td> <ul style="list-style-type: none"> Review door access management, body temperature checks for visitors, and real-name registration. Cleaning and sanitation of conference rooms and public areas. Employees measure their body temperature and fill out the health questionnaire. Daily fire source inspections. </td> <td>Monthly</td> <td> <ul style="list-style-type: none"> Onsite physician services. Vehicle safety inspections. Emergency facilities inspections. Fire safety equipment inspection. </td> </tr> <tr> <td>Quarterly</td> <td> <ul style="list-style-type: none"> The Occupational Safety and Health Committee is convened to review the related strategies and implementation of solutions. </td> <td></td> <td> <ul style="list-style-type: none"> Implement self-protection and fire drills. Carpet and environment cleaning. </td> </tr> <tr> <td>Annually</td> <td> <ul style="list-style-type: none"> Test, repair, and maintain various fire safety equipment. Convene occupational safety meetings to review, coordinate, and provide suggestions for employee related health and safety matters, and stipulate the annual health and safety plan. Maintenance of air conditioning equipment. Sterilization of the entire office area. </td> <td>Every 2 years</td> <td> <ul style="list-style-type: none"> Check the public safety of the buildings. </td> </tr> </table> <p>2.Implementation of health protection and management: The Company provides employees with medical check-ups</p>	Daily	<ul style="list-style-type: none"> Review door access management, body temperature checks for visitors, and real-name registration. Cleaning and sanitation of conference rooms and public areas. Employees measure their body temperature and fill out the health questionnaire. Daily fire source inspections. 	Monthly	<ul style="list-style-type: none"> Onsite physician services. Vehicle safety inspections. Emergency facilities inspections. Fire safety equipment inspection. 	Quarterly	<ul style="list-style-type: none"> The Occupational Safety and Health Committee is convened to review the related strategies and implementation of solutions. 		<ul style="list-style-type: none"> Implement self-protection and fire drills. Carpet and environment cleaning. 	Annually	<ul style="list-style-type: none"> Test, repair, and maintain various fire safety equipment. Convene occupational safety meetings to review, coordinate, and provide suggestions for employee related health and safety matters, and stipulate the annual health and safety plan. Maintenance of air conditioning equipment. Sterilization of the entire office area. 	Every 2 years	<ul style="list-style-type: none"> Check the public safety of the buildings. 	
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Evaluation Item	Implementation status		Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	
			<p>and assistance every year, and has a health manager to assist employees with health inspections, consultation, and recommendations. Each office has a first aid reporting window to effectively guide emergency medical technicians when an emergency occurs. Doctors are invited to provide health consultation services at the office, and irregularly organize health seminars to improve employees' medical knowledge. Automatic blood pressure monitors are provided at each workplace, caring for employees' health at all times. In order for employees to work without worries, the Company also values employees' family members. The Group provides self-pay health checkup preferential plans for employees and their family members.</p> <p>3.Promotion of health activities: A multi-purpose classroom is provided exclusively for employees, a variety of sports courses are arranged and offered in coordination with the sports center, encouraging employees to develop good exercise habits, while raising their health management awareness. The Covid-19 pandemic has forced physical classes to become online courses, in order to help employees continue to exercise.</p> <p>4.Dedicated nursing rooms: In order to care for female employees with nursing needs, a comfortable nursing space has been created for the mothers. The space is climate controlled and access is monitored and limited to specific personnel. The entrance is equipped with surveillance equipment. Complete fire safety equipment that complies with government regulations is installed in the</p>

Evaluation Item	Implementation status			Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	Summary	
(IV) Does the company set up effective career development and training programs for its employees?	✓		<p>space. Several considerate pieces of equipment are provided, including a fridge dedicated to storing the mothers' milk, a freezer, and bottle sterilizer.</p> <p>(IV) The Group's Training & Development Roadmap was developed by dedicated units for formulating annual training programs, and courses developed are based on functional attributes and grades to enhance employees' professional competence and knowledge.</p>	No difference.
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?	✓		<p>(V) The Group cares about the opinions of its customers. Besides individual visits, it also provides a contact person and e-mail addresses for products on its website. It also set up a stakeholder section on the Company's website to provide a channel for customer questions, complaints, or suggestions, which the Company handles and gives feedback based on the principle of good faith, so as to protect customers' rights and interests.</p>	No difference.
(VI) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓		<p>(VI) The Company has established a standard supplier evaluation process and the Supplier Code of Conduct, which are disclosed on the company website, all general service suppliers which passed selection has signed back the Supplier Corporate Social Responsibility Commitment and self-evaluation form, so that suppliers understand and comply with the Company's product safety and ethical requirements, showing greater responsibility to society and the environment.</p>	No difference.

Evaluation Item	Implementation status		Summary	Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No		
			<p>The Company requires suppliers to comply with labor rights, health and safety, environmental protection, and ethics, and works with suppliers to commit to the development and application of green technologies, in order to solve the environmental problem of Earth's energy resources being depleted. Also demand when the construction unit enters the Company for construction, all the unit must sign the health and safety commitment and the construction must comply with occupational health and safety laws, in order to protect the health and safety of the contractors.</p> <p>Suppliers comply with the Company's annual supplier evaluation mechanism to improve corporate social responsibility together. If the supplier violates the related guidelines, guidance will be provided for improvements. Supplier relationships with serious violators shall be terminated immediately, and compensation will be requested.</p> <p>When purchasing goods, the Group complies with environmental regulations and industry regulations, such as conflict minerals. In addition, the official website of major international suppliers that the Company deals with disclose statements that their products comply with relevant environmental regulations. In order to seek common prosperity of sustainable operation, we will focus on the requirements of environment-oriented and social-oriented corporate governance in the future, optimize the evaluation standards and content, and review the supplier audit system to</p>	

Evaluation Item	Implementation status		Discrepancy with industry standards in sustainable development practices and reasons for listed companies	
	Yes	No		Summary
			evaluate key suppliers.	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing sustainability reports and reports disclosing the Company's non-financial information? Do the reports above obtain assurance from a third party verification unit?	✓		The main framework of the WT Microelectronics CSR report is based on the Global Reporting Initiative (GRI) standards, and the core options act as the principles for disclosure. The Company will join the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) in the future. The third party verification of the Report was conducted by BSI Taiwan Branch, BSI Taiwan, according to the core options of the GRI Standards and class 1 medium guarantee of the AA1000 guarantee standards V3. It was uploaded to the Market Observation Post System and group website on September 30, 2021.	No difference.
<p>VI. If the Company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation: The Company has established "Corporate Social Responsibility Best Practice Principles" to fulfill its social responsibilities. There is no difference between actual operations and the Company's best practice principles.</p>				
<p>VII. Other key information useful for explaining the status of sustainable development implementation:</p> <p>(I) Public interest:</p> <p>1. Apart from implementing ethical management, servicing customers, caring for employees, and giving back to shareholders, the Company established the WT Education Foundation in December 2014. The current chairperson is Min-Ji Yang and the directors include Stanley Yen, Gerald Guo, Hsu, Wen-Hung, and SY Chang. The CEO of the foundation is Michelle Wen. In order to create a better world, WT Education Foundation promotes the two major charity themes of "diverse learning to transform education" and "caring for the disadvantaged and giving back to society". Its main operations include two major categories: (1) Sponsorship projects. (2) Voluntary charity projects. It is the Group's commitment to fulfill corporate social responsibility, in addition to expanding its operations and creating maximum value for its shareholders. We deeply believe that only by focusing on the company's</p>				

Evaluation Item	Implementation status		Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	
			<p>profits and using them to give back to and cultivate society, can we truly achieve sustainable management.</p> <p>2. The implementation status and operational results are reported to the Board of Directors by the CEO of the Foundation every year. The 2021 implementation status of the Foundation's affairs was reported to the Board of Directors on January 6, 2022. The total amount of donations and self-organized activities reached NT\$6.985 million with around 28,481 beneficiaries and 222 families benefiting.</p> <p>3. For information on the Company's corporate social responsibility, please refer to the Company's website (Website: https://www.wtmec.com/corporate-sustainability/corporate-social-responsibility-report/)</p> <p>4. The Group responds to government decrees and employs people with physical and mental disabilities in accordance with the People with Disabilities Rights Protection Act.</p> <p>(II) Environmental protection: The Group is an electronic parts supplier with no factories for manufacturing. The Group is mainly based on the promotion of environmental protection through offices and warehouses. The Taiwan and Hong Kong warehouses have received ISO 14001 Environmental Management System certification. The effective period of the latest certification is from October 15, 2021, to October 14, 2024. The Company hopes to become a pioneer in a circular economy, and is actively recycling and reusing empty cardboard boxes, selecting packaging materials that are recyclable and degradable for logistics operations, and reducing the use of materials that are not environmentally friendly to protect the environment and ecology. The Company promotes paperless operations in offices, encourages employees to reduce paper use via e-mail and scanning and storing documents in electronic form, in order to accelerate the transition to paperless operations. Office equipment and resources are recycled and reused to reduce waste generation. Recyclable and reusable resources that are discarded by offices are donated to social welfare organizations, such as office furniture, electric appliances, IT and computer equipment, avoiding resource waste and reducing the burden on the planet. The over development of the Taiwan's lands has caused serious soil and water issues. The Company partnered with Mr. Huang Yi-Feng to promote the "One Tree One Mountain" tree planting activity. A total of 288 Chinese fringetrees, a native species of Taiwan, were planted in three days. Employees rolled up their sleeves to plant saplings for the land in Taiwan. Employees were encouraged to participate with their families to plant the seeds of hope and love. In the future, the Company will continue to work towards this goal. Additionally, the 288 Chinese fringetrees can reduce carbon emissions by 714,816g CO2e every year, protecting the lands and waters of Taiwan while reducing carbon emissions.</p> <p>(III) Human rights: The Group values stakeholders' interests and set up a stakeholder section on the Company's website to provide a good communication</p>

Evaluation Item	Implementation status		Discrepancy with industry standards in sustainable development practices and reasons for listed companies
	Yes	No	
<p>platform, in order to understand the reasonable expectations and needs of stakeholders. Whether the internal or external issues are questions, complaints, or suggestions in the economic, social and environmental aspects, the Group shall always uphold the principle of good faith to properly handle and provide feedback or improvement plans to achieve effective communication.</p>			

(VI) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
<p>I. Establishment of ethical corporate management policy and approaches</p> <p>(I) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?</p>	✓		<p>(I) The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Handling Material Inside Information" were passed by the Board of Directors on December 1, 2014, and amendments were passed by the Board of Directors on July 11, 2016 (only the Ethical Corporate Management Best Practice Principles were amended) and August 8, 2019 in response to law amendments. They were disclosed on the Market Observation Post System and the company website (www.wtmec.com). In addition, the Company issued the 2020 Corporate Sustainability Report on June 30, 2021 to make stakeholders aware of the Company's efforts and contributions in CSR. The Group's senior management and members of the Board of Directors are committed to upholding their responsibility of supervision based on ethical concepts when performing their duties, in order to create a sustainable business environment.</p>	No difference.
<p>(II) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for</p>	✓		<p>(II) The Company explicitly prohibits unethical conduct such as offering and receiving bribery, providing or accepting improper interests, providing or promising facilitation payment, providing illegal political contributions, engaging in unfair competition, providing improper charitable donations or sponsorships, disclosing trade secrets and damages to the interests of stakeholders, etc., in the "Procedures for Ethical Management and Guidelines for Conduct". The Company has</p>	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
<p>conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?</p>	✓		<p>taken preventive measures and conducted educational advocacies to implement the ethical management policy.</p> <p>(III) The Company engages in commercial activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the ethical management policy, in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Board of Directors passed the resolution to formulate the "Ethical Corporate Management Operating Procedures and Code of Conduct", specifying the matters the Company's personnel shall be minded of when performing business. The "Ethical Corporate Management Operating Procedures and Code of Conduct" was amended on August 8, 2019, and August 7, 2020, in response to operational and legal requirements, and was approved by Board of Directors' resolution. It includes clear operating procedures and guidelines for each program, disciplinary action for violations and grievance systems. It is applicable to all of the Group's companies and organizations such as the Company and its subsidiaries, foundations with the Company directly or indirectly contributing more than 50% of the funds, and other institutions or legal persons which the Company has substantial control. Besides promoting the policy among new employees, the Company has implemented it in business operations.</p>	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?</p>	✓		<p>(I) After the evaluation, the Company shall sign contracts that contain an ethics clause with transaction counterparties if necessary. The ethics clause includes not accepting or requesting improper benefits, such as bribery, gift money, gift cards, etc., and conducting all business activities based on the principles of fairness, justice, openness and honesty. In addition, the financial institutions to which the Company conducts transactions with are all legally registered and well-known commercial banks or bills finance companies. The rights and obligations of both parties and the terms of the transaction are clearly set out in the credit contract.</p>	No difference.
<p>(II) Does the company have a unit that supports ethical management practices on a full-time basis under the Board of Directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors and oversees the operations?</p>	✓		<p>(II) In order to improve the ethical corporate management, the HR, Legal and Auditing Office jointly form an Ethical Management Promotion Task Group, decentralizing the formulation and supervision of ethical corporate management policies and preventive measures based on the work responsibility and scope of each unit, to ensure the implementation of the Ethical Corporate Management Best Practice Principles. In addition, the Company reports the implementation of ethical corporate management in the previous year to the Board of Directors every year, to assist the Board of Directors in assessing whether the ethical corporate management measures established by the Company is operating effectively. On January 6, 2022, the Board of Directors completed the 2021 annual reporting on the implementation of ethical management. Progress in 2021:</p>	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>1. Education and training In addition to promoting ethics and integrity as the core values of the Company to all employees, the task group also provides education and training to new employees to advocate the matters which require attention when conducting business.</p> <p>2. Communication channels Employees can also respond to and communicate with management and the HR unit through multiple channels (including the Company's website, internal email system, etc.).</p> <p>3. Reporting procedures and whistleblower protection There is a whistleblowing platform for any violation of the code of conduct on the Company's official website, providing a channel for whistleblowers to report illegal activities of the Company's personnel. The Ethical Management Promotion Task Group is responsible for accepting the reported cases, forwarding these cases to the highest supervisors of the relevant units for investigation, and tracking the final result of each cases. The identity of the whistleblower and the contents of the report shall be kept confidential, and a complete record of the acceptance, investigation process and results of the case shall be retained. The Company received 0 external reports and employee reports this year. There were no incidents of severe unethical conduct.</p>	
(III) Does the company establish policies to prevent conflict of interests, provide appropriate channels for filing related	✓		(III) The Company's " Ethical Corporate Management Best Practice Principles " and "Procedures for Ethical Management and Guidelines for Conduct" have clearly	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
complaints and implement the policies accordingly?			specified policies for preventing conflicts of interest and requires all units to implement them. Open channels are provided internally and on the Company's website for employees to present their opinions. In addition, the Company's personnel that attended Board meetings recused themselves for those proposals that they have a conflict of interest (January 5, 2021, February 25, 2021, March 18, 2021, April 16, 2021, April 27, 2021, June 25, 2021, July 12, 2021, August 6, 2021, November 5, 2021, January 6, 2022, February 24, 2022, and April 7, 2022) in accordance with Article 15 of the Company's "Rules of Procedure for Board of Directors' Meetings" on directors' recusal due to conflict of interest.	
(IV) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	✓		(IV) The Group has established a complete and effective control mechanism in the accounting system and internal control system for business activities and operating procedures that have potentially high levels of unethical conduct. Internal auditors shall include high-risk operations as the primary audit items in the annual audit plan based on risk assessments to strengthen preventive measures, and report the actual implementation of the audit plan during regular Board meetings. In addition, through the Company's annual self-assessment of internal controls, all departments and subsidiaries of the Company are required to self-examine the internal control system, in order to ensure the effectiveness of the system's design and implementation.	No difference.
(V) Does the company regularly hold internal and external educational	✓		(V) 1. The "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
trainings on ethical corporate management?			<p>Guidelines for Conduct", Procedures for Handling Material Inside Information", and the "Code of Ethics" established by the Company are disclosed in the "Corporate Governance" section of the official website and on the internal website, as well as provided during training for current employees and for new employees each year, so that every employee understands and complies with the rules. Information related to "Ethical Values and Business Practice Principles" and "Insider Trading Prevention Training" is disclosed on the Company's internal website for all employees, in order to convey the ethical management ideals of the Company. In addition, relevant personnel are also appointed to participate in seminars and symposiums organized by public associations or professional organizations to strengthen the Group's ethical corporate management policy.</p> <p>2. A director of the Company participated in the "2021 Insider Trading Prevention Seminar" organized by the Securities and Futures Institute on behalf of TWSE in November 2021. The director received 3 hours of continuing education that strengthened their understanding and interpretation of insider trading laws and practical affairs.</p> <p>3. The group completed the employee ethical behavior examination between June 1, 2021 to June 25, 2021. Employees must pass the examination to complete training (passing grade of 100). A total of 2,309 employees completed the examination. The examination covers self-ethics checks, intellectual property rights, data protection, clear descriptions, import and export controls, corruption and other methods of</p>	

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>unlawful gains, competition and anti-trust, conflicts of interest, insider trading, whistleblowing, whistleblower protection from retribution, punishments, etc.</p> <p>4. The total training hours in 2021 was 1,462 hours and 2,924 employees were trained. The new employee orientation training includes the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Code of Conduct". Additionally, new employees must complete online education and training and pass the examination for "Ethical Values and Business Practice Principles" within 7 days of orientation.</p> <p>5. The Company organized education and training on July 1, 2021, for two newly appointed managers before their appointment. The "Insider Regulations Advocacy Handbook" was provided, which includes reporting obligations of insiders and the restrictions on insider trading. The Company provides TWSE laws and regulation information to insiders from time to time.</p>	
<p>III.Operation of whistleblowing system</p> <p>(I) Does the company establish concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?</p>	✓		<p>(I) In accordance with Article 23 of the Company's Ethical Corporate Management Best Practice Principles and Article 21 of the Procedures for Ethical Management and Guidelines for Conduct on the whistle-blowing system, if members of the Group suspect or discover any violations, they shall report it to independent directors, executive officers, the internal auditing officer or other suitable personnel. In addition, there is a professional ethics violation reporting channel on the Company's website for relevant personnel to report wrongdoings. There has been no major</p>	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
(II) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		internal or external effective reporting this year. (II) In accordance with Article 23 of the Company's Ethical Corporate Management Best Practice Principles and Article 21 of the Procedures for Ethical Management and Guidelines for Conduct, records of the whistleblower report acceptance and investigation process and results shall be kept and retained, and the whistleblower's identity and contents of the report shall be kept confidential. If a material violation is discovered by the investigation or the Group is at risk of sustaining significant losses, a report shall immediately be prepared and independent directors shall be notified in writing. There was no such occurrence this year.	No difference.
(III) Does the company provide proper whistleblower protection?	✓		(III) In accordance with Article 23 of the Company's Ethical Corporate Management Best Practice Principles and Article 21 of the Procedures for Ethical Management and Guidelines for Conduct, the whistleblowers identity and contents of the report shall be kept confidential, and whistleblowers shall not be subject to improper treatment due to whistleblowing.	No difference.
IV. Enhancing information disclosure Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	✓		The Company has disclosed these Best-Practice Principles and its implementation on the Company's website, Market Observation Post System, annual reports, corporate social responsibility reports and prospectus in accordance with Article 25 of the Ethical Corporate Management Best Practice Principles. Integrity is the Company's most important core value and business philosophy. Employees must abide by clear ethical and character standards. The Company keeps its commitment to vendors, customers, employees,	No difference.

Evaluation Item	Implementation status		Summary	Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			shareholders and society, and also does its utmost to ensure the interests and rights of all stakeholders.	
<p>V. If the company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", describe difference with the principles and implementation status: The Company established the "Ethical Corporate Management Best Practice Principles" to establish a corporate culture of ethical management and to achieve sound development. There is no deviation between actual operations and the Company's Best Practice Principles.</p>				
<p>VI. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: (e.g., review and amendment of the Ethical Corporate Management Best Practice Principles) The Company's "Procedures for Ethical Management and Guidelines for Conduct" was amended in response to the regulations, and passed by the Board of Directors on August 7, 2020. Furthermore, the Company shall pay attention to the development of relevant domestic and international ethical management regulations, and encourage directors, executive officers and employees to attend training and propose improvements and suggestions to enhance the Company ethical corporate management performance.</p>				

- (VII) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information:
The Company has formulated the "Articles of Incorporation", "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board of Directors' Meetings", "Rules for Board of Directors Performance Assessments", "Rules for Election of Directors", "Audit Committee Charter", "Remuneration Committee Charter", "Risk Management Committee Charter", "Procedures for Acquisition or Disposal of Assets", "Procedures for Lending Funds and Endorsement & Guarantee", "Procedures for Handling Material Inside Information", "Corporate Governance Best Practice Principles", "Sustainable Development Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct", and "Supplier Code of Conduct". These regulations can be found on the Company's website (website: <http://www.wtmec.com>), the Market Observation Post System or the Company's annual reports.

(VIII) Other significant information which may improve the understanding of corporate governance and operation:

1. In addition to disclosing in the Corporate Governance section of the Market Observation Post System, the Company also discloses corporate governance related operations in the format of material information to investors in a timely manner, depending on the materiality.
2. The Company regularly holds investor conferences, and the relevant materials of the investor conferences are disclosed on the Company's website and the Market Observation Post System.
3. Continuing education for the Company's executive officers in 2021:

Title	Name	Date	Organizer	Course Name	Hours
President	Cheng, Wen-Tsung	2021/08/18	Securities & Futures Institute	The value of information security in the post-pandemic era and during the China-US trade war	3 hours
		2021/10/15	Securities & Futures Institute	Global ESG Trends and Digitalization	3 hours
Senior Vice President	Hsu, Wen-Hung	2021/08/18	Securities & Futures Institute	The value of information security in the post-pandemic era and during the China-US trade war	3 hours
		2021/09/01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6 hours
		2021/10/15	Securities & Futures Institute	Global ESG Trends and Digitalization	3 hours
		2021/10/22	Securities & Futures Institute	2021 Insider Trading Compliance Seminar	3 hours
		2021/11/12	Securities & Futures Institute	The 2021 Advocacy Briefing on Prevention of Insider Trading	3 hours
Vice President and CFO	Yang, Hsing-Yu	2021/11/25-26	Accounting Research and Development Foundation	Continuing Education of Accounting Supervisors	12 hours

(IX) Implementation of internal control system:

1. Internal Control Statement

WT Microelectronics Co., Ltd.
Internal Control System Statement

Date: February 24, 2022

Based on the findings of a self-assessment, WT Microelectronics Co., Ltd. states the following with regard to its internal control system during the year 2021.

1. The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the company has already established such a system. The aim of the system is to provide reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profitability, performance, and safeguard of asset security), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
2. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria introduced by the Regulations cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring activities. Each of the elements in turn contains certain audit items. Please refer to the Regulations for details.
4. The Company has adopted the aforementioned measures for an examination of the effectiveness of the design and implementation of the internal control system.
5. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2021 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.
6. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. If any fraudulent information, concealment or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. This statement was passed by the Board of Directors on February 24, 2022, with none of the seven attending Directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

WT Microelectronics Co., Ltd.
Chairman and President: Cheng, Wen-Tsung

2. If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(X) If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders equity or stock price, specify the contents of the penalty, major deficiencies and improvement: None.

(XI) Important resolutions adopted in shareholders meeting and Board of Directors' meeting in the past year and up to the date of report:

1. Major resolutions of the Board of Directors:

Date	Major resolutions
January 5, 2021	<ol style="list-style-type: none"> 1. Passed the proposal for the 2020 managerial officers' year-end bonuses and performance bonuses. 2. Passed the proposal for the 2021 executive officers' salary compensations. 3. Passed issuance of new restricted employee awards and approval of employee share entitlement. 4. Passed the proposal to issue employee stock options in 2021. 5. Passed the establishment of the Risk Management Policy. 6. Passed the proposal for exchange rate volatility risk evaluation. 7. Passed the evaluation of risks on the Company's operations arising from the China-US dispute. 8. Passed the acquisition of common shares of Sino-American Silicon Products Inc. 9. Passed the proposal for the 2021 business plan. 10. Passed the proposal for the appointment and independence assessment of CPAs. 11. Passed the proposal for setting the record date for capital increase by shares converted from the Company's sixth unsecured convertible corporate bonds.
February 25,2021	<ol style="list-style-type: none"> 1. Passed the proposal to make a donation to the WT Education Foundation. 2. Passed the proposal for the 2020 Business Report and Financial Statements. 3. Passed the proposal for the 2021 Q1 summary consolidated financial forecast. 4. Passed the proposal for the 2020 internal control system effectiveness assessment and internal control system statement. 5. Passed the 2020 proposal for distribution of remuneration to employees and directors. 6. Passed the proposal to discontinue private placements of common and preferred shares passed at the 2020 annual general meeting. 7. Passed the proposed amendment to the "Rules of Procedure for the Shareholders' Meeting". 8. Passed the proposed amendment to the "Rules for Election of Directors". 9. Passed the proposed amendment to the "Corporate Governance Best Practice Principles". 10. Passed the proposal for related matters of convening the Company's 2021 annual shareholders' meeting. 11. Passed the appointment/dismissal of internal audit officers.

March 18, 2021	<ol style="list-style-type: none"> 1. Passed the proposal to issue employee stock options in 2021 and the list of eligible employees. 2. Passed the proposal to optimize employee stock ownership trusts and incentives for managerial participation in employee stock ownership trusts. 3. Passed the proposal for information security risk evaluation and management countermeasures.
April 16, 2021	<ol style="list-style-type: none"> 1. Passed the proposal for 2020 earnings distribution. 2. Passed the 2020 earnings distribution of cash dividends. 3. Passed the proposal for the amendment to the "Articles of Incorporation". 4. Passed issuance of new restricted employee awards. 5. Passed the proposal to issue common stock for cash capital increase and/or issue common stock for cash capital increase and issuance of GDRs. 6. Passed the proposal for releasing the non-competition restriction on directors. 7. Passed the proposal for setting the record date for capital increase by shares converted from the Company's sixth unsecured convertible corporate bonds.
April 27, 2021	<ol style="list-style-type: none"> 1. Passed the 2020 proposal for director remuneration distribution of the Company. 2. Passed the proposal for 5-year syndicated loans with the Bank of Taiwan.
May 17, 2021	Passed the implementation of the 11th company stock buyback to safeguard the Company's credit and shareholders' equity
June 25, 2021	<ol style="list-style-type: none"> 1. Passed the restipulation of the date and location of the 2021 Annual Shareholders' Meeting. 2. Passed the proposal for the 2020 annual financial statements of the Hong Kong branch.
July 12, 2021	<ol style="list-style-type: none"> 1. Passed the proposed rules for issuing new restricted employee awards in 2021. 2. Passed the proposal for changing CPAs. 3. Passed the proposed capital reduction base date for stock cancellation of retired new employee restricted awards 4. Passed the proposal for setting the record date for capital increase by shares converted from the Company's sixth unsecured convertible corporate bonds.
July 28, 2021	Passed issuance of new restricted employee shares and approval of employee share entitlement.
August 6, 2021	<ol style="list-style-type: none"> 1. Passed the proposal for the 2021 Q3 summary consolidated financial forecast. 2. Passed the stipulation of the "Treasury Stock Buyback Operating Procedures". 3. Passed the proposed amendment to the Internal Control System.
November 5, 2021	<ol style="list-style-type: none"> 1. Passed the information system security improvement report. 2. Passed the Consolidated Financial Statements for Q3 2021. 3. Passed the proposal for the 2021 Q4 summary consolidated financial forecast. 4. Passed the proposal for the 2022 audit plan. 5. Passed the proposed capital reduction base date for the 11th company stock buyback. 6. Passed the proposed capital reduction base date for stock cancellation of retired new employee restricted awards. 7. Passed the proposal for setting the record date for capital increase by shares converted from the Company's sixth unsecured convertible corporate bonds. 8. Passed the stipulation of "Director and Functional Committee Remuneration Payment Guidelines".
November 23, 2021	Passed the proposal to issue second employee stock options in 2021.

January 6, 2022	<ol style="list-style-type: none"> 1. Passed the proposal to make a donation to the WT Education Foundation. 2. Passed the amendment of the 2021 Employee Stock Options Second Issuance and Subscription Regulations of the Company 3. Passed the proposal of the second employee stock options issuance in 2021 and the list of eligible employees. 4. Passed the proposal for the 2021 managerial officers' year-end bonuses and performance bonuses. 5. Passed the proposal for the 2022 executive officers' salary compensations. 6. Passed the proposal for the 2022 business plan. 7. Passed the proposal for changing CPAs. 8. Passed the proposal for the appointment and independence assessment of CPAs. 9. Passed the proposed capital reduction base date for stock cancellation of retired new employee restricted awards. 10. Passed the proposal for setting the record date for capital increase by shares converted from the Company's sixth unsecured convertible corporate bonds.
January 27, 2022	<ol style="list-style-type: none"> 1. Passed the proposal for election of the 10th term Board of Directors. 2. Passed the proposal for related matters of convening the Company's 2022 annual shareholders' meeting.
February 24, 2022	<ol style="list-style-type: none"> 1. Passed the proposal for the 2021 Business Report and Financial Statements. 2. Passed the proposal for the 2022 Q1 summary consolidated financial forecast. 3. Passed the proposal for the issuance of new common shares for cash to sponsor issuance of GDRs. 4. Passed the proposal for the 2021 internal control system effectiveness assessment and internal control system statement. 5. Passed the amendment to the "Corporate Social Responsibility Best Practice Principles" (name changed to the Sustainable Development Best Practice Principles after amendment). 6. Passed the amendment to the "Corporate Governance Best Practice Principles". 7. Passed the 2021 proposal for distribution of remuneration to employees and directors. 8. Passed the establishment of the "2022 Employee Stock Subscription Regulations for Cash Issue of Common Shares" and the 2022 List of Management Subscriptions of Cash Issue of Common Shares.

April 7, 2022	<ol style="list-style-type: none"> 1. Passed the 2021 proposal for director remuneration distribution of the Company. 2. Passed the proposal for 2021 earnings distribution. 3. Passed the 2021 earnings distribution of cash dividends. 4. Passed the proposal for the amendment to the "Articles of Incorporation". 5. Passed the proposed amendment to the "Rules of Procedure for the Shareholders' Meeting". 6. Passed the proposal for the amendment to the "Procedures for Acquisition or Disposal of Assets". 7. Passed issuance of new restricted employee awards. 8. Passed the proposal to issue common stock for cash capital increase and/or issue common stock for cash capital increase and issuance of GDRs. 9. Passed the proposal for nominating and reviewing candidates to the list of Directors and Independent Directors. 10. Passed the proposal lift the non-compete clause for new Directors of the Company. 11. Passed the stipulation of the "ESG Report Preparation and Verification Operating Procedures". 12. Passed the proposed amendment to the " Internal Control System". 13. Passed the proposed capital reduction base date for stock cancellation of retired new employee restricted awards. 14. Passed the proposal for setting the record date for capital increase by shares converted from the Company's sixth unsecured convertible corporate bonds.
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2. Major resolutions of the shareholders' meeting and implementation:

Date	Important resolutions and implementation
July 12, 2021 (Note)	<ol style="list-style-type: none"> 1. Acknowledged the proposal for the 2020 Business Report and Financial Statements. Implementation status: Resolution passed. 2. Acknowledged the 2020 earnings distribution. Implementation status: Resolution passed. The 2020 earnings distribution has been fully allocated. August 8, 2021 is set as the ex-dividend date and August 27 of the same year is set as the cash dividend payment date. The cash dividend per share for class A preferred stock is NT\$0.42622951. The cash dividend per share for common shares is NT\$3.20270134. 3. Passed the proposal for the amendment to the "Articles of Incorporation". Implementation status: Matters are being handled in accordance with the amended Articles of Incorporation, which are disclosed on the company website. Approved and registered by the Ministry of Economic Affairs on July 14, 2021. 4. Passed issuance of new restricted employee awards. Implementation status: 2,788,000 new restricted employee awards were issued on July 28, 2021. These shares were approved and registered by the Ministry of Economic Affairs on August 30 of the same year, and approved by the TWSE for issuance on September 10 of the same year. 5. Passed the proposal to issue common stock for cash capital increase and/or issue common stock for cash capital increase and issuance of GDRs. Implementation status: The motion was approved. The

	<p>Company has handled the issuance of common stocks for cash capital increases following the Board of Directors' resolution on February 24, 2022, and issued 58,000,000 to 78,000,000 temporary issued stocks of GDRs. The face value per share is NT\$10 and the Chairman is authorized to adjust the issued amount according to market conditions. The issue price of each share is tentatively set as US\$2.964286 (the issue price of each share is tentatively set as NT\$83, calculated with the NT\$-USD exchange rate of 28: 1). The raised total amount is tentatively set to between US\$171,929 thousand and US\$231,214 thousand, which is equivalent to NT\$4,814,000 thousand to NT\$6,474,000 thousand. Approval was issued by the FSC on March 25 of the same year.</p> <p>6. To release the non-competition restriction on Directors. Implementation status: Resolution passed to release non-competition restriction on directors Cheng, Wen-Tsung, Hsu, Wen-Hung, Cheng, Ken-Yi, Sung Kao, Hsin-Ming and Ding, Kung-Wha.</p> <p>7. Passed the proposed amendment to the Rules of "Procedure for the Shareholders' Meeting". Implementation status: Matters are being handled in accordance with the amended rules, which are disclosed on the company website and Market Observation Post System (MOPS).</p> <p>8. Passed the proposed amendment to the Rules for Election of Directors. Implementation status: Matters are being handled in accordance with the amended rules, which are disclosed on the company website.</p>
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Note: Originally, the 2021 Regular Shareholders' Meeting was scheduled for May 28, 2021. However, due to the pandemic and the instructions of the competent authority, the meeting was postponed to July 12 of the same year.

(XII) Dissenting or qualified opinion of directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

(XIII) Resignation and dismissal of managerial officers related to the financial report (including chairperson, president, chief accounting officer, chief financial officer, chief internal auditing officer, corporate governance supervisor, and R&D supervisor) in the past year and up to the date of report:

Title	Name	Date of appointment	Date of dismissal	Reason for dismissal
Auditing officer	Wang, Ya-Jing	March 17, 2014	February 25, 2021	Change of responsibilities

IV. Information on the professional fees of the attesting CPAs

(I) Information on fees to CPA:

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Notes
PricewaterhouseCoopers Taiwan	Juanlu, Man-Yu	20021/1/1-2021/3/31	7,460	1,509	8,969	(Note)
	Hsu, Chieh-Ju	2021/4/1-2021/12/31				
	Wu, Han- chi	2021/1/1-2021/12/31				

Note: Non-audit fee service content refers to NT\$550 thousand for providing transfer pricing analysis, NT\$700 thousand for providing the Group's master file and country-by-country report, NT\$200 thousand for article amendment and capital change registration, and NT\$59 thousand for providing perennial tax consulting service.

- (II) If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.
- (III) If the audit fees were reduced more than 10% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.

V. Information on replacement of CPA

The Company replaced the CPA in Q2 of this year due to the internal organizational adjustment of the accounting firm.

- VI. The chairperson, president, financial or accounting manager of the company who had worked for the certifying accounting firm or its affiliated enterprise in the past year
None.

VII. Share transfer by directors, supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the past year and up to the date of report

(I) Changes in the equity of directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2021				As of April 7, 2022			
		Common shares		Preferred shares		Common shares		Preferred shares	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman and President	Cheng, Wen-Tsung	—	4,500,000	—	—	—	—	—	—
Director and Senior Vice President	Hsu, Wen-Hung	—	—	—	—	78,651	—	—	—
Director	Sung Kao, Hsin-Ming	—	—	—	—	—	—	—	—
Director	Wen You Investment Co., Ltd.	—	—	—	—	—	—	—	—
Director Representative	Cheng, Ken-Yi	—	—	—	—	—	—	—	—
Independent Director	Cheng, Tien-Chong	—	—	—	—	—	—	—	—
Independent Director	Kung, Ju-Chin	—	—	—	—	—	—	—	—
Independent Director	Ding, Kung-Wha	—	—	—	—	—	—	—	—
Senior Vice President	Jack Yang	—	—	—	—	9,000	—	—	—
Senior Vice President	James Wen	—	—	—	—	9,000	—	—	—
Senior Vice President	Rick Chang	—	—	—	—	9,000	—	—	—
Vice President	Willie Sun	—	—	—	—	8,000	—	—	—
Vice President and CFO	Yang, Hsing-Yu	—	—	—	—	8,000	—	—	—
Vice President (Note)	Jerry Chang	—	—	—	—	8,000	—	—	—
Vice President (Note)	Tim Wu	—	—	—	—	8,000	—	—	—
Senior Assistant Vice President and Finance Supervisor	Jason Lu	—	—	—	—	3,000	—	—	—
Major shareholder	WPG Holdings	—	—	—	—	—	—	—	—
Major shareholder	ASMedia Technology Inc.	—	—	—	—	—	—	—	—

Note: Vice President Jerry Chang and Tim Wu took office on July 1, 2021.

(II) Shares Trading with Related Parties: None.

(III) Shares Pledge with Related Parties: None.

VIII. Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

March 22, 2022 (Book Closure Date)

Name (Note 1)	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name	Relationship	
WPG Holdings Representative: Simon Huang	201,393,867 0	21.41 0	0 0	0 0	0 0	0 0	None	None	None
ASMedia Technology Inc. Representative: Shen, Zhen-Lai	179,000,000 0	19.03 0	0 0	0 0	0 0	0 0	None	None	None
Shao Yang Investment Co., Ltd. Representative: Cheng, Wen-Tsung	74,739,426 28,177,112	7.95 3.00	0 8,485,194	0 0.90	0 79,460,307	0 8.45	Cheng, Wen-Tsung Hsu, Wen-Hung	Representative Supervisor	None
Cheng, Wen-Tsung	28,177,112	3.00	8,485,194	0.90	79,460,307	8.45	Hsu, Wen-Hung Shao Yang Investment Limited	Spouse Representative	None
Cibc World Markets Inc.	21,406,138	2.28	0	0	0	0	None	None	None
First Private High No. 5	17,789,457	1.89	0	0	0	0	None	None	None
Prodigy Fund SPC	12,818,206	1.36	0	0	0	0	None	None	None
New Labor Pension Fund	12,525,000	1.33	0	0	0	0	None	None	None
SinoPac Securities Corporation Representative: Stanley Chu	9,611,000 0	1.02 0	0 0	0 0	0 0	0 0	None	None	None
Hsu, Wen-Hung	8,435,194	0.90	28,227,112	3.00	79,460,307	8.45	Cheng, Wen-Tsung Shao Yang Investment Co., Ltd.	Spouse Supervisor	None

Note 1: This table discloses the ten largest shareholders by total number of preferred shares.

Note 2: The shareholding percentage was based on the total number of outstanding shares (common and preferred shares) at 940,649,151 shares as of March 22, 2022.

IX. The number of shares of the same invested company held by the Company, the Company's directors, supervisors, and executive officers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio

December 31, 2021/Unit: Thousand shares

Invested company	Investment by the Company		Investments from directors, supervisors, executive officers and their directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Wintech Microelectronics Holding Limited	115,324	99.65	407	0.35	115,731	100.00
Techmosa International Inc.	73,949	100.00	—	—	73,949	100.00
Nuvision Technology Inc.	28,217	99.91	—	—	28,217	99.91
Milestone Investment Co., Ltd.	4,500	100.00	—	—	4,500	100.00
SinYie Investment Co., Ltd.	2,900	100.00	—	—	2,900	100.00
Morrihan International Corp.	283,760	100.00	—	—	283,760	100.00
Maxtek Technology Co., Ltd.	70,220	100.00	—	—	70,220	100.00
Analog World Co., Ltd.	120	100.00	—	—	120	100.00
BSI Semiconductor Pte. Ltd.	7,544	100.00	—	—	7,544	100.00
MSD Holdings Pte. Ltd.	200	100.00	—	—	200	100.00
Promising Investment Limited	—	—	62,333	100.00	62,333	100.00
Wintech Investment Co., Ltd.	—	—	21,021	100.00	21,021	100.00
WT Microelectronics(Shanghai)Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
Wintech Microelectronics Ltd.	—	—	3,000	100.00	3,000	100.00
Wintech Microelectronics Limited	—	—	5	100.00	5	100.00
WT Technology Pte. Ltd.	—	—	5,000	100.00	5,000	100.00
WT Solomon QCE Limited	—	—	110,000	100.00	110,000	100.00
WT Microelectronics(Hong Kong)Limited	—	—	12,528	100.00	12,528	100.00
Nino Capital Co., Ltd.	—	—	311	100.00	311	100.00
Rich Web Ltd.	—	—	22,974	100.00	22,974	100.00
WT Technology(H.K.)Limited	—	—	1,000	100.00	1,000	100.00
WT Microelectronics Singapore Pte. Ltd.	—	—	1,500	100.00	1,500	100.00
WT Microelectronics(Malaysia)Sdn. Bhd.	—	—	500	100.00	500	100.00
WT Technology Korea Co., Ltd.	—	—	3,980	100.00	3,980	100.00
Shanghai WT Microelectronics Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
WT Microelectronics(Shenzhen)Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00

Invested company	Investment by the Company		Investments from directors, supervisors, executive officers and their directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
WT Microelectronics(Thailand)Co., Limited.	—	—	300	100.00	300	100.00
WT Microelectronics India Private Limited	—	—	700	100.00	700	100.00
Asia Latest Technology Limited	—	—	1,120	100.00	1,120	100.00
Morrihan International Trading (Shanghai) Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
JCD Optical(CAYMAN)Co., Ltd.	—	—	5,869	19.80	5,869	19.80
Joy Capital Ltd.	—	—	1,200	17.65	1,200	17.65
Rainbow Star Group Limited	—	—	19	24.65	19	24.65
Brillnics Inc	—	—	49,337	62.03	49,337	62.03
Anius Enterprise Co., Ltd.	—	—	0.001	100.00	0.001	100.00
Mega Source Co., Ltd.	—	—	0.001	100.00	0.001	100.00
Morrihan Singapore Pte. Ltd.	—	—	9,500	100.00	9,500	100.00
Wonchang Semiconductor Co., Ltd.	—	—	54	100.00	54	100.00
Hongtech Electronics Co., Ltd.	—	—	11,500	100.00	11,500	100.00
Lacewood International Corp.	—	—	30	100.00	30	100.00
Best Winner International Development Ltd.	—	—	6	100.00	6	100.00
Maxtek International (HK) Limited	—	—	6,000	100.00	6,000	100.00
Brillnics(HK)Limited	—	—	64,013	100.00	64,013	100.00
Brillnics Singapore Pte. Ltd.	—	—	350	100.00	350	100.00
Brillnics Japan Inc.	—	—	100	100.00	100	100.00
Brillnics (Taiwan) Inc.	—	—	1,669	100.00	1,669	100.00
Qwave Technology Co., Ltd.	—	—	4,000	40.00	4,000	40.00

Note 1: This table is based on the Company's investments accounted for using equity method.

Note 2: The invested company has not issued shares, so there are no shares held.

Chapter 4. Capital overview

I. Capital and shareholding

(I) Sources of capital:

April 7, 2022 Unit: Share/NT\$

Year/ Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
2021.01	10	1,500,000,000	15,000,000,000	Common shares 788,231,659 Preferred shares 135,000,000	9,232,316,590	Share capital increase of NT\$2,056,690 converted from convertible corporate bonds	—	2021.1.25 Jing-Shou-Shang- Zi No. 11001004980
2021.02	10	1,500,000,000	15,000,000,000	Common shares 791,223,659 Preferred shares 135,000,000	9,262,236,590	Share capital increase of NT\$29,920,000 in restricted employee shares	—	2021.2.5 Jing-Shou-Shang- Zi No. 11001017410
2021.04	10	1,500,000,000	15,000,000,000	Common shares 791,276,850 Preferred shares 135,000,000	9,262,768,500	Share capital increase of NT\$531,910 converted from convertible corporate bonds	—	2021.4.23 Jing-Shou-Shang- Zi No. 11001068470
2021.07	10	2,000,000,000	20,000,000,000	Common shares 791,603,909 Preferred shares 135,000,000	9,266,039,090	Convertible corporate bonds were converted to increase share capital by NT\$3,510,590, and canceled restricted employee shares reduced share capital by NT\$240,000	—	2021.7.14 Jing-Shou-Shang- Zi No. 11001121450
2021.08	10	2,000,000,000	20,000,000,000	Common shares 794,391,909 Preferred shares 135,000,000	9,293,919,090	Restricted employee shares increased capital by NT\$27,880,000	—	2021.8.30 Jing-Shou-Shang- Zi No. 11001144080
2021.11	10	2,000,000,000	20,000,000,000	Common shares 797,706,754 Preferred shares 135,000,000	9,327,067,540	Convertible corporate bonds were converted to increase share capital by NT\$58,368,450, canceled restricted employee shares reduced share capital by NT\$280,000, and canceled treasury stocks reduced capital by NT\$24,940,000	—	2021.11.19 Jing-Shou-Shang- Zi No. 11001206510
2022.01	10	2,000,000,000	20,000,000,000	Common shares 802,794,536 Preferred shares 135,000,000	9,377,945,360	Convertible corporate bonds were converted to increase share capital by NT\$51,497,820, and canceled restricted employee shares reduced share capital by NT\$620,000	—	2022.1.27 Jing-Shou-Shang- Zi No. 11101008180

Unit: shares

Type of stock	Authorized capital			Notes
	Shares issued and outstanding (Note)	Unissued shares	Total	
Common shares	805,642,151	1,059,357,849	2,000,000,000	None
Preferred shares	135,000,000			
Total	940,642,151			

Note: Classified as shares of listed companies. Common shares include 2,887,615 shares of convertible corporate bonds and 40,000 shares of restricted employee shares, which were recalled and pending cancellation, that have not completed registration.

(II) Information on shelf registration: None.

(III) Shareholder structure:

1. Common shares

Record date of shareholding: March 22, 2022 (Book Closure Date)

Shareholder structure Quantity	Government institutions	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Head count	1	36	334	36,761	229	37,361
Number of shares held	2,525,000	59,239,670	470,829,848	158,406,760	114,647,873	805,649,151
Shareholding percentage	0.32%	7.35%	58.44%	19.66%	14.23%	100.00%

2. Preferred shares

Record date of shareholding: March 22, 2022 (Book Closure Date)

Shareholder structure Quantity	Government institutions	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Head count	1	3	64	6,595	3	6,666
Number of shares held	10,000,000	2,151,199	83,926,405	38,810,396	112,000	135,000,000
Shareholding percentage	7.41%	1.59%	62.17%	28.75%	0.08%	100.00%

(IV) Dispersion of equity ownership:

1. Distribution Profile of Common Shares Ownership:

March 22, 2022 (Book Closure Date)

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	21,411	1,739,394	0.22%
1,000 to 5,000	12,179	24,079,640	2.99%
5,001 to 10,000	1,822	13,661,502	1.70%
10,001 to 15,000	587	7,391,719	0.92%
15,001 to 20,000	331	5,923,336	0.74%
20,001 to 30,000	330	8,201,640	1.02%
30,001 to 40,000	169	5,946,097	0.74%
40,001 to 50,000	105	4,812,552	0.60%
50,001 to 100,000	185	13,130,656	1.63%
100,001 to 200,000	82	11,539,520	1.43%
200,001 to 400,000	56	15,418,124	1.91%
400,001 to 600,000	28	14,064,565	1.74%
600,001 to 800,000	9	6,244,910	0.77%
800,001 to 1,000,000	6	5,598,436	0.69%
1,000,001 or more	61	667,897,060	82.90%
Total	37,361	805,649,151	100.00%

2. Dispersion of Preferred Share Ownership:

March 22, 2022 (Book Closure Date)

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	1,442	356,444	0.26%
1,000 to 5,000	4,478	5,768,954	4.27%
5,001 to 10,000	307	2,498,313	1.85%
10,001 to 15,000	55	712,635	0.53%
15,001 to 20,000	63	1,202,365	0.89%
20,001 to 30,000	54	1,425,549	1.06%
30,001 to 40,000	44	1,629,259	1.21%
40,001 to 50,000	27	1,241,387	0.92%
50,001 to 100,000	87	7,216,321	5.35%
100,001 to 200,000	50	7,890,168	5.84%
200,001 to 400,000	28	8,308,729	6.15%
400,001 to 600,000	7	3,439,000	2.55%
600,001 to 800,000	1	647,000	0.48%
800,001 to 1,000,000	9	8,757,009	6.49%
1,000,001 or more	14	83,906,867	62.15%
Total	6,666	135,000,000	100.00%

(V) List of major shareholders (Top 10 by shareholding percentage)

Name of major shareholder	Shares	Number of shares held	Shareholding percentage
WPG Holdings Limited		201,393,867	21.41%
ASMedia Technology Inc.		179,000,000	19.03%
Shao Yang Investment Co., Ltd.		74,739,426	7.95%
Cheng, Wen-Tsung		28,177,112	3.00%
Cibc World Markets Inc.		21,406,138	2.28%
First Private High No. 5		17,789,457	1.89%
Prodigy Fund SPC		12,818,206	1.36%
New Labor Pension Fund		12,525,000	1.33%
SinoPac Securities Corporation		9,611,000	1.02%
Hsu, Wen-Hung		8,435,194	0.90%

Note: This table shows shareholding percentages for ten largest shareholders after adding the number of common shares and preferred shares.

(VI) Stock price, net worth, earnings, dividends and related information for the previous two years:

Item		Year		As of April 7, 2022 (Note 9)	
		2020	2021		
Stock price (Note 1)	Max	43.55	74.90	101.00	
	Low	31.20	40.05	72.80	
	Average	39.58	56.46	86.15	
Net worth per share (Note 3)	Before distribution	49.92	57.65	—	
	After distribution	47.12(Note 2)	52.61 (Note 4)	—	
Earnings per share	Weighted average number of shares (thousand shares)	726,519	789,748	—	
	Diluted Earnings Per Share	5.22	9.96	—	
	Adjusted Diluted Earnings Per Share(Note 5)	5.22	9.796	—	
Dividends per share (Note 4)	Cash dividends	3.2	5.5	—	
	Stock dividends	Earnings	—	—	—
		Capital surplus	—	—	—
	Accumulated unpaid dividend	—	—	—	
Return analysis	Price-earnings ratio (Note 6)	7.45	5.58	—	
	Price-dividend ratio (Note 7)	12.16	10.10	—	
	Cash dividend yield (Note 8)	8.22%	9.90%	—	

* If there is surplus or capital reserve to increase capital allocation, the market price and cash dividend information retrospectively adjusted based on the number of shares shall be disclosed.

Note 1: The year's high and low market prices of common stock are provided, and the average price for the year is computed based on the year's transaction amount and volume.

Note 2: Based on the distribution resolved by the Board of Directors or shareholders' meeting of the next year.

Note 3: Calculated by the total number of outstanding common and preferred shares at the end of the period.

Note 4: Actual distribution for 2021 was based on a resolution of the Board of Directors on April 7, 2022.

Note 5: Based on the weighted average number of outstanding shares in the current year and retrospectively adjusted over the increased weighted average of outstanding shares through capital increases out of earnings or capital surplus throughout the years.

Note 6: Price-earnings ratio = Year's average per share closing price / earnings per share.

Note 7: Price-dividend ratio = Year's average per share closing price / cash dividend per share.

Note 8: Cash dividend yield = Cash dividend per share / year's average per share closing price.

Note 9: For the net value per share and earnings per share, data as of the printing date of the annual report has not been certified by CPAs; for the other columns, data was for up to the printing date (April 7, 2022) of the Annual Report in the current year.

(VII) Dividend policy and implementation status:

1. Dividend policy:

The Company's dividend policy is based on the following guidelines:

The Company's dividend policy is determined by the Board of Directors based on its operational planning, investment plans, capital budgets, and internal and external environmental changes. The Company's business is currently in a growth stage, the earnings shall be held to respond to funds required for operational growth and

investments. Currently, the Company adopts the minimum cash dividends plus additional dividends. The earnings are distributed as follows:

The earning distribution is based on the principle of not less than 40% of the distributable earnings for the year. Considering future profits and growing demand on funds, for the distribution of stock dividends and cash dividends, the distribution of cash dividends shall not be less than 10% of the dividends distributed in the current year. If the total earning distribution exceeds 30% of the paid-up capital before the distribution, the cash dividend shall not be less than 20% of the dividends distributed in the current year.

2.Dividend distribution to be proposed to the shareholders' meeting:

WT Microelectronics Co., Ltd.	
Earnings Distribution Statement	
2021	
Unit: NTD	
2021 after-tax net profit	\$ 7,923,257,013
Plus: Remeasurements of defined benefit plan	3,788,302
Plus: Disposal of equity instruments measured at fair value through other comprehensive income	829,777,079
Less: Changes in ownership interests in subsidiaries	(78,549,670)
Less: Retirement of treasury shares	(23,117,107)
Current after-tax net profit plus other profit items included in undistributed earnings in the current year	8,655,155,617
Less: 10% statutory reserve	(865,515,562)
Plus: Undistributed earnings from the previous year	5,875,852,292
Accumulated distributable earnings at the end of 2021	13,665,492,347
Items for distribution: (Note 1)	
Preferred share dividends (Note 2)	(270,000,000)
Cash dividends on ordinary shares (Note 3) (NT\$5.50 per share)	(4,431,031,831)
Undistributed earnings at the end of the period	\$ 8,964,460,516
Note 1: Earnings in 2021 are distributed first.	
Note 2: 135,000,000 class A preferred shares were issued at the price of NT\$50 on October 15, 2020; calculated at a dividend yield of 4%.	
Note 3: Distribution of dividends is based on 805,642,151 shares issued upon resolution of the Board of Directors on April 7, 2022.	

Chairman: Cheng, Wen-Tsung

Managerial officer: Cheng, Wen-Tsung

Chief Accountant: Yang, Hsing-Yu

(VIII) Effect of the proposed stock dividends (to be adopted by the shareholders' meeting) on the operating performance and earnings per share:
Not applicable. There is no stock dividend distribution proposed in this shareholders' meeting.

(IX) Remuneration to Employees, Directors and Supervisors:

1. Percentage or scope of remuneration to employees, directors and supervisors provided in Company's Articles of Incorporation:

Article 19 of the Company's Articles of Incorporation

If the Company makes profits (which means profits before tax without deducting the remuneration of employees and directors), no less than 1% of such profits shall be distributed to employees and up to 3% to directors and supervisors as their remuneration. If the Company has accumulated losses, the reserve shall be appropriated to offset such losses.

The employee bonuses mentioned in the preceding paragraph shall be distributed by stock or cash to eligible employees, which may include employees of subordinate companies with certain qualifications. The remuneration of directors may only be distributed in cash.

The Board of Directors shall resolve on the matters mentioned in two preceding paragraphs and report in the General Shareholders' Meeting.

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

The distribution of remuneration to directors and supervisors is subject to the requirements of the law and the Company's dividend policy. The appropriated amount is recognized as operating expenses for the current year. However, if the actual distribution amount resolved by the Board of Directors is different from the estimated amount, it is recognized as profit or loss in the following year.

3. Distribution of compensation passed by the Board of Directors:

(1) Employee and directors' remuneration will be distributed in cash or stocks.

a. Employees compensation in cash: NT\$ 92,900,000

b. Employees compensation in stock: None.

c. Remuneration to directors: NT\$ 35,000,000

The aforementioned amount of the proposed distribution is the same as the 2021 estimated expense.

(2) Amount of employee compensation distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined: None.

4. Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

The Company's estimated employee compensation in 2020 was NT\$42,800,000, and the compensation to directors was NT\$10,500,000. There is no difference between the estimated amount and the actual amount distributed.

(X) Stock buyback:
1. Exercised:

April 7, 2022

Instance	11 th Shares Repurchase
Purpose	Safeguarding the Company's Credit and Shareholders' Equity
Repurchase Period	2021.5.17~2021.7.16
Type of Shares Repurchase	Common shares
Price Range of Repurchase	NT\$ 42 ~NT\$ 60, when the company's share price is lower than the lower limit of the set repurchase price range, will continue to be executed.
Projected number of shares repurchase	20,000,000 shares
Actual number of shares repurchase	2,494,000 shares
Total Amount of shares repurchase	NT\$ 135,121,433
Average repurchase price per share	NT\$ 54.18
Actual number of shares repurchase for the total outstanding shares (%)	12.47%
Number of shares cancelled and converted	2,494,000 common shares
Accumulated number of shares held by the company	0 common shares
Accumulated number of shares held by the company for the total outstanding shares (%)	0%
Reasons for not Fully Execute the Projected number of shares repurchase	In order to protect the overall shareholders' equity and take into account the market mechanism, the company adopts a batch repurchase strategy based on changes in stock price and trading volume, and considers the efficiency of capital utilization, so it has not been fully executed.

2. Executing: None.

II. Issuance of corporate bonds

- (I) Issuance of corporate bonds: None.
- (II) Information on convertible corporate bonds: None.
- (III) Information on exchange of corporate bonds: None.
- (IV) Shelf registration relating to issuance of corporate bonds: None.
- (V) Information on corporate bonds with warrants: None.

III. Issuance of preferred shares

(I) Issuance of preferred shares

Item		Issue date	October 20, 2020 Class A preferred shares
		Par value	NT\$10
		Issue price	NT\$50
		Number of shares	135,000,000
		Total amount	NT\$6,750,000,000
Rights and Obligations	Distribution of Dividends and Bonuses	<p>1. Dividend: The dividend yield of Class A preferred share is 4% p.a. (5-year IRS rate at 0.6125% + fixed bonus rate at 3.3875%) based on the issue price per share. The 5-year IRS interest rate will be reset on the business day following the fifth anniversary of the issue date and every five years afterward. The record date for interest rate reset is the date two business days, as defined for financial institutions in Taipei, prior to the interest rate reset date. The interest rate benchmark, 5-year IRS interest rate, is reset on the record date at 11am if a business day, as defined for financial institutions in Taipei, to be the arithmetic average of PYTWDFIX and COSMOS3 5-year interest rate swaps quoted by Reuter at 11am. If the quotes above are not available on the reset record date, the Company will decide the price in good faith and based on reasonable market prices.</p> <p>2. Dividend distribution: Dividends on Class A preferred shares are paid in one lump sum cash payment each fiscal year. The chairperson is authorized by the Board of Directors or a board resolution to set the record date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class C Preferred Shares remained outstanding in that year.</p> <p>3. If the Company has earnings, the Company shall first pay all taxes and offset accumulated losses according to the law; and set aside a legal reserve, and provide or reverse special reserves as required by law. Residual earnings in the current year shall first be distributed as dividends to holders of Class A preferred shares.</p> <p>4. The Company has sole discretion on the distribution of Class A preferred share dividends. If there is no earning or insufficient earning for distributing Class A preferred share dividends in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class A preferred share dividends by a board resolution, and it will not be deemed as an event of default.</p> <p>5. Class A preferred shares are non-cumulative shares. Undistributed dividends or shortfalls will not be carried over to be paid in a year with a positive surplus.</p> <p>6. Except for the dividend prescribed in Items 1 and 2, holders of Class A preferred shares are not eligible for the dividend entitlements of common shares, including earnings distribution and capital reserves distributed in cash or being reallocated as capital.</p>	
	Distribution of remaining assets	Class A preferred share shareholders have priority to the company's remaining property over common share shareholders, and have the same seniority as other preferred share shareholders and second only to creditors. However, the amount is subject to a maximum limit equal to the preferred shares outstanding at issue price.	
	Exercise of voting right	The holders of Class A preferred shares are not entitled to any voting rights or election during general shareholders' meetings. Holders of outstanding Class A preferred shares have mandatory voting rights with respect to agendas that would affect preferred shares in preferred shareholders' meetings and in general shareholders' meetings.	
	Other	<p>1. Class A preferred shares cannot be converted into common shares.</p> <p>2. When the company makes a cash issue, Class A preferred share shareholders and common share shareholders have the same preemptive subscription rights.</p> <p>3. If any Class A preferred shares remain outstanding, except to make up for losses, share premiums of Class A preferred shares should not be capitalized into share capital.</p>	
Outstanding preferred shares	Amount recovered or converted	NT\$0	
	Amount not yet recovered or converted	NT\$6,750,000,000	

Item		Issue date	October 20, 2020 Class A preferred shares
		Terms for recovery or conversion	<p>1. Class A preferred shares are perpetual preferred shares. Holders of Class A preferred shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class A preferred shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations associated with Class A preferred shares that are not recovered will continue as provided in the terms of issuance. Holders of the outstanding Class C Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividends for the redemption year.</p> <p>2. Class A preferred shares cannot be converted into common shares.</p>
Stock price	2020	Max	49.00
		Low	47.25
		Average	48.12
	2021	Max	49.35
		Low	46.20
		Average	47.99
	As of April 7, 2022	Max	49.90
		Low	48.90
		Average	49.57
Other rights attached	Amount exchanged or subscribed as of the date of report	Class A preferred shares cannot be converted into common shares.	
	Issuance and conversion or subscription method	Please refer to the Company's Articles of Incorporation.	
Impact of the terms of issuance on preferred share shareholders' equity, possible dilution of equity, and impact on shareholders' equity		None.	

(II) Information on preferred shares with warrants: None.

IV. Issuance of global depositary receipts (GDR)

Item		Issue date	March 25, 2022 (FSC date of approval)
Issue date		Approved by the FSC on March 25, 2022	
Place of issue and trading		Not yet issued	
Total issue amount		Tentatively set to between US\$171,929 thousand and US\$231,214 thousand	
Unit issue price		To be determined	
Total number of units issued		The number of issued common shares is tentatively set to between 58,000,000 shares and 78,000,000 shares	
List the sources of the securities		Common shares issued for cash capital increase	
List the amounts of the securities		Not yet issued	
Rights and obligations of depositary receipt holders		Identical to the common shares issued by the Company	
Trustee		Not yet issued	
Depositary institution			
Guarantor agency			
Unrecalled amount			
Allocation method for the fees during the issuance and retention period			
Important items in the Deposit Agreement and Custody Agreement			
Market price per unit	As of April 7, 2022		
		Low	
		Average	

V. Issuance of employee stock options

(I) Issuance of employee stock options

April 7, 2022

Employee stock options	Fifth issuance	Sixth issuance
Date of approval by competent authorities	March 16, 2021	December 2, 2021
Issue date	March 18, 2021	January 6, 2022
Units granted	Total amount of issuance is 12,000 units	Total amount of issuance is 18,854 units
Ratio of shares granted to total outstanding shares (Note)	1.27960%	2.01046%
Duration	6 years	5 years
Exercise	<ol style="list-style-type: none"> The Company delivers new shares via book entry, and first issues shares before registering the change in capital in accordance with the proviso in Article 161, Paragraph 1 of the Company Act. Where the new shares are delivered to employees of overseas subsidiaries, it is delivered to the employee collective investment account opened by the overseas subsidiary at the custodial bank. The account may only sell shares obtained by employees who exercise their subscription right and receive stock dividends, and may not engage in other stock transactions. 	<ol style="list-style-type: none"> The Company delivers new shares via book entry, and first issues shares before registering the change in capital in accordance with the proviso in Article 161, Paragraph 1 of the Company Act. Where the new shares are delivered to employees of overseas subsidiaries, it is delivered to the employee collective investment account opened by the overseas subsidiary at the custodial bank. The account may only sell shares obtained by employees who exercise their subscription right and receive stock dividends, and may not engage in other stock transactions.
Vesting schedule and quota (%)	Holders may follow the schedule below to exercise the warrants after two years have elapsed since the warrants are granted: After 2 full years: 50% After 3 full years: 75% After 4 full years: 100%	Holders may follow the schedule below to exercise the warrants after two years have elapsed since the warrants are granted: After 2 full years: 50% After 3 full years: 75% After 4 full years: 100%
Units exercised (shares)	0	0
Amount exercised (NT\$)	NT\$0	NT\$0
Units unexercised (shares)	11,910,000	18,827,000
Exercise price for unexercised units (NT\$)	NT\$44.30	NT\$75.40

Units unexercised to total outstanding shares (%) (Note)	1.27000%	2.00758%
Impact on shareholders' equity	The warrants cannot be exercised until two years have elapsed since the issue date. The maximum percentage to be exercised is 50% in two years, 75% in three years, and 100% in four years. Dilution of existing shareholders' equity will take place over several years, and there is no material impact.	The warrants cannot be exercised until two years have elapsed since the issue date. The maximum percentage to be exercised is 50% in two years, 75% in three years, and 100% in four years. Dilution of existing shareholders' equity will take place over several years, and there is no material impact.

Note: Based on 937,794,536 shares issued as registered with the Ministry of Economic Affairs (common and preferred shares) on January 27, 2022.

(II) Names of executive officers receiving warrants and names of Top 10 employees in entitlement, and status of exercise and subscription:

Fifth issuance	Title	Name	Units exercised	Units exercised to total outstanding shares (Note)	Exercised				Unexercised			
					Units subscribed	Subscription price	Subscription amount	Subscription amount	Units subscribed to total outstanding shares (Note)	Units subscribed	Subscription price	Subscription Amount
Executive officers	President	Cheng, Wen-Tsung	2,860,000	0.30497%	0	0	0	0.00000%	2,860,000	44.3	126,698,000	0.30497%
	Senior Vice President	Hsu, Wen-Hung										
	Senior Vice President	James Wen										
	Senior Vice President	Jack Yang										
	Senior Vice President	Rick Chang										
	Vice President	Willie Sun										
	Vice President	Jerry Chang										
	Vice President	Tim Wu										
	Vice President and CFO	Yang, Hsing-Yu										
	Senior Assistant Vice President and Finance Supervisor	Jason Lu										
Employee	Marketing and Sales Manager	Jerry Wang	2,550,000	0.27191%	0	0	0	0.00000%	2,550,000	44.3	112,965,000	0.27191%
	Engineering Manager	Bob Wang										
	Sales Manager	Austin Wu										
	Sales Manager	Tom Lee										
	Sales Manager	Kevin Lin										
	Engineering Manager	Morris Lin										
	Sales Manager	Irene Shi										
	Marketing and Sales Manager	Brian Ko										
	Sales Manager	Richard Hsu										
	Human Resources and Administration Manager	SY Chang										
	Marketing and Sales Manager	William Chen										
	Legal Officer	Sophia Tseng										
	Sales Manager	Joseph Tzou										
	Sales Manager	Jacky Liu										
Sales Manager	Frank Liu											
Sales Manager	Jerry Su											
Head of Korean subsidiary	YOO HYUNG JIN											

Note: Based on 937,794,536 shares issued as registered with the Ministry of Economic Affairs (common and preferred shares) on January 27, 2022.

Sixth issuance	Title	Name	Units exercised	Units exercised to total outstanding shares (Note)	Exercised				Unexercised			
					Units subscribed	Subscription price	Subscription amount	Units subscribed to total outstanding shares (Note)	Units subscribed	Subscription price	Subscription Amount	Units subscribed to total outstanding shares (Note)
Executive officers	President	Cheng, Wen-Tsung	3,520,000	0.37535%	0	0	0	0.00000%	3,520,000	75.4	265,408,000	0.37535%
	Senior Vice President	Hsu, Wen-Hung										
	Senior Vice President	James Wen										
	Senior Vice President	Jack Yang										
	Senior Vice President	Rick Chang										
	Vice President	Willie Sun										
	Vice President	Jerry Chang										
	Vice President	Tim Wu										
	Vice President and CFO	Yang, Hsing-Yu										
	Senior Assistant Vice President and Finance Supervisor	Jason Lu										
Employee	Marketing and Sales Manager	Jerry Wang	3,450,000	0.36788%	0	0	0	0.00000%	3,450,000	75.4	260,130,000	0.36788%
	Engineering Manager	Bob Wang										
	Sales Manager	Austin Wu										
	Sales Manager	Tom Lee										
	Sales Manager	Kevin Lin										
	Engineering Manager	Morris Lin										
	Sales Manager	Irene Shi										
	Marketing and Sales Manager	Brian Ko										
	Sales Manager	Richard Hsu										
	Human Resources and Administration Manager	SY Chang										
	Marketing and Sales Manager	William Chen										
	Legal Officer	Sophia Tseng										
	Sales Manager	Joseph Tzou										
	Sales Manager	Jacky Liu										
	Sales Manager	Frank Liu										
	Sales Manager	Jerry Su										
	Head of Korean subsidiary	YOO HYUNG JIN										
	Marketing and Sales Manager	Tony Chiang										
	Marketing and Sales Manager	Jun Wang										
	Operations Officer	Celia Wu										
Marketing and Sales Manager	Matt Lu											
Sales Manager	Tim Lin											
Marketing and Sales Manager	Johnny Ou											

Note: Based on 937,794,536 current outstanding shares as registered with the Ministry of Economic Affairs on January 27, 2022.

VI. Issuance of new restricted employee shares

(I) Issuance of new restricted employee shares:

April 7, 2022

Category of new restricted employee shares	First issuance (2021)	Second issuance (2021)
Date of approval by competent authorities	July 28, 2020	July 27, 2021
Issue date	January 18, 2021	July 28, 2021
Number of outstanding restricted employee shares	2,992,000	2,788,000
Issue price	NT\$0 per share	NT\$0 per share
Outstanding restricted employee shares to total outstanding shares (Note)	0.31905%	0.29729%
Vesting conditions for new restricted employee shares	<p>1. The restricted employee shares shall be vested on the dates and in the percentages in accordance with the following schedule and subject to the employee's continuous employment with the Company from the grant date through the vesting dates:</p> <p>A. 1st anniversary of the grant date: 25% of the vesting shares.</p> <p>B. After 2 full years: 25% of the vesting shares.</p> <p>C. After 3 full years: 25% of the vesting shares.</p> <p>D. After 4 full years: 25% of the vesting shares.</p> <p>A vesting date will be moved to the preceding business day if it falls on a holiday.</p> <p>2. After the restricted employee shares are granted to the employee, the Company shall have the right to revoke and cancel the unvested restricted employee shares in the event that the employee breaches/violates any of terms of the employment agreement, employee handbook or policies/regulations of the Company.</p>	<p>1. The restricted employee shares shall be vested on the dates and in the percentages in accordance with the following schedule and subject to the employee's continuous employment with the Company from the grant date through the vesting dates:</p> <p>A. 1st anniversary of the grant date: 25% of the vesting shares.</p> <p>B. After 2 full years: 25% of the vesting shares.</p> <p>C. After 3 full years: 25% of the vesting shares.</p> <p>D. After 4 full years: 25% of the vesting shares.</p> <p>A vesting date will be moved to the preceding business day if it falls on a holiday.</p> <p>2. After the restricted employee shares are granted to the employee, the Company shall have the right to revoke and cancel the unvested restricted employee shares in the event that the employee breaches/violates any of terms of the employment agreement, employee handbook or policies/regulations of the Company.</p>
Restricted rights for new restricted employee shares	<p>1. Except to inherit, employees shall not sell, pledge, transfer, or gift their new restricted employee shares to others, create a pledge or dispose the shares in any way.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p> <p>3. Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those</p>	<p>1. Except to inherit, employees shall not sell, pledge, transfer, or gift their new restricted employee shares to others, create a pledge or dispose the shares in any way.</p> <p>2. The rights to attend, submit a proposal, speak, vote, and be elected at shareholders' meetings are identical to those for outstanding common shares. The rights are exercised according to the trust agreement.</p> <p>3. Other rights include but are not limited to: the right to receive interests, dividends, statutory reserve, and capital surplus and the right to subscribe to cash issues. The rights are identical to those</p>

	<p>for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.If the Company reduces capital as resolved in the shareholders' meeting, this issue of new restricted employee shares shall be reduced by the percentage of shares held by the employees receiving the shares. In addition, the shares come with rights identical to those for common shares, but the payments to be returned in cash or noncash assets will have to be placed in trusts and not be given to employees until the vesting conditions are met. Where an employee fails to meet the vesting conditions, the Company will retrieve the cash or assets.</p> <p>5.Regarding the period between the ex-dividend date for dividend distribution, ex-dividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the ex-rights date, the timing and procedure for removing restrictions for employee who meet the vesting conditions during this period will be executed according to the trust agreement or related regulations.</p> <p>6.Employees who receive new restricted employee shares and are citizens of the Republic of China shall place the shares into a trust institution designated by the Company promptly after they receive the shares. These employees shall not ask the trustee to return any of the new restricted employee shares in any way for any reason. Employees who receive new restricted employee shares and are not citizens of the Republic of China shall place the shares into a custodian bank.</p> <p>7.Handling of acquisitions and mergers: Unvested shares may be modified as specified in a merger or acquisition agreement or plan.</p>	<p>for the outstanding common shares. The shares are not required to be kept in trusts or be subject to a vesting period.</p> <p>4.If the Company reduces capital as resolved in the shareholders' meeting, this issue of new restricted employee shares shall be reduced by the percentage of shares held by the employees receiving the shares. In addition, the shares come with rights identical to those for common shares, but the payments to be returned in cash or noncash assets will have to be placed in trusts and not be given to employees until the vesting conditions are met. Where an employee fails to meet the vesting conditions, the Company will retrieve the cash or assets.</p> <p>5.Regarding the period between the ex-dividend date for dividend distribution, ex-dividend date for cash dividends, ex-dividend date for cash issue subscription, ex-dividend date for shareholders' meeting in Article 165, Paragraph 3 of the Company Act, or other statutory ex-dividend date and the ex-rights date, the timing and procedure for removing restrictions for employee who meet the vesting conditions during this period will be executed according to the trust agreement or related regulations.</p> <p>6.Employees who receive new restricted employee shares and are citizens of the Republic of China shall place the shares into a trust institution designated by the Company promptly after they receive the shares. These employees shall not ask the trustee to return any of the new restricted employee shares in any way for any reason. Employees who receive new restricted employee shares and are not citizens of the Republic of China shall place the shares into a custodian bank.</p> <p>7.Handling of acquisitions and mergers: Unvested shares may be modified as specified in a merger or acquisition agreement or plan.</p>
Custody of new restricted employee shares	The shares will be held in trust, and the trust/custodial agreement will be entered into by the Company or a person appointed by the Company on behalf of all employees receiving shares with the trust/custody institution. The Company and the person appointed by the Company will also modify the trust/custodial agreement with full discretion on behalf of these employees.	The shares will be held in trust, and the trust/custodial agreement will be entered into by the Company or a person appointed by the Company on behalf of all employees receiving shares with the trust/custody institution. The Company and the person appointed by the Company will also modify the trust/custodial agreement with full discretion on behalf of these employees.
Handling of shares received or subscribed by employees who	The Company will revoke and cancel the unvested restricted employee shares.	The Company will revoke and cancel the unvested restricted employee shares.

subsequently fail to meet the vesting conditions		
Number of revoked or bought back new restricted employee shares	94,000	60,000
Number of new restricted shares with restrictions removed	729,000	0
Number of new restricted shares with restrictions not removed	2,169,000	2,728,000
New restricted shares with restrictions not removed to total outstanding shares (%) (Note)	0.23129%	0.29090%
Impact on shareholders' equity	Based on the number of issued common shares 805,682,151 on March 31,2022.The dilution of the Company's EPS is estimated to be approximately in the amount of NT\$0.08 in 2021, NT\$0.04 in 2022, NT\$0.02 in 2023, and NT\$0.01 in 2024. There is a limited dilution of the Company's future EPS, and there is no material impact on existing shareholders' equity.	Based on the number of issued common shares 805,682,151 on March 31,2022.The dilution of the Company's EPS is estimated to be approximately in the amount of NT\$0.04 in 2021, NT\$0.08 in 2022, NT\$0.04 in 2023, NT\$0.02 in 2024, and NT\$0.01 in 2025. There is a limited dilution of the Company's future EPS, and there is no material impact on existing shareholders' equity.

Note: Based on 937,794,536 current outstanding shares issued (common and preferred shares) as registered with the Ministry of Economic Affairs on January 27, 2022.

(II) Names of executive officers receiving restricted employee shares and names of Top 10 employees in entitlement, and status of exercise:

First issuance	Title	Name	Number of restricted share awards acquired	Units of new restricted employee shares exercised to total outstanding shares (Note)	Restrictions removed				Restrictions not removed			
					Number of shares with restrictions removed	Issue price	Issue amount	Units with restrictions removed to total outstanding shares (Note)	Number of shares with restrictions not removed	Issue price	Issue amount	Units with restrictions not removed to total outstanding shares (Note)
Executive officers	Senior Vice President	Jack Yang	248,000	0.02645%	62,000	0	0	0.00661%	186,000	0	0	0.01983%
	Senior Vice President	Rick Chang										
	Senior Vice President	James Wen										
	Vice President	Willie Sun										
	Vice President	Jerry Chang										
	Vice President	Tim Wu										
	Vice President and CFO	Yang, Hsing-Yu										
	Senior Assistant Vice President and Finance Supervisor	Jason Lu										
Employee	Engineering Manager	Bob Wang	376,000	0.04009%	94,000	0	0	0.01002%	282,000	0	0	0.03007%
	Marketing and Sales Manager	Tony Chiang										
	Sales Manager	Austin Wu										
	Sales Manager	Tom Lee										
	Sales Manager	Kevin Lin										
	Engineering Manager	Morris Lin										
	Sales Manager	Irene Shi										
	Marketing and Sales Manager	Brian Ko										
	Sales Manager	Richard Hsu										
	Human Resources and Administration Manager	SY Chang										
	Marketing and Sales Manager	William Chen										
	Legal Officer	Sophia Tseng										
	Sales Manager	Joseph Tzou										
	Sales Manager	Frank Liu										
	Head of Korean subsidiary	YOO HYUNG JIN										

Note: Based on 937,794,536 shares issued as registered with the Ministry of Economic Affairs (common and preferred shares) on January 27, 2022.

Second issuance	Title	Name	Number of restricted share awards acquired	Units of new restricted employee shares exercised to total outstanding shares (Note)	Restrictions removed				Restrictions not removed			
					Number of shares with restrictions removed	Issue price	Issue amount	Units with restrictions removed to total outstanding shares (Note)	Number of shares with restrictions not removed	Issue price	Issue amount	Units with restrictions not removed to total outstanding shares (Note)
Executive officers	Senior Vice President	Jack Yang	256,000	0.02730%	0	0	0	0.00000%	256,000	0	0	0.02730%
	Senior Vice President	Rick Chang										
	Senior Vice President	James Wen										
	Vice President	Willie Sun										
	Vice President	Jerry Chang										
	Vice President	Tim Wu										
	Vice President and CFO	Yang, Hsing-Yu										
	Senior Assistant Vice President and Finance Supervisor	Jason Lu										
Employee	Engineering Manager	Bob Wang	376,000	0.04009%	0	0	0	0.00000%	376,000	0	0	0.04009%
	Marketing and Sales Manager	Tony Chiang										
	Sales Manager	Austin Wu										
	Sales Manager	Tom Lee										
	Sales Manager	Kevin Lin										
	Engineering Manager	Morris Lin										
	Sales Manager	Irene Shi										
	Marketing and Sales Manager	Brian Ko										
	Sales Manager	Richard Hsu										
	Human Resources and Administration Manager	SY Chang										
	Marketing and Sales Manager	William Chen										
	Legal Officer	Sophia Tseng										
	Sales Manager	Joseph Tzou										
	Sales Manager	Frank Liu										
Sales Manager	Jacky Liu											

Note: Based on 937,794,536 shares issued as registered with the Ministry of Economic Affairs (common and preferred shares) on January 27, 2022.

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies
None.

VIII. Financing plans and implementation

The company application of issuance new common shares to be offered in the form of global depositary shares ("GDSs") is approved by Financial Supervisory Commission ("FSC") on March 25, 2022 with Approval No 1110335385, and the issuance Implement is not completed in the first quarter end of 2022.

Chapter 5. Business Overview

I. Business Activities

(I) Business scope:

1. Major business activities:

- (1) Processing, manufacturing, research and development, trading, and import and export of various electronic components and finished products.
- (2) Manufacturing, trading, and import and export of various telephone equipment and components.
- (3) General import and export trade business.
- (4) Agency of quotations and tenders for domestic and foreign vendors.
- (5) I301010 Software Design Services.
- (6) F218010 Retail Sale of Computer Software.
- (7) F118010 Wholesale of Computer Software.
- (8) G801010 Warehousing and Storage.
- (9) F113070 Wholesale of Telecom Instruments.
- (10) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Percentage of sales revenue:

Unit: NT\$ thousand

Product name	2021	Percentage of sales revenue
Analog IC (including linear IC)	163,915,421	36.60%
Microcontroller	47,927,067	10.70%
Memory IC	43,117,553	9.63%
Discrete component	32,095,290	7.17%
Microprocessor	28,981,509	6.47%
Mixed signal IC	22,549,168	5.03%
Application specific IC	15,476,288	3.45%
Other	93,833,821	20.95%
Total	447,896,117	100.00%

3. The Group's current product (service) items:

(1) Semiconductor brands distributed

Ambarella, ASMedia, ADI, Broadcom, Diodes, ESMT, Intel, Lumileds, Magnachip, Marvell, Maxlinear, MediaTek, Microchip, Micron, MPS, Nanya, Navitas, NXP, Nuvoton, OMNIVISION, Onsemi, Osram, PixArt, Qualcomm, Renesas, Realtek, Richwave, Silergy, Silicon Lab, Skyworks, ST Microelectronics, Synaptics, Vishay, Wolfspeed, etc.

(2) Agented semiconductor products

Analog IC (including linear IC), Microcontroller, Memory IC, Discrete component,

Analog IC (including linear IC), Microcontroller, Memory IC, Discrete component, etc.

4. New products (services) to be developed:

For the products' future trend, the Company will focus on three research and development objectives, namely (1) AI deep learning and smart image recognition; (2) Optoelectronic system design ; and (3) Motor control .

(II) Industry overview:

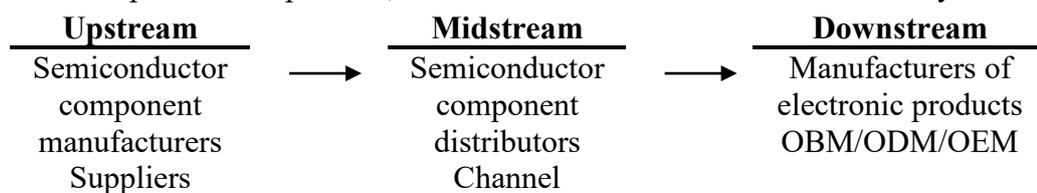
1. Current industry trends and future outlook:

Following the rapid development of the electronics industry, the scale of the global semiconductor industry has continued to grow. In order to respond to the rapid changes in the market, downstream electronics manufacturers need to continuously develop new products and reduce the product-to-market lead time, in order to seize business opportunities and become a first mover. However, upstream semiconductor integrated device manufacturers (IDM) and Fabless are more focused on improving processes and developing new products in order to save production costs and respond to rapidly-changing end markets, so they are unable to provide downstream manufacturers with comprehensive information and technical support.

In order for the semiconductor supply chain to operate effectively, semiconductor distributors are beginning to take responsibility to provide manufacturers with logistics, technical support and related product information. Upstream suppliers have moved sales and support services to semiconductor distributors, and semiconductor distributors provide downstream customers with market information and product application technical support to help shorten the time-to-market. At the same time, as downstream customers expand their production bases, semiconductor distributors also need to deploy more operating bases and warehouse facilities overseas to effectively provide services, such as customer logistics and technical support, and strive to expand the distribution territory of vendors' products to enhance international competitiveness.

Faced with the challenges of rapid industrial changes and competition in the industry, the key to the success of a semiconductor distributor is its professional service quality and speed. As the development of the semiconductor industry becomes growingly faster, the life cycle of electronic components become shorter. In addition to expanding market and serving customers, semiconductor distributors also need to play the role of sharing inventory costs and reducing payment collection pressure. For vendors, having semiconductor distributors support customers in the development of new products enables them to focus on the development of new technologies and new products, and enhance their international competitiveness. Therefore, more and more vendors have developed more market opportunities through close cooperation and effective division of labor with semiconductor distributors.

2. The relationship between upstream, midstream and downstream in the industry:



In the semiconductor distribution supply chain, upstream companies are semiconductor integrated device manufacturers (IDM) and fables, downstream companies are electronics manufacturers. Semiconductor distributors are defined as the bridge between the upstream and downstream, providing professional supply chain management for both.

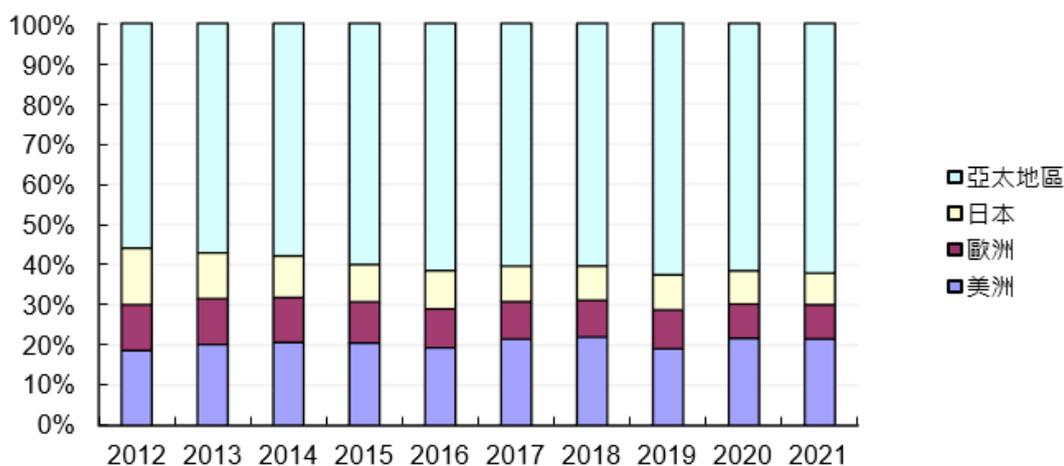
With the accelerated changes in the electronics industry, the shortened product life cycle, and the narrowing of product differentiation, upstream vendors are increasingly focused on new product development and process improvement in order to increase competitiveness, and continue to transfer their original business marketing operations, which provides product information and technical support services to customers, to semiconductor distributors. Similarly, in order to take business opportunities and shorten time to market, downstream electronics manufacturers focus on the development of new applications, and rely more on the supply chain logistics services provided by semiconductor distributors to shorten supply schedule of components and reduce inventory, while enjoying more flexible payment terms.

In recent years, as the role of semiconductor distributors in the semiconductor supply chain has been transformed from pure buy-and-sell to professional value-added service providers, services now encompass business marketing, logistics/inventory management, technical support, financial leverage, etc. Therefore, the industrial value of semiconductor distributors has increased with each passing day, regarded by vendors and customers as strategic business partners.

3. Current status of the global semiconductor market:

Asia, especially China, has become the world's major electronics production base since 2000 due to the competitive advantage it enjoys from the competitive advantage it enjoys from well-developed supply chain cluster and low-cost and quality labor. According to statistics of the World Semiconductor Trade Statistics (WSTS), it is clear that the global semiconductor market is continuing its move to Asia. According to estimates in the March 2022 report of the WSTS, the semiconductor market scale reached US\$343 billion in 2021, accounting for 62% of the global market. If combined with the Japanese market of US\$43.7 billion, Asia's semiconductor market accounts for nearly 70% of the global semiconductor market. Asia has become the fastest growing market for the global semiconductor distribution industry.

Semiconductor market share by region



Source: World Semiconductor Trade Statistics (WSTS)

Global semiconductor industry sales from 2017 to 2021

Unit: 100 million USD

Region	2017		2018		2019		2020		2021	
Americas	885	21%	1,030	22%	786	19%	954	22%	1,215	22%
Europe	383	9%	430	9%	398	10%	375	9%	478	9%
Japan	366	9%	400	9%	360	9%	365	8%	437	8%
Asia-Pacific	2,488	60%	2,829	60%	2,579	63%	2,710	62%	3,430	62%
Global Market	4,122	100%	4,688	100%	4,123	100%	4,404	100%	5,559	100%

Note: Numbers in the table are rounded to whole 100 millions of dollars, which may cause totals by region and total world to differ slightly.

Source: World Semiconductor Trade Statistics (WSTS)

4.Product trends and competition

Breaking down product lines agented by the Group by field of application, computers and peripherals account for 22.6%, mobile phones account for 33.5%, communication & network products account for 15.9%, consumer electronics account for 12.5%, industrial and instrument applications account for 9.0%, and automotive electronics account for 6.5%

(1)Computers and peripherals

According to Gartner's report in January 2022, the global PC market includes desk-based PCs, notebook PCs, ultramobile premiums (such as Microsoft Surface) , and Chromebook, but excludes tablets. Total shipment in 2021 was 340 million devices, up 9.9% compared to 2020.

"Mobile first" was already a consumer trend before 2020. However, the pandemic has completely reverse the trend and drastically transformed PC user behavior among companies and consumers. Some newly established uses for computers became the norm, such as remote or hybrid working models, participation in online courses, and socialization with family and friends online. The continued growth in 2021 proves this

point. Furthermore, during the pandemic, the increase in ASP created higher revenue and a healthier market.

Although persisting supply chain problems and the reduced demand for Chromebooks has caused a decline in the US PC market, which led to slowed growth in Q4 2021, it could mean that the large-scale increase in demand for personal computers due to the pandemic has ended. However, Gartner predicts that at least in the next 2 to 3 years, the amount of personal computers shipped will not decline to pre-pandemic levels. In particular, Gartner went on to forecast that the global PC, including desk-based PCs, notebook PCs, and ultramobile premiums (such as Microsoft Surface) but not Chromebook and tablets, market growth will be 0.8% and -6.2% in 2022 and 2023, respectively.

(2) Communications equipment

According to Dell'Oro Group's report, worldwide telecom capex (the sum of wireless and wired telecom investments) increased 9% year over year in nominal USD terms and remain on track to advance 3% in 2022. This indicates that the telecom equipment market is still in a positive development phase. Telecom investments, in general, have shown remarkable resilience to external factors including Covid-19 containment measures, supply chain disruptions, and economic uncertainties. Surging wireless investments in the US and non-mobile capex expansions in China will keep the robust momentum in 2022, especially for enterprise-grade network equipment. The enterprise network equipment market rebounded strongly by 12% year over year in 2021 and increased by nearly \$6.0 billion. Enterprise routers, wireless LAN, and network security were all up double-digits. In the meantime, campus and enterprise data center switches were up mid-to-high single digits. Dell'Oro analysts are projecting strong double-digit revenue growth in the enterprise network equipment market in 2022.

(3) Mobile Phones

According to Gartner's statistics, global mobile phone shipments totaled 1.59 billion units in 2021, increasing 7.1% from 2020. Among them, smartphones accounted for 1.46 billion units, increasing 8.5% from 2020. The increase was greater than the overall mobile phone market, and the ratio to total sales increased to 92%.

The Covid-19 pandemic caused major negative impacts on the mobile phone market. The mobile phone market continues to face production interruptions and chip shortages. Although the supply restrictions have caused a limited supply of newly released smartphones, the demand is still strong, leading to big decreases in final product inventories in some markets. On the other hand, smartphone suppliers focused on innovative photography and display technologies, design, charging and battery improvements. This has driven interest and demand for consumers to upgrade their smartphones.

Gartner predicts that the mobile phone market will grow by 4.5% in 2022, with smartphones growing by 6.8%. Meanwhile, Gartner stated the prevalence of 5G mobile

phones has been growing since 2020 as prices decline, the coverage of 5G services increases, and the user experience is improved for 5G mobile phones. Shipments of 5G mobile phones by 2023 are expected to account for 50% or more of all shipments.

(4) Cloud data center

AI and 5G technology continue to drive demand for cloud applications. More and more hyper-scale data centers will be built worldwide. The expansion of the data center market has created new opportunities. In terms of individuals, the expanding coverage and services of internet connected devices, as well as the stay at home economy created by the pandemic, have driven massive growth for streaming and online shopping services. It has also increased the related construction year over year. In terms of the corporation, with the uncertainties of the pandemic, it is actively seeking and deploying data center expansion policies. The deployment is focused hyper-scale data centers and edge data centers. In the future, the coverage of new technologies, including 5G, Internet of Vehicles, and autonomous vehicles, will continue to drive the need for cloud technologies. The number of hyper-scale data centers in the world has increased to 597 since 2015. They are mainly distributed in the US, China, Japan, Germany, UK, and Australia. According to the latest predictions by Gartner, the compound annual growth rate (CAGR) of semiconductor related revenue of data centers between 2020 to 2025 will reach 8.6%. Meanwhile, the CAGR of semiconductor related income of edge infrastructure will reach 65%.

(5) Industrial control

In the field of industrial control, the security monitoring market has been growing rapidly in recent years. With the global increase of security awareness, coupled with the trend of digitalization, high image quality and networking, it will become the driving force for the continued development of the security monitoring industry.

In the future, the business opportunities of the fourth wave of industrial revolution, "Industry 4.0", are highly anticipated. The basic system design architecture of "Industry 4.0" mainly integrates a large number of sensors, actuators, automatic control systems, mesh networks and multi-network architectures. With the smart production structure of the systematic design, the data from production equipment and sensing endpoint is returned to the cloud for integration, and big data is analyzed to optimize the production process and detect production problems, in order to coordinate stocking, inventory, shipping and sales to achieve the lowest cost, thus maximizing profitability. Due to the trend of "Industry 4.0", it is expected that future smart production demand will continue to optimize microcontroller and sensor design, and inject new growth momentum into the semiconductor component market with promising prospects.

According to Gartner's forecast in December 2021, the industrial semiconductor revenue will grow at a CAGR of at least 8% from 2021 to 2025. Among which, digitalization and electronication is gradually replacing the traditional model in the

fields of industrial automation, testing/measurement, security monitoring, energy management, etc., providing momentum for the long-term development of industrial electronics.

(6) Automotive electronics

In recent years, under the comprehensive consideration of driving safety and humanization, the Advanced Driver Assistance System (ADAS) has gradually become a new manifestation, attracting international automakers to compete for automotive electronization. They work with semiconductor companies to integrate automotive and electronic control technologies to launch Internet of Vehicle solutions. In addition, under the requirements of government policies in various countries, applications such as anti-lock braking system (ABS), tire-pressure monitoring system (TPMS), electronic brake assist (EBS), lane departure warning system (LDWS), etc., have become standard equipment. Various sensors, microprocessors and control technologies have also driven the automotive semiconductor market to flourish.

In the future, automotive electronization will continue, and the semiconductor content on each vehicle will continue to increase. According to Gartner's report, the revenues of automotive semiconductors in 2021 exceeded US\$51.5 billion, and the CAGR will exceed 12% between 2021 and 2025. Growth momentum mainly comes from ADAS, in-vehicle infotainment (IVI) and electric vehicles (EV). Among them, ADAS will have a CAGR of 23% between 2021 and 2025. EV will also be an important driving force for future automotive semiconductors. By 2025, the penetration rate of EV will reach 25% to 30%. The CAGR will exceed 25% between 2021 and 2025.

(III) Overview of Technology and R&D:

1. Future research and development plan

The Group is mainly a professional channel operator of electronic components. For the products' future trend, the Company will focus on the three research and development objectives, namely (1) AI deep learning and smart image recognition; (2) Optoelectronic system design; and (3) Motor control. At present, some relevant products have been successfully developed, further enabling customers to shorten the R&D design schedule, quickly solve and clarify problems, and assist customers in solving design and production problems.

2. R&D personnel and their education and work experience

The main work of the R&D personnel is to formulate various project plans according to the market development trend, systematically carry out product development work, and further complete testing and verification to establish technological advantages. The Group attaches great importance to the quality and professional education of R&D personnel. All R&D personnel have college education or above, and most of them have worked in research and development and are familiar with the process of customers' R&D, so that product

development work and specifications can meet customer needs.

3.R&D expenses in the most recent year and as of the date of this annual report

Unit: NT\$ thousand

Item	IFRSs consolidated information for 2021	IFRSs consolidated information as of March 31, 2022
Net operating revenue	447,896,117	127,943,059
R&D expenses	608,561	160,951
R&D expenses as a percentage of revenue	0.14%	0.13%

4.Successfully developed technologies and products

Product Name	Field of Application
Full HD WDR Dual Channel Car Black Box	Automotive
Full HD WDR IP Camera	Surveillance
HD Pico Projectors	Consumer/Industrial
Sensorless BLDC Motor with Six Step Square Wave / quasi-sinusoidal control	Industrial/Automotive
Sensorless BLDC Motor with vector control	Industrial/Automotive
Smart coffee machine	Consumer
Electric bicycle motor control	Industrial/Automotive
Tire-pressure monitoring system	Automotive
Digital power supply	Server power supply
Smart energy-saving power grid management system	Home Automation
WiFi mobile cloud storage system	Consumer
Electronic faucet	Home Automation
Wireless charging (including transmission (TX) and reception (RX))	Mobile device (peripherals)
Infrared remote control for smartphones and tablets	Mobile device
Smart bracelet	Consumption market
Power bank	Consumption market
SOM (System on module)	Applications of embedded system in industrial computer
E-meter (Power meter)	Server power measurement
Smart Bulb	Home Automation (HA)/ IoT
Home Gateway	Home Automation (HA)/ IoT
Sensor hub for smartphones and tablets	Mobile device
Pedometer	Wearable device consumer market

Product Name	Field of Application
Smart ECG module reference design	Mobile device
Digital power reference design for servers	Server power supply
Secondary optical lens in LED TV backlight reference design	LED TV
Personal wireless transmission sensing device and Bluetooth 5.0 broadcast reference design	Mobile device
Optical reference design for night vision illumination and time-of-flight ranging	Industrial security
High power isolated Ethernet power supply reference design	Network communication
DDR5 module reference design Reference solution for fifth generation DDR (Double Data Rate) synchronized dynamic RAM modules	Data center/high performance computing

(IV) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

(1) Marketing strategies

A. Expanding product lines in automotive electronics, cloud data centers, AIoT , 5G related applications, industrial control, green energy, and medical instruments:

The Group's communications, networking, imaging, computers, and high-performance power application components product lines all have a considerable sales base. In addition to continuing to develop and grow in the area of traditional 3C products, the Company will continue to optimize its product portfolio, introduce new product lines that meet market demand and have high gross profit margins, strengthen product and market planning capabilities, and improve the overall market layout, such as in markets of automotive electronics, cloud data center, AIoT , 5G related applications, industrial control, green energy, medical equipment, etc. The Company will actively introduce competitive product lines, and strive to provide diverse and complete products, so as to provide the benefits of the completed channels and professional services to customers.

B. Actively developing new customers and improving customer layout in the Asia Pacific region:

In addition to continuing to support the existing customers' layout in the Asia Pacific region, the Company will also actively explore new customers, reduce customer concentration, strengthen sales power to Chinese, South Korean, Southeast Asian, and Indian customers, provide better product solutions for customers, to solve the needs of some companies lacking R&D resources, and even obtain patent rights and form closer cooperation with customers. The Company will continue to expand business location in third- and fourth-tier cities in China, Southeast Asia, and India to actively expand the sales network and further improve the overall layout in Asia-Pacific.

C.Expanding market influence:

The Company will continue to increase investment and sales growth in China, South Korea, Southeast Asia, and India, expecting to maintain a growth rate that exceeds the market average. Automotive electronics, cloud data centers, AIoT, 5G related applications, industrial control, green energy, and medical instruments are strategic markets to focus efforts to increase sales to key customers and penetration of small- and medium sized customers.

D.Strengthening technology-oriented marketing strategies:

The short and diversified life cycle of electronic products has made the supply of components from upstream suppliers more difficult. Therefore, the Group is committed to applying engineering technology based on the professional expertise and technical capabilities accumulated through the long-term service to customers, and provides technical support solutions through professional division of labor. In the future, the Company will continue to strengthen the FAE and Design-in services, provide the best product portfolio and design according to the needs of downstream customers, and create higher product added value, becoming the communication bridge between upstream manufacturers and downstream customers.

E.Improving long-term talent reserve:

In line with the Group's long-term development strategy, it plans to recruit new top graduates, reserve talents in advance, and optimize the Group's personnel mix in terms of level, quantity and structure so that the Group will have a more overall advantage in the future competition.

F.Strengthening service quality and improving customer satisfaction:

The Company will strengthen the sales ability and service quality of business personnel, improve the support ability of logistics personnel, establish a timely and efficient service system, and establish a high-quality customer service awareness of all employees, in order to enhance existing customers' satisfaction and develop potential customers in the future.

(2)Product strategies

A.Increase technical value:

Products are heading towards the era of low profit, but the market is still fond of the new and tired of the old. It is important to develop new products quickly. Therefore, meeting the electronic products' trend of hi-mix low volume production is the key. The Company provides customers with a large number of functional improved requirements through the provision of turnkey solution, inevitably reducing the investment and deployment of system manufacturers' R&D manpower, and creating solid added value for distributors.

B.Integration of upstream and downstream products:

Based on a deep partnership with customers, the Company will extend the agent distribution of new key components upstream and downstream to achieve the goal

of providing complete technical services.

C. Application development and agent distribution for power management products:

As the need for energy conservation and carbon reduction caused by climate change continues to increase and mobile devices become more powerful, the demand for power supply is becoming more and more strict. How to strengthen power management efficiency, reduce power consumption, and increase battery life has become a consistent research and development direction for all product manufacturers. The Group's product lines are diversified, and most of them are high-performance products that meet the technical requirements. In the future, the Company will continue to expand the agent distribution layout of power management and lead the trend in designing terminal product applications.

(3) Financial strategies

As the Company is a semiconductor distributor, it has high demand on working capital. In addition to continuing to strengthen financial planning and maintain good relations with banks based on the principle of conservative financial stability, the Company will increase its working capital through capital raising plans at an appropriate time, in response to the funding needs of increasing operation scale.

2. Long-term Business Development Plans

(1) Developing complete and diversified product lines and authorized distribution regions

In line with market trends and customer needs, the Company will continue to plan and introduce new agent products, enrich product categories, and provide key components needed for domestic and international electronics industries in response to relevant application fields. The Group will strive for good prices, good specifications, complete product lines, and meet all of customers' needs in one stop. The Group also will use its existing experience to actively establish a pan-Asia Pacific service network to serve customers nearby.

(2) Professional channel marketing strategy

The Company will continue to strengthen the software and hardware development and the deployment of professional marketing personnel, in order to achieve real-time information exchange with upstream suppliers and downstream customers, and to expand marketing channels and expand the added value of agent distribution products with solid professional technology.

(3) Building long-term customer relationships and supplier relationships for collaborative development

The Company, as a distributor, plays an important role in providing consultation to suppliers and service to customers, providing the most complete information and after-sales service for suppliers and customers.

(4) Actively cultivating talents

The Company focuses on the training of internal talents, explores high-potential

talents, provides different responsibilities with the business development and growth of the Group, and customizes their development plans in accordance with their aptitude, in order to cultivate the mid- and high-level managerial talents needed for the Group's sustainable operation.

(5) Robust financial strategy

The Group's financial strategy is to expand its capital in a timely manner, taking into account the interests of shareholders and the Group's fund requirements for future development. In the future, depending on working capital needs, the Company will use the capital market to obtain lower-cost funds in order to enrich the funds needed for the operation.

II. Market, production and sales overview

(I) Market analysis:

1. Sales regions of main products

Unit: NT\$ thousand

Sales region		Year		2020		2021	
		Sales amount	%	Sales amount	%		
Exports	Asia Pacific	258,300,948	73.14	343,923,199	76.78		
	Other	40,241,526	11.40	36,322,751	8.12		
Subtotal		298,542,474	84.54	380,245,950	84.90		
Domestic sales		54,609,721	15.46	67,650,167	15.10		
Total		353,152,195	100.00	447,896,117	100.00		

2. Market shares

According to Market Share Analysis: Semiconductor Distributors, Worldwide issued by Gartner in 2022, the Group ranked second among semiconductor distributors in the Asia-Pacific region, and had a 10.1% and 10.5% share of the Asia-Pacific semiconductor distribution market in 2021 and 2020, respectively. The top ten semiconductor distributors in the Asia Pacific had a combined 53.6% and 53.1% market share in 2021 and 2020, and the Group's market share among the top 10 semiconductor distributors was 18.9% and 19.7%, respectively. Due to the industry's characteristics, the premise for entering the semiconductor distribution market is "obtaining agency for manufacturers in each region". Among the top ten semiconductor distributors in the Asia Pacific, four are agents for major semiconductor manufacturers and have complete product lines, i.e., the top four distributors, namely WPG Holdings, the Group, Arrow, and Avnet. Remaining distributors are not in the same market as the four distributors above due to different business models (e.g., online sales and B2C) or entirely different product lines (e.g., memory and diodes). For even smaller scale semiconductor distributors, it is even harder to gain agency for most international semiconductor manufacturers and compete with the four distributors above. Hence, in reality, there are only the four distributors above competing in the industry. The

Group accounted for a 26.9% and 27.2% share of the market amount the top four distributors in 2021 and 2020, respectively.

3.The future supply and demand situation and growth of the market

(1)Supply side

The era of electronization and digitalization is increasingly relying on a variety of semiconductor components, motivating many semiconductor suppliers to continue to increase investment in more advanced semiconductor equipment, technology and processes to meet market demand. According to the forecast report by Semiconductor Equipment and Materials International (SEMI) in December 2021, the global sales amount of semiconductor equipment for global OEM companies will reach a new record high of US\$103.0 billion in 2021, up 44.7% from US\$71.0 billion in 2020. The total value of semiconductor manufacturing equipment has exceeded US\$100 billion, representing the outstanding achievements of the global semiconductor industry in expanding production capabilities together to satisfy the strong needs of the market. Among which, the wafer fab equipment segment (including wafer processing, fab facilities, and mask/reticle equipment) increased by 43.8% in 2021, achieving a record high of US\$88.0 billion for the industry.

SEMI expects that the global semiconductor equipment market will continue to grow. It is expected to reach a new high of US\$114.0 billion in 2022. Among which, the wafer fab equipment segment is expected to grow by 12.4% in 2022, reaching US\$99.0 billion. It represents the continued growth of the global semiconductor supply.

(2)Demand side

Due to the extensive coverage of the Group's product lines, its revenue and profitability is related to the semiconductors industry and economic development to a certain extent. The coronavirus is fueling fast growth in personal and business adoption of digital technologies worldwide. Boosted by the demand for electronic equipment to support digitization, the global semiconductor demand is outgrowing the global economy. Furthermore, according to the latest World Economic Outlook released by the International Monetary Fund (IMF) in January 2022, the IMF's projection of the global economic growth rate for 2022 is 4.4%. Developed markets will grow 3.9% and emerging and developing markets will grow 4.8%. Economic growth rate estimates for individual countries in 2022 are as follows: US 4.0%, China 4.8%, India 9.0%, Japan 3.3%, and Germany 3.8%. The IMF believes that despite the negative effects from the Omicron variant has had on economic activities in Q1 2022, the effects will begin to fade in Q2. Furthermore, the global economy is still facing supply chain disruptions, rising inflation, record high debts, and geopolitical uncertainties, which will slow the growth of the global economy. However, the IMF predicts that the global economic growth will increase by 0.2% in 2023, reaching 3.8%. The main reason is that as the various factors limiting growth disappear, the economy growth will recover.

(3)Growth

In terms of product applications, due to the gradual adoption of 5G technology, markets such as automotive electronics, data centers, AIoT, and industrial control will be the main growth drivers for the semiconductor industry and the Group. Taking automotive electronics as an example, technological developments have led to the intelligent upgrade of cars as in mobile phones, which will enable more semiconductor components to be adopted in cars, thereby improving vehicle safety and driving efficiency. The Group has been dedicated its efforts to the development of automotive electronics for many years. With the long-term increases in automobile sales and the semiconductor content of each vehicle, the Group's products and services in fields such as automotive lighting, body control, vehicle information, and safety systems have gradually gained recognition from vendors and customers. In terms of Internet of Things (IoT), the market demand has become increasingly apparent, and the IoT combined with artificial intelligence (AI) will cause demand to show explosive growth, such as for automated manufacturing, smart retail, smart home applications, etc. Overall, applications such as automotive electronics, data centers, AIoT, and industrial control will continue to flourish and are expected to drive business opportunities in the semiconductor market. The Group views these areas as a strategic development market, which is expected to benefit greatly in the future.

In terms of regions, emerging markets in Asia will remain one of the Group's long-term growth drivers. According to the forecast of the economic growth rates in 2022 and 2023 announced by the IMF in January 2022, for the "Emerging Markets and Developing Economies" that the Group focuses on, the economic growth rates in the next two years are 4.8% and 4.7%, respectively. From a long-term perspective, emerging markets in Asia have increasing per capita income, low penetration rate of advanced electronic products, promotion of urbanization, and government policy support, which will cause future market demand in these markets to continue to grow.

In addition, the Group's end products have a wide scope of application, and include personal computers, communication network products, consumer electronics, industrial control and automotive electronics. In addition to the evolution of "efficient energy saving", "high-specification structure", and "Internet of Thing" for traditional 3C products, driven by highlights such as "Industry 4.0", "high speed network", "security monitoring", and "humanized driving", as well as a new generation of consumer audio and video entertainment, a variety of innovative key components will lead the semiconductor industry to new heights. Digital power components, MEMS components, high-performance microprocessors, image sensors, console processing chips, mobile phone chipsets, high-precision analog components, ASIC, and various customized total solutions will generate great business opportunities in the semiconductor distribution industry.

4. Competitive niche, favorable and adverse factors for long-term growth and response strategy

(1) Competitive niche

A. Complete and diversified product lines

The Group has established stable cooperative relationships with internationally renowned suppliers such as ADI, Broadcom, Marvell, NXP, Onsemi, Skyworks, ST Microelectronics, Renesas, etc., and has repeatedly received the excellent agent awards from suppliers. It is obvious that the Group's marketing business strength has been acknowledged by various suppliers. Together with the Group's keen market insight and ability to actively and correctly seek new product lines, the Group's product portfolio is complete and diversified, which is of great help to consolidate the protection of existing product lines and the development of new product lines.

B. Strong management team

The Group's management team is mainly consists of professionals in the information technology industry, with experienced marketing talents and skilled application engineers. The main executive officers have more than 10 years of experience in the semiconductor distribution industry. With their distribution business accumulated over the years and sensitivity to market development trends, they can contribute to the Group's business development and vision planning.

C. Professional technical support capability

The Group is convinced that in addition to its complete and diversified products, it has the professional technical support capability to conduct all-round services such as product development, design, product integration and customer problem solving at any time, so as to gain customers' trust and meet customers' design-in module. It is the only way to stably maintain customer relationships. This technical marketing-oriented technical support capability is the niche of the Group's competitiveness, and the Group is moving towards its goal of becoming a "value-added professional distributor".

D. Dense marketing channel network

In response to the trend of electronic globalization and internationalization, the Group actively deploys overseas locations to serve customers nearby, develop new products, and grasp real-time market information. The Company has completed marketing channel networks in Hong Kong, China, Singapore, South Korea, Malaysia, Vietnam, Thailand, and India, and it hopes to achieve the Group's goal that the Group shall be wherever customers are.

(2) Favorable factors

A. The IT and electronics industries will continue to drive an increase in demand on semiconductors.

The market demand for semiconductors is due to the continuous development of electronization and digitalization of new products, coupled with the continuous evolution of existing electronic products, resulting in increasing demand for

semiconductors.

B. Ever important role of distributors

Under the consideration that global electronics manufacturers reduce marketing costs and increase technical support for engineering applications, the role of the distributors in the supply chain of the electronics industry will become increasingly important. For upstream suppliers, distributors provide the functions of marketing expansion, product integration and customer service. For downstream customers, the distributors provide the functions of keeping sufficient supply, technical support, etc. At present, direct sales from semiconductor manufacturers to customers (the Direct Account) account for more than 60% of their revenues, and about 30-40% of sales are through distributors. There is still a lot of room for semiconductor manufacturers to release Direct Account. The Group's efforts and capabilities have long been recognized by customers and suppliers. With the rapid growth of AIoT, it has brought many potential customers with rapid growth. In recent years, the transfer and dispersion of production base and supply chain have accelerated. In this case, the trend of distribution through distributors will become even more significant in the future.

C. Complete and diversified products lines

The Group's products lines cover all fields of electronics, such as information, optoelectronics, telecommunications, consumer electronics, industrial supplies, automotive electronics, cloud applications, green energy, and medical care. In addition, the Group also has a separation of product markets to avoid excessive concentration of purchases. It is not only for the convenience of customers to make purchases, but can also reduce customers' inventory risks and save procurement time and costs.

D. Excellent management team

The Group's front-line marketing staff have years of experience in distribution and marketing, and the Group is proud of its professional talents for technical support management. Externally they can promote the existing products, acquire new product lines, and solve customer needs, and internally they can continuously improve the Group's financial position and business condition, which will allow the Group to take the lead in the industry.

(3) Unfavorable factors and response measures

A. Fierce product competition and declined gross profit

Response measures:

- Adding product lines for special applications that are irreplaceable and have high gross profit will reduce the Group's risk under price competition and highlight its own market advantage.

- For the general-purpose bulk components, adopting quantity purchase pricing to provide customers with more competitive prices while retaining reasonable profits.
- Increasing the proportion of non-3C products with higher gross profit margins such as AIoT , cloud applications, industrial control, automotive electronics, medical electronics, etc., to change the product portfolio and gradually increase the Group's overall gross profit margin.
- Providing more value-added services. In addition to providing traditional channel services, striving to provide more value-added services, such as providing more technical application design services to help customers to complete the design faster, in order to seize market opportunities and ensure high profit and market share.

B.Strategy adjustments made by suppliers and short product life cycle

Response measures:

- The Company integrates and adjusts resources in response to strategy adjustments made by suppliers, e.g., TI canceled its distributors and switched to a directly supply model, in order to accelerate the growth of other suppliers and add competitive new suppliers and products to maximize the Company's benefits.
- Strengthen product market development, set the Group's new directions and opportunities for new product and market trends, introduce new product lines, and develop new markets and customers in a timely manner to seize business opportunities.
- Maintaining a good interaction with upstream vendors and downstream customers, increasing the value added of the products, and strengthening the product's life cycle, by integrating the characteristics of its products and developing components that meet customer needs through the strong R&D capabilities of the management team.
- Regularly hold business meetings to determine sales plans and correct sales forecasts based on the conditions of sales, orders, inventory, etc., in order to achieve accurate sales forecasts.
- Pursue product completeness and diversification to avoid market risks of a single product.
- The Company will carry out the digital transformation of the management system, in order to improve operating performance and supply chain management to respond to the rapidly changing demand.

C.Foreign currency risk

The Group's sales revenues distribution of the IC components focus in Asia. The Group's subsidiaries are located in Asian countries therefore the group suffer from exchange rate risks in multiple currencies. However, the key transaction currency of the Group's purchases and sales is USD and the exchange rate risk is mainly from the US dollar.

Response measures:

- Using the US dollar be the sales and purchase price and also be the AR collection and AP payment currency. By using the same currency in sales and purchase, the netting foreign currency assets and liabilities can offset against each other to achieve natural hedging results.
- The accounting exchange rate in the Group adopts a unified policy. The Finance Department uniformly publishes the Group's standard exchange rate accounting basis on the internal website every day for the business and procurement related departments to keep up with the latest exchange rates and obtain better exchange rate quotes for orders.
- The Finance Department observes the market exchange rate dynamics and prices, based on the exposure position of the Group's foreign currency assets and liabilities and its foreign exchange costs on the book, and adjusts the foreign exchange exposure position and resulting exchange profit and loss through derivative trading when necessary.

(II)Key applications and production processes of main products:

1.Key applications of main products:

Main product	Use
Analog IC (including linear IC)	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Microcontroller	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Memory IC	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Discrete components	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Microprocessor	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Mixed signal IC	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Application specific IC	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.
Other	Computers and peripherals, mobile phones, communication network, consumer electronics, industrial control, instrument and equipment, automotive electronics, cloud data center, etc.

2.Production processes of main products: Not applicable (non-manufacturing industry)

(III)State of supply of main raw materials: Not applicable (non-manufacturing industry)

(IV) Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales

1. Suppliers that accounted for more than 10% of the total purchase in any of the past two years

Major suppliers' information for the last two years

Unit: NT\$ thousand

Item	2020				2021			
	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer
1	A	111,970,095	32.85	None	A	140,962,866	31.11	None
2	B	44,535,289	13.07	None	B	64,423,577	14.22	None
3	C	25,395,281	7.45	None	D	34,436,749	7.60	None
	Other	158,959,398	46.63	—	Other	213,278,509	47.07	—
	Net purchase	340,860,063	100.00	—	Net purchase	453,101,701	100.00	—

Reasons for changes: The Group has maintained a good relationship with major suppliers, so its inventory sources are stable. We currently act as agent for end products including but not limited to smartphones, computers, consumer electronics, industry and instruments, automotive electronics, and Netcom devices. Revenue grew 26.8% in 2021, leading to an increase in purchases from suppliers in 2021 compared to 2020.

Note: List the names and procurement amounts and percentages of suppliers whose procurement accounted for more than 10% of the total procurement in the last two years. However, if the name of the supplier may not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

2. Customers that accounted for more than 10% of the total sales in any of the last two years

Major customers' information for the last two years

Unit: NT\$ thousand

Item	2020				2021			
	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	AA	52,419,352	14.84	None	BB	74,249,625	16.58	None
2	Other	300,732,843	85.16	—	Other	373,646,492	83.42	—
	Net sales	353,152,195	100.00	—	Net sales	447,896,117	100.00	—

Reasons for changes: The increased demand on the Company's agented products was mainly due to the growth in end demand.

Note: List the names and sales amounts and percentages of customers that accounted for more than 10% of the total sales in the last two years. However, if the name of the customer may not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

(V) Output volume and value during the most recent two years Not applicable (non-manufacturing industry)

(VI) Sales volume and value during most recent two years

Unit: Thousand. NT\$ thousand

Sales volume and value Main Products	Year	2020				2021			
		Domestic sales		Exports		Domestic sales		Exports	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Discrete component		1,704,507	2,295,190	9,106,633	23,163,728	1,499,308	2,817,935	9,620,409	29,277,355
Application specific IC		37,601	2,696,893	277,434	12,196,108	22,070	2,969,904	80,470	12,506,384
Memory IC		236,206	3,680,385	1,653,219	22,953,235	222,082	5,926,410	1,996,319	37,191,143
Microprocessor		12,440	5,350,309	115,693	16,847,680	15,554	6,607,353	181,529	22,374,156
Analog IC (including linear IC)		1,594,099	21,285,172	6,484,271	131,302,089	1,312,759	22,557,823	6,317,129	141,357,598
Mixed signal IC		95,497	2,057,230	728,048	13,612,898	211,012	3,695,476	827,239	18,853,692
Microcontroller		69,428	3,810,644	857,114	23,465,635	81,886	4,725,105	1,167,916	43,201,962
Other		967,966	13,433,898	4,155,963	55,001,101	996,600	18,350,161	5,353,573	75,483,660
Total		4,717,744	54,609,721	23,378,375	298,542,474	4,361,271	67,650,167	25,544,584	380,245,950

III. Employees

The following table summarizes the company's workforce as of the printing date of the annual report:

Year		2020	2021	As of April 7, 2022
Number of employees	Sales and Marketing	1,575	1,726	1,778
	Administration	223	239	238
	R&D	555	599	639
	Total	2,353	2,564	2,655
Average age		39.0	39.0	38.8
Average years of service		6.8	6.6	6.5
Education background	Ph.D	0.72%	0.70%	0.68%
	Master's	15.47%	15.87%	15.55%
	Bachelors Degree	77.48%	77.93%	78.27%
	Senior High School	6.33%	5.50%	5.50%
	Senior High School and below	0.00%	0.00%	0.00%

IV. Information on environmental protection expenses

The Group is principally engaged in the IC distributors industry, and its main business is the trading and R&D of electronic components. Due to the non-manufacturing nature of the industry, there are no environmental pollution issues. However, the Group and its suppliers are still working together on the development and application of green environmental protection technologies, and are working hard to solve environmental problems that are gradually depleting Earth's energy. Participated in the corporate green purchasing reporting of the Environmental Protection Bureau, New Taipei City, responded to the government's green purchasing policies, and received the "New Taipei City Green Procurement Enterprise Award". The Company did not sustain any losses due to environmental pollution during the most recent year and up to the annual report publication date. When purchasing goods, the Group complies with environmental regulations and industry regulations, such as conflict minerals.

V. Labor relations

- (I) The Group's various employee benefit measures, education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights protection measures.

1. Employee benefit measures:

The Group provides comprehensive care of its employees and strives to create a warm, safe, and friendly workplace environment.

- A. The Company's Welfare Committee provides various benefits such as: group insurance, public liability insurance, maternity subsidy, funeral decoration subsidy, wedding and funeral allowance, monetary gifts of birthday and festivals, gifts for festivals and New Year, contracted store discount, etc.
- B. Provide fresh, delicious and healthy drinks. Excellent coffee beans that have passed multiple SGS toxin tests are used in the Swiss-made, fully automatic coffee machine. The tea leaves were purchased from natural and organic tea farms in Ruisui, Hualien. Excellent dairy products that have passed FSSC 22000 (food safety management system) international certification have been chosen. The milk is checked for impurities when it is purchased and the drink by date is confirmed, in order to ensure that the employees can enjoy the safest and healthiest milk.
- C. The Company is dedicated to the promotion of the importance of a balanced diet and breakfast. The breakfast bar event was organized to provide balanced meals to the employees. The idea of "less meat, more vegetables to reduce carbon and improve health" was promoted. By sharing and promoting the carbon reduction effects of a vegetarian diet, the Company hopes that employees will eat the vegetarian meals provided by the company and implement carbon reductions in their daily diets. The Company provides vegetarian meals to help employees improve their health.
- D. We continue to organize charity sponsorships. The Company still provides fruit from

small farmers in the office. In addition to sponsorships, the Company promotes helping small farmers in the field, and learn about farming through doing. The aim is to help employees learn to appreciate the hard work and cherish the result.

- E. Departmental gatherings are held each year to bring the employees closer together. The barbeques for the Mid-Autumn Festival and the hotpot gathering for Christmas at the end of the year allow the employees to celebrate the holidays together and rewards them for their hard work throughout the year.
- F. The new multipurpose classroom for employees is equipped with several simple exercise equipment and flexible hours. It has effectively boosted interest and participation in healthy exercise among employees. Sports clubs organize different activities and competitions every year. These events encourage employees to interact with each other and participate in outside competitions. They also raise employees' interest and participation in sports. Over the years, the Company has arranged various health and exercise related courses and activities to actively promote regular exercise among employees. The Company has established exercise in the workplace to help employees maintain a healthy lifestyle, earning the Company the title of Certified Sports Company.
- G. The diversity of the clubs allows employees to strengthen their bodies and minds, and increase their hobbies after work.
 - a. The running club calls on the Company's employees to participate in the various marathons around the country every year. Many of the participants are long-term running enthusiasts. Apart from encouraging each other to finish the race, healthcare and exercise information is exchanged, in order to increase the interest and knowledge of employees in exercise.
 - b. The basketball club regularly organizes friendly games among the industry every month. Besides external friendly games, the club organizes fun basketball games within the Company, improving exchanges and fun among employees. Moreover, the good team spirit among the club members allowed the club to win the TGB basketball tournament.
 - c. Apart from organizing friendly competitions within the industry from time to time, the badminton club also organizes summer badminton camps for families. Employees are encouraged to participate with their children. With the various badminton related activities, employees and their families can learn about badminton and improve their relationships.
 - d. The brain teasing board game club regularly hosts board game events every month and will add new games from time to time, increasing the fun of playing board games. Employees and their families are invited to join the fun. Carefully selected board games allow the children of employees to develop their talents and creativity.

- e. Besides organizing regular flower arrangement classes every month, the floral club hosts special classes every year on important holidays. The classes are based on any topic related to flowers. The unique and interesting vases increase the fun and uniqueness of the works. The best works from each class are displayed in the office for employees to admire and to improve the atmosphere in the office.
- f. The cooking club provides Chinese, Western, exotic, and desert cooking classes. Participants work in pairs to cook the dishes. The addition of simple interactive games fills the classes with the fragrance of food and joyous laughter. Participants can learn new cooking techniques through this great channel for cooperation.
- g. The managers of the mountain climbing club include members with professional mountain climbing licenses and extensive climbing experiences. They lead the members to visit various beautiful mountain landscapes. Besides difficult mountain climbing events, easier hiking schedules have been planned for families.
- H. Organize hiking volunteer activities and promote diverse exercises. Each month, hiking and farmland volunteer activities are organized so that employees can "exercise and share the love" with their families on the weekends. While allowing the clubs to help the volunteer activities organized by the WT Microelectronics Welfare Committee, the Company understands the importance and timeliness of social responsibilities. Because of the Covid-19 pandemic, rolling changes were made to the activities. The passion of the volunteers will be perpetuated and the love will continue to be shared. The Company shall implement more volunteer actions related to social welfare and environmental protection.
- I. Starting in 2016, the Company began working with the non-profit organization, New Taipei City Welfare Association for the Blind. Visually impaired massage therapists were asked to provide massages to the employees. This not only allowed employees to effectively relax their bodies and minds when working, but also provided a comfortable work environment and delicious lunches for the visually impaired workers, allowing the visually impaired to increase their confidence and sense of recognition in the workplace.
- J. The WT Microelectronics Book Club aims to promote the habit of reading. It adds new books every month to expand the knowledge of the employees. Books, magazines, corner promotion materials, etc., are provided for employees to read and relax in the rest area, so colleagues can cultivate humanistic literacy and relax their bodies and minds while resting.
- K. Gifts are carefully selected every year for the employees. Charity products are purchased during the holidays and events:
 - a. Employees received the rice dumpling gift boxes for the Dragon Boat Festival. This year, because employees are working from home, the rice dumpling gift boxes will be donated to charity organizations to share the love in these

challenging times.

- b. Low calorie cake gift boxes were distributed for Mothers' Day.
 - c. Massage guns were gifted for Fathers' Day to help employees relax physically.
 - d. Shihu rice from Tongxiao in Miaoli was gifted for the Mid-Autumn Festival.
 - e. Charity scratch card and charity gacha activities were organized for Christmas. Products made by the Syin-Lu Social Welfare, Eden Social Welfare Foundation, Association of Blind Taiwan, Love Dog Taiwan, Lang Lang Don't Cry Pet Halfway House & Cafe, Down Syndrome Foundation, Chi Po-Lin Foundation, and Child Welfare League Foundation were purchased as prizes and gifts for the activities. All proceeds from the activities were donated to the Double Bliss Welfare and Charity Foundation and the Animal Rescue Team Taiwan.
- L. In response to the coronavirus, the two-day trip was shortened to a short hotel stay. Employees were able to bring the families and relax in an appropriate venue amid the pandemic. A number of hotels that supported green consumption, environmental conservation and responsible use of resources were selected to give employees a safe, healthy, and comfortable stay and to raise environmental awareness. Because of the rolling changes implemented for the pandemic, short trips have been suspended in the second half of the year.
- M. Team building courses are organized every year to provide different team motivation exercises for employees. The diverse activities include fun events and DIY and printing courses, which encourage creativity, focus, and emotional exchanges among employees. They are designed to inspire employees to practice communication, problem solving, creativity and to boost morale in the workplace. Employees will also learn new things and find new hobbies in the process. Although the pandemic has reduced the number of events, the events will continue to be planned in order to ensure effective implementation in the future.
- N. The "WT Microelectronics Campus Photography Competition" was organized. Apart from providing various gifts, the main purpose of the competition is to help employees further understand the work the WT Microelectronics Foundation has conducted for children in rural areas in terms of education in the "Rural Area - WT Microelectronics Campus Photography Project" over several years. The employees also learned of the countless hours spent by many passionate volunteers alongside the school children.
- O. The over development of the Taiwan's lands has caused serious soil and water issues. The Company partnered with Mr. Huang Yi-Feng to promote the "One Tree One Mountain" tree planting activity. A total of 288 Chinese fringetrees, a native species of Taiwan, were planted in three days. Employees rolled up their sleeves to plant saplings for the land in Taiwan. Employees were encouraged to participate with their families to plant the seeds of hope and love. In the future, the Company will continue

to work towards this goal. Additionally, the 288 Chinese fringetrees can reduce carbon emissions by 714,816g CO₂e every year, protecting the lands and waters of Taiwan while reducing carbon emissions.

2. Employee training:

The corporate developments attach importance to the comprehensive development of employees, and creates a suitable working environment based on the Company's belief in talent cultivation. Our employees possess the capabilities to deal with future changes in a rapidly evolving business environment. We have a comprehensive training and development roadmap in place, allowing our employees to effectively apply what they have learned and excel in their work.

(1) Training & Development Roadmap

Based on the future development of the organization and the needs of departments, the human resources unit plans training activities suitable for each level and function each year, cooperates with the unit supervisor to implement OJT (on the job training), and gradually trains employees to have the necessary knowledge and skills.

Training & development roadmap is constructed as follows:

a. Core Value:

The Company's core value guides employees to move in the same direction as the Company does, and the Group cultivates employees to have mentality and behavior in line with core values.

b. New Employee Orientation:

We assist new hires to assimilate into the new work environment through various training activities and a mentoring system, and assist them to identify with the corporate culture and management principles.

c. Working Skill Training:

We provide periodical training for our employees to improve their soft skills and hard skills required at work, in order to enhance work efficiency.

d. Functional Expertise Training:

All units have developed employees' relevant professional skills and knowledge through internal and external training and OJT.

e. Leadership Development:

We provide tailor-made management and leadership modules for employees at various levels to help improve management skills and foster leadership thinking among department heads. This equips employees with the necessary know-how and drives them to lead their teams in achieving the organization's goals.

f. Language Training:

We also provide our employees with foreign language training which helps them to develop excellent business communication skills, expand their global horizons and become top-notch professionals.

(2) Implementation of employee education and training in the current year:

Total number of trainees	Total training sessions	Total training hours
16,167 people	628 sessions	6,490 hours

3. Information on the relevant licenses specified by the competent authority obtained by the Group's personnel related to financial information transparency:

- (1) International certified internal auditor: 2
- (2) R.O.C. Certified Internal Auditors: 2
- (3) R.O.C. CPA: 3

4. Retirement system and its implementation:

The Supervisory Committee of Business Entities' Labor Retirement Reserve was established in February 1998. It consists of 9 members, with 3 business representatives and 6 labor representatives. The members are re-elected every four years, and verify and audit the contribution amount, deposit and disbursement of workers' retirement reserve fund to ensure the rights and interests of workers. At present, the Company contributes 2% of total monthly salary to the workers' retirement reserve fund to the account in the Bank of Taiwan (formerly known as the Central Trust of China).

Since July 1, 2005, the Company established retirement regulations for the defined contribution plan, which is applicable to employees with ROC citizenship in accordance with the Labor Pension Act. The Company contributes a monthly pension of not less than 6% of the salary to individual accounts at the Bureau of Labor Insurance for employees applicable to the Act.

Employees who meet the following retirement requirements may follow the retirement procedure to apply for retirement. The plan provides support and care for employees after they retire.

Retirement eligibility:

- I. Employees who meet any one of the following criteria may apply for voluntary retirement:
 - (I) Having worked in the company for more than 15 years and are 55 years old and older
 - (II) Having worked in the company for more than 25 years.
 - (III) Having worked in the company for more than 10 years and are 60 years old and older
- II. Mandatory retirement does not apply unless employees meet one of the following criteria:
 - (I) 65 years old and older.
 - (II) Having an mental disorder or physical disability that renders the employee unable to perform his/her duties.
- III. The age at retirement is determined according to the information provided by

household registration, and is counted in full years from the date of birth.

Retirement procedure:

Time	Employee	Responsible unit	Description
One month before retirement	Submit a retirement application	Approve the retirement application	Retirement application shall be made by completing a retirement application form and a document and property checklist. An employee will not be able to proceed with the retirement procedure until the application is approved by a person in charge.
Before the retirement date	Complete the handover and return all company documents and property and complete related procedures		
On the retirement date	The official retirement date	Check that the retirement procedure is completed	
During the 30 days following retirement		Approve the pension payment	The company will make the pension payment within thirty days after an employee's pension application is approved. If unable to pay in a lump sum, the company may file the case for the competent authority's approval and make the payment in installments.

5. Employer-employee relations and employee rights protection measures:

The Group has always attached great importance to employees' benefits and interests, and actively promotes harmonious relationships between employees and employer. The Company has working rules and various personnel management regulations, which specifically regulate the rights and obligations of labor and employer and management matters, so employees can fully understand, abide by and protect their rights and interests. The Company also has an employee complaint channel. Through emails or the stakeholder section on the Company's official website, employees can have two-way communication about the Company's systems and regulations and problems they encountered in the workplace.

In addition, according to the Company's Articles of Association, if the Company has a profit, it shall appropriate no less than 1% as employee compensation to reward employees.

At present, employee rights have been properly protected, and both sides are expected to continue maintaining a harmonious relationship in the future with good interaction and communication.

6. Protective measures taken to ensure a safe working environment and maintain employees' personal safety:

The Group's primary goal is to provide employees with a safe, healthy and comfortable work environment, promoting a friendly working environment with harmonious management-labor relations and mutual trust and assistance. The Group also complies with laws and regulations related to environmental protection, safety and health policies.

The Group is committed to the following matters:

(1) Access security management

In addition to having security guards deployed in the industrial park, there is a 24-hour strict access control system monitoring day and night. Emergency pagers are installed in the restroom. Employees need to wear their identification cards when entering and leaving the office. The Company has also signed a contract with a security company to strengthen office and warehouse security.

(2) Regular inspection of equipment and building maintenance

The Group complies with the relevant domestic labor safety and health regulations, and requires regular maintenance of equipment, buildings and fire-fighting equipment to meet the regulatory requirements.

(3) Hazard prevention

The Company established safety and health work rules for employees to follow in order to prevent occupational disasters and protect the safety and health of employees. The Group has set category A occupational safety and health affair supervisors, category B health and safety management personnel, and several on-site emergency personnel and firefighting management personnel, and provides relevant training. In addition, the Group also organizes a fire self-prevention team, and conducts fire safety drills every six months.

(4) Environment cleaning and management

- a. The central air conditioning in the office is maintained and cleaned annually to keep air fresh in the office; environmental disinfection is carried every year to keep the office clean.
- b. Automatic coffee machines are cleaned and maintained daily. The drinking water dispenser's filter is regularly changed and the water quality is tested to ensure the quality of drinking water.

(5) Health management

- a. Organize health education lectures, irregularly promote health knowledge, strengthen employees' health and safety self-management, and prevent and reduce the chance of accidents.
- b. Dedicated health managers and monthly physician consultation services.
- c. Regularly implement employee health checkups and health management follow-up every year.
- d. Face recognition temperature readers are installed on all floors to detect anyone with a fever entering the office. Alcohol disinfectant sprays are also provided and medical grade masks made available to employees. Decontamination hand sanitizer is prepared in pantries and on sink counters in restrooms to prevent the spread of epidemic diseases and maintain employees' health.
- e. Smoking is completely banned in the office so that employees can work in a smoke-free work environment.

(6) Promoting sports activities

A multi-purpose classroom is provided for sports courses, a variety of sports courses offered in coordination with the sports center, and employees are encouraged to participate in the courses to develop good exercise habits. During the pandemic, the courses have been changed to online courses to continue providing the courses.

(7) Educational training and promotion

- a. New employees must participate in new employee training to become familiar with the working environment and to promote employee safety.
- b. Promote energy saving and carbon reduction, reduce waste of resources, and promote environmental protection activities in the office. The Company irregularly prepares promotion materials to educate employees to develop energy-saving and carbon-reducing habits and jointly save the Earth.

(8) Resource recycling applications and energy conservation and carbon reduction measures

- a. Office resources are donated to welfare groups for recycling and reuse, in order to reduce waste and reduce the impact on the environment.
- b. Recycle and reuse carton boxes and packaging materials.
- c. Promote electronic information management in office, paper double-sided printing, reusing the blank back side of recycled papers, and reusing manila envelopes internally. Add photocopiers with a scanning function to reduce the printing on paper.
- d. Conduct GHG inventories for sustainable development. Promote GHG emission control and implement reduction measures according to ISO 14064 standards in order to fulfill the environmental obligations of a carbon reducing company.
- e. Installed LED lighting in all offices.

(II) Losses sustained due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specify the date of the penalty, letter number, article violated, provision violated, details of the penalty) in the most recent year and up to the printing date of the annual report, and disclose current and future estimated amount and response measures; if it cannot be reasonably estimated, describe the facts that it cannot be reasonably estimate:

The Company did not sustain any losses due to employer-employee disputes in the most recent year and up to the annual report publication date.

The Company has always attached great importance to employees' benefits and interests, and actively promotes harmonious relationships between employees and employer. WT Microelectronics Co., Ltd. established work rules and management regulations in accordance with the Labor Standards Act and related laws and regulations, and also established the Corporate Social Responsibility Best Practice Principles, which prescribes the rights and obligations of employee and employer, as well as management matters. This allows employees to fully understand and comply with and protect their lawful rights and social welfare. WT Microelectronics Co., Ltd. fulfills its commitment to vendors, customers, employees, shareholders and society, and will give every effort to protect the rights and interests of all stakeholders, making WT Microelectronics Co., Ltd. a trustworthy enterprise.

WT Microelectronics Co., Ltd. also provides a good communication platform, and allows all stakeholders to provide feedback on the Company's official website; internal employees may provide feedback via e-mail, telephone, or writing, and engage in two-way communication regarding issues encountered in the Company's systems and work environment, as well as issues they are concerned about. The Company can also properly handle and provide feedback or improvement plans to achieve effective communication. The Group regularly convenes supervisor meetings and related department meetings, and notifies the operational changes that may have a significant impact on employees through methods such as announcements, etc. At present, employee rights have been properly protected, there have been no major employer-employee disputes or negotiations, and both sides are expected to continue maintaining a harmonious relationship in the future with good interaction and communication.

VI Cyber security management

(I) Information security risk management framework, information security policy, specific management solutions, and spend efforts on information security

(1) Information security risk management framework

The Chief Information Officer acts as the team convener and organizes the information security team. The team includes the strategic group, technical group, and audit group. The officer is responsible for coordinating, planning, implementing, and analyzing information security incidents and regularly reports the compiled issues and implementation directions to the Board of Directors.

(2) Information security policy

1. The strategy group is responsible for planning and implementing the information security policy and deployment plan.
2. The technology group is responsible for proof of concept, implementation, and support.
3. The audit group is responsible for performing monthly and quarterly audits and presenting audit reports.
4. Discuss and research improvement methods to complete the PDCA cycle and continue implementing comprehensive operations.

(3) Specific management solutions

1. Implement anti-virus software protection on personal computers and servers and behavior analysis modules to protect endpoint security.
2. External Firewalls shall have application identification capabilities, intrusion protection, and advanced threat protection to enhance the defense capability against external attacks.
3. Internal Firewalls should list explicitly accessible services to prevent risk exposure.
4. The user identity module separates visitors from employees and gives different

access paths.

5. Implement the advanced threat protection module against scam mail to strengthen phishing protection and prevent sensitive data theft.
 6. Introduce endpoint/network detection and response (EDR/NDR) mechanisms with AI and machine learning; autonomous learning establishes the normal behavior model and identifies and blocks abnormal behavior.
 7. Sign SOC/MDR with suppliers to provide 24/7 threat analysis and monitoring services.
 8. The vulnerability management detection and response discover system vulnerabilities and continuous tracking and remediation.
 9. Introduce two-factor authentication to reduce identity theft.
 10. Continue to implement social engineering rehearsals and conduct training to improve information security awareness among employees.
- (4) Spend efforts on information security
1. Organize an information security team with four people.
 2. Weekly check the vulnerability and review remediation monthly.
 3. Successfully detected 122,164 threads through anti-virus software protection and behavior analysis.
 4. Successfully detected 1,603,684 spam and 582,360 phishing scams through the email spam system and advanced threat protection module.
 5. Sending 38,507 emails for social engineering rehearsals, conducting two online training for all members and two face-to-face classroom enhancement training for the management level.

(II) In the most recent year, and as of the printing date of the annual report, if the damages, possible effects, and response measures of major information security incidents cannot be reasonably estimated, the reason for being unable to provide a reasonable estimation should be explained: In the most recent year and as of the printing date of the annual report, no major information security incidents caused financial losses.

VII. Material contracts

(As of the annual report publication date on April 7, 2022)

Nature of contract	The Parties	Term of contract	Content	Restriction clauses
Distributor Agreement [WT Microelectronics Co., Ltd.]	Maxim Integrated Products, Inc. Maxim Integrated Products International Limited.	2017/9/14-2021/9/14 May be renewed for one year when notified	Agent distribution of semiconductor products	Restrictions on distribution territory
	ON Semiconductor Trading Sarl	2020/6/1-2025/5/31	Agent distribution of semiconductor products	Restrictions on distribution territory
	ST Microelectronics Asia Pacific Ltd.	2011/1/1-2011/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Marvell Asia Pte. Ltd.	2017/9/28-2018/9/27 Unless terminated by either party, it shall be automatically renewed monthly.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Ambarella Inc.	2005/10/1-2006/9/30 If contract performance continues after termination, the contract will be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	MagnaChip Semiconductor, Ltd.	2010/5/1-2011/4/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Micron Semiconductor Asia Pte.	Perpetually effective since 2012/1/1.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Nuvoton Technology Corporation	Perpetually effective since 2011/4/2.	Agent distribution of semiconductor products	Restrictions on distribution territory
	U-blox AG	2010/9/6-2011/9/5 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Silicon Laboratories International Pte. Ltd.	2019/1/1-2019/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Philips Lumileds Lighting Company	2012/12/20-2013/12/19 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Sanken Electric, Co., Ltd.	2013/1/1-2016/5/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	NXP Semiconductors Netherlands B.V.,	2016/7/4-2017/7/3 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Silergy Corp.,	2016/3/7-2017/3/6 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	DIGITALPERSONA, INC	2019/7/1-2020/6/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Taiwan Semiconductor Co.	2017/6/2-2018/6/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
Skyworks Solutions, Inc.,	2018/10/1-2019/9/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory	
Integrated Device Technology Malaysia Sdn. Bhd.	2017/10/2-2019/10/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory	

Nature of contract	The Parties	Term of contract	Content	Restriction clauses
Distributor Agreement [WT Microelectronics Co., Ltd.]	MaxLinear Asia Singapore Private Limited	2019/7/1-2020/6/30 Unless terminated by either party, it shall be automatically renewed for one year, but can only be renewed up to 2 times.	Agent distribution of semiconductor products	Restrictions on distribution territory
	IDT Europe GmbH	2017/10/2-2019/10/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Synaptics Incorporated	2021/8/11-2022/8/10 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Nuvoton Technology Corp	2018/2/1-2019/1/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Ams AG	Perpetually effective since 2021/10/29.	Agent distribution of semiconductor products	Restrictions on distribution territory
	MPS International Ltd.	2021/3/6-2022/3/5 Renewable upon written agreement between both parties	Agent distribution of semiconductor products	Restrictions on distribution territory
	Dialog Semiconductor Operations Services Limited, Dialog Semiconductor GmbH and Dialog Semiconductor US Inc.	Perpetually effective since 2021/9/9.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Tyco Electronics Singapore Pte. Ltd.	2021/6/21-2022/9/30 Unless terminated by either party, it shall be automatically renewed for one year, but can only be renewed up to 2 times.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Qorvo International Pte. Ltd.,	Perpetually effective since 2021/9/10.	Agent distribution of semiconductor products	Restrictions on distribution territory
	AP Memory Technology Corporation	2018/2/1-2023/1/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Nanya Technology Corporation	2022/1/1-2022/12/31 Unless terminated by either party, it shall be automatically renewed for one year, but may only be renewed once.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Microsemi Corporation	Perpetually effective since 2018/3/16.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Avago Technologies International Sales Pte. Limited	2008/1/20-2022/6/30	Agent distribution of semiconductor products	Restrictions on distribution territory
	OmniVision Technologies Singapore Pte. Ltd.	2019/7/20-2020/7/19 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Semtech(International)AG	2018/9/1-2019/8/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Microchip Technology Ireland	Perpetually effective since 2018/10/1.	Agent distribution of semiconductor products	Restrictions on distribution territory
	CREE, INC.	2019/11/26-2021/12/31 Automatically renewed for one year thereafter	Agent distribution of semiconductor products	Restrictions on distribution territory
Amlogic Co., Limited	Perpetually effective since 2019/1/1.	Agent distribution of semiconductor products	Restrictions on distribution territory	

Nature of contract	The Parties	Term of contract	Content	Restriction clauses
Distributor Agreement [WT Microelectronics Co., Ltd.]	Winbond Electronics Corporation	2022/1/1-2022/12/31	Agent distribution of semiconductor products	Restrictions on distribution territory
	Qwave Technology Co., Ltd.	2019/10/1-2020/9/30 Automatically renewed.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Renesas Electronics Corporation	Perpetually effective since 2019/11/8.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Allegro MicroSystems, Inc.	Perpetually effective since 2020/5/1	Agent distribution of semiconductor products	Restrictions on distribution territory
	ASMedia Technology Inc.	2019/7/1-2021/6/30 Unless terminated by either party, it shall be automatically renewed for one year, but may only be renewed once	Agent distribution of semiconductor products	Restrictions on distribution territory
	Elite Semiconductor Memory Technology Inc.	2019/7/1-2020/6/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	DIODES TAIWAN S.A R.L., TAIWAN BRANCH(LUXEMBOURG)/ DIODES HONG KONG LIMITED	Perpetually effective since 2018/5/1.	Agent distribution of semiconductor products	Restrictions on distribution territory
	INTEL SEMICONDUCTOR(US) LLC,	2019/3/30-2019/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	AMPLEON NETHERLANDS B.V.	2019/4/1-2019/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
Distributor Agreement [Nuvision Technology Inc.]	Realtek Semiconductor Corp,	Perpetually effective since 2017/1/1.	Agent distribution of semiconductor products	Restrictions on distribution territory
Distributor Agreement [Morrihan International Corp.]	Nanya Technology Corporation	2020/7/1-2021/12/31 Unless terminated by either party, it shall be automatically renewed for one year, but may only be renewed once.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Analog Devices International U.C	2018/8/13-2019/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Avago Technologies International Sales Pte. Limited	2008/1/20-2022/6/30.	Agent distribution of semiconductor products	Restrictions on distribution territory
	RichWave Tech Corporation	2021/12/5-2022/12/4.	Agent distribution of semiconductor products	Restrictions on distribution territory
Distributor Agreement [WT Microelectronics Shenzhen]	ASR Microelectronics (Shenzhen)Co.,Ltd.	Perpetually effective since 2019/11/25.	Agent distribution of semiconductor products	Restrictions on distribution territory

Nature of contract	The Parties	Term of contract	Content	Restriction clauses
Distributor Agreement [WT Microelectronics Shanghai]	ASR Microelectronics Co., Ltd. ASR Smart Technology Co.,Ltd.	Perpetually effective since 2021/3/25.	Agent distribution of semiconductor products	Restrictions on distribution territory
Distributor Agreement [Techmosa International Inc.]	Nanya Technology Corporation	2022/1/1-2022/12/31 Unless terminated by either party, it shall be automatically renewed for one year, but may only be renewed once.	Agent distribution of semiconductor products	Restrictions on distribution territory
	Smartsens Technology (Shanghai) Co., Ltd., Smartsens Technology (Hong Kong) Co., Ltd., and Kunshan Yexin Technology Co., Ltd.	2021/5/1-2022/4/30 Unless terminated by either party, it shall be automatically renewed for one year, but may only be extended for 3 years	Agent distribution of semiconductor products	Restrictions on distribution territory
Distributor Agreement [Maxtek Technology Co., Ltd.]	MediaTek Inc.	Perpetually effective since 2021/9/17.	Agent distribution of semiconductor products	Restrictions on distribution territory
	MPS International Ltd.,	2022/1/13-2023/1/12 Renewable upon written agreement between both parties	Agent distribution of semiconductor products	Restrictions on distribution territory
Distributor Agreement [Hongtech Electronics Co., Ltd.]	QUALCOMM TECHNOLOGIES INTERNATIONAL, LTD.	2016/4/12-2017/4/11 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution territory

Chapter 6. Financial Overview

- I. Condensed Balance Sheet and Statement of Comprehensive Income for the past 5 fiscal years
 (I) Condensed Balance Sheet and Statement of Comprehensive Income
 1. Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousand

Item	Year	Financial statements for the past five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		70,352,968	88,883,516	96,159,316	111,091,657	149,136,255
Property, plant and equipment (Note 2)		785,965	995,294	1,010,410	1,003,193	1,004,215
Intangible assets		1,663,682	1,878,609	1,883,859	1,911,613	1,972,777
Other assets (Note 2)		2,363,533	2,067,389	2,313,651	17,003,135	21,236,040
Total Assets		75,166,148	93,824,808	101,367,236	131,009,598	173,349,287
Current liabilities	Before distribution	52,450,078	71,284,303	75,682,313	82,612,742	110,582,313
	After distribution	53,831,501	72,672,270	77,327,424	85,202,369	115,283,345
Non-current liabilities		2,634,502	732,917	2,205,787	2,280,475	8,906,666
Total liabilities	Before distribution	55,084,580	72,017,220	77,888,100	84,893,217	119,488,979
	After distribution	56,466,003	73,405,187	79,533,211	87,482,844	124,190,011
Equity attributable to owners of parent		20,080,934	21,806,876	23,478,394	46,078,017	53,767,865
Share capital		5,522,619	5,576,106	5,914,369	9,232,317	9,378,566
Capital surplus		8,660,739	8,773,382	9,531,836	20,094,981	20,444,778
Retained earnings	Before distribution	6,006,678	7,600,956	8,823,331	11,142,755	17,208,283
	After distribution	4,625,255	6,212,989	7,178,220	8,553,128	12,507,251
Other equity		(109,102)	(143,568)	(791,142)	5,607,964	6,736,238
Treasury shares		0	0	0	0	0
Non-controlling interests		634	712	742	38,364	92,443
Total equity	Before distribution	20,081,568	21,807,588	23,479,136	46,116,381	53,860,308
	After distribution	18,700,145	20,419,621	21,834,025	43,526,754	49,159,276

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: No assets were reappraised in the years above.

Note 3: As of the publication date of this annual report, the 2022 Q1 financial statements have not been reviewed by independent accountants, thus the information is not disclosed in this report.

2. Condensed Balance Sheet (Parent Company Only)

Unit: NT\$ thousand

Item		Year	Financial statements for the past five years (Note 1)				
			2017	2018	2019	2020	2021
Current assets			36,220,796	57,901,824	65,048,475	75,268,446	98,224,684
Property, plant and equipment (Note 2)			428,680	473,628	487,709	442,017	431,785
Intangible assets			61,338	228,117	254,427	202,243	274,384
Other assets (Note 2)			18,498,226	19,311,502	19,370,382	34,796,717	41,388,532
Total Assets			55,209,040	77,915,071	85,160,993	110,709,423	140,319,385
Current liabilities	Before distribution		32,638,507	55,601,536	59,920,804	62,788,343	78,027,227
	After distribution		34,019,930	56,989,503	61,565,915	65,377,970	82,728,259
Non-current liabilities			2,489,599	506,659	1,761,795	1,843,063	8,524,293
Total liabilities	Before distribution		35,128,106	56,108,195	61,682,599	64,631,406	86,551,520
	After distribution		36,509,529	57,496,162	63,327,710	67,221,033	91,252,552
Share capital			5,522,619	5,576,106	5,914,369	9,232,317	9,378,566
Capital surplus			8,660,739	8,773,382	9,531,836	20,094,981	20,444,778
Retained earnings	Before distribution		6,006,678	7,600,956	8,823,331	11,142,755	17,208,283
	After distribution		4,625,255	6,212,989	7,178,220	8,553,128	12,507,251
Other equity			(109,102)	(143,568)	(791,142)	5,607,964	6,736,238
Treasury shares			0	0	0	0	0
Total shareholders' equity	Before distribution		20,080,934	21,806,876	23,478,394	46,078,017	53,767,865
	After distribution		18,699,511	20,418,909	21,833,283	43,488,390	49,066,833

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: No assets were reappraised in the years above.

3. Condensed Statement of Comprehensive Income (Consolidated)

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

Item \ Year	Financial statements for the past five years (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	189,419,235	273,416,485	335,187,151	353,152,195	447,896,117
Operating margin	8,421,582	10,644,948	10,800,405	10,774,422	16,986,639
Operating income	3,918,170	5,253,715	5,253,230	5,315,969	10,557,129
Non-operating income and expense	(813,280)	(1,632,905)	(1,944,145)	(517,200)	(377,304)
Pre-tax profit	3,104,890	3,620,810	3,309,085	4,798,769	10,179,825
Continuing operations Current period net profit	2,520,136	2,778,515	2,531,247	3,794,576	7,855,168
Income (loss) on Discontinued Operations	0	0	0	0	0
Net income (loss)	2,520,136	2,778,515	2,531,247	3,794,576	7,855,168
Other comprehensive income (net amount after tax)	(1,295,829)	261,002	(568,192)	6,569,424	2,139,842
Total comprehensive income	1,224,307	3,039,517	1,963,055	10,364,000	9,995,010
Net income attributable to owners of the parent	2,519,897	2,778,229	2,530,940	3,794,178	7,923,257
Profit Attributable to Noncontrolling Interest	239	286	307	398	(68,089)
Comprehensive Income (Loss) Attributable to Owners of the Parent	1,224,141	3,039,224	1,962,768	10,363,641	10,062,378
Comprehensive Income Attributable to Noncontrolling Interest	166	293	287	359	(67,368)
Earnings per share (Note 2)	5.26	5.02	4.32	5.22	9.96

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: Based on weighted average shares outstanding in each year.

Note 3: As of the publication date of this annual report, the 2022 Q1 financial statements have not been reviewed by independent accountants, thus the information is not disclosed in this report.

4. Condensed Statement of Comprehensive Income (Parent Company Only)

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

Item \ Year	Financial statements for the past five years (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	146,986,637	213,640,619	273,996,730	288,646,964	353,800,743
Operating margin	4,056,559	4,512,445	4,744,426	5,123,566	8,508,400
Operating income	2,098,084	2,272,517	2,308,434	2,285,528	5,522,576
Non-operating income and expense	734,860	872,596	573,962	1,931,701	3,636,811
Income from continuing operations before tax	2,832,944	3,145,113	2,882,396	4,217,229	9,159,387
Net income (loss)	2,519,897	2,778,229	2,530,940	3,794,178	7,923,257
Other comprehensive income (loss)	(1,295,756)	260,995	(568,172)	6,569,463	2,139,121
Total comprehensive income	1,224,141	3,039,224	1,962,768	10,363,641	10,062,378
Earnings per share (Note 2)	5.26	5.02	4.32	5.22	9.96

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: Based on weighted average shares outstanding in each year.

(II) Name of CPA and Auditors' Opinions for the last five years

Year	Name of accounting firm	Name of CPA	Audit opinion
2017 (2017.1.1-2017.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung and Hsu, Yung-Chien	Unqualified opinion
2018 (2018.1.1-2018.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung and Hsu, Yung-Chien	Unqualified opinion
2019 (2019.1.1-2019.12.31)	PricewaterhouseCoopers Taiwan	Juanlu, Man-Yu, Wu, Han-Chi	Unqualified opinion
2020 (2020.1.1-2020.12.31)	PricewaterhouseCoopers Taiwan	Juanlu, Man-Yu, Wu, Han-Chi	Unqualified opinion
2021 (2021.1.1-2021.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Chieh-Ju and Wu, Han-Chi	Unqualified opinion

II. Financial analysis for the past 5 fiscal years

1. Financial Analysis (Consolidated)

Item		Financial analysis of the last five years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure %	Debt to asset ratio	73.28	76.76	76.84	64.80	68.93
	Long-term fund to property, plant and equipment	2,890.21	2,264.71	2,542.03	4,824.28	6,250.35
Liquidity %	Current ratio	134.13	124.69	127.06	134.47	134.86
	Quick ratio	70.34	58.45	66.00	79.84	73.91
	Times interest earned	6.83	5.09	4.28	9.78	24.50
Operating ability	Average collection turnover (times)	5.92	7.71	8.04	6.57	6.50
	Average days of collection	62	47	45	56	56
	Average inventory turnover (times)	6.55	6.57	7.00	7.60	7.78
	Average payables turnover (times)	8.40	8.41	7.75	6.80	6.91
	Average days of sales	56	56	52	48	47
	Property, plant and equipment turnover (times)	300.70	306.99	334.23	350.77	446.24
	Total assets turnover (times)	2.77	3.24	3.43	3.04	2.94
Profitability	Return on assets (%)	4.34	4.13	3.42	3.64	5.39
	Return on equity (%)	13.63	13.27	11.18	10.90	15.71
	Pre-tax income to paid-in capital ratio (%)	56.22	64.93	55.95	51.98	108.54
	Net profit margin (%)	1.33	1.02	0.76	1.07	1.75
	Earnings Per Share (NT\$)	5.26	5.02	4.32	5.22	9.96
Cash flows	Cash flow ratio (%) (Note 2)	—	—	3.79	—	—
	Cash flow adequacy ratio (%) (Note 2)	—	—	—	—	—
	Cash reinvestment ratio (%) (Note 2)	—	—	5.88	—	—
Leverage	Operating leverage	2.04	1.91	1.93	1.91	1.55
	Financial leverage	1.16	1.20	1.24	1.11	1.04

Please provide the reasons for changes in financial ratios in the most recent two years (analysis not required if the change does not reach 20%):

1. Long-term fund to property, plant, and equipment ratio: The increase in long-term liabilities was mainly due to the continued expansion of the Company's business scale in 2021 and increase in revenue as well as new syndicated loan limits and the drawdown amount for operational needs.
2. Times interest earned: The Company continues to benefit from the Fed lowering rates and the market rates falling in 2021. Due to the business scale continues to expand in revenue and earnings before tax increases.
3. Property, plant and equipment turnover: Due to continued expansion and rising revenue in 2021.
4. Return on assets, return on equity, and pre-tax income to paid-in capital ratio: Due to the increase of net income before and after taxes caused by the increase in business scale and revenue in 2021.
5. Net profit margin: The increase in net margin was mainly due to continued expansion and rising revenue combined with the increase in net profit margin caused by the increase in sales in the market.
6. Earnings per share: The increase in earnings per share was mainly due to continued expansion and rising revenue combined with the increase in net income after taxes caused by the increase in sales in the market.

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: Negative results are not listed.

Note 3: The calculation excludes cumulative effect of changes in accounting principles.

Note 4: The formulas for financial analysis calculations are as follows:

1. Financial structure:
 - (1) Debt to asset ratio = Total Liabilities / Total Assets
 - (2) Long-term fund to property, plant and equipment ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity:
 - (1) Current ratio = Current Assets / Current Liabilities
 - (2) Quick ratio = (Current Assets – Inventories – Prepayments) / Current Liabilities
 - (3) Times interest earned = Net income before income tax and Interest expense / Current interest expense.
3. Operating ability:
 - (1) Average collection turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)
 - (2) Average days of collection = 365 / Average Collection Turnover
 - (3) Average inventory turnover = Cost of goods sold / Average amount of inventory.
 - (4) Average payables turnover = Cost of Sales / Average Trade Payables (including all Accounts payable and all notes payable resulting from trade)
 - (5) Average days of sales = 365 / Average Inventory Turnover
 - (6) Property, plant and equipment turnover = Net Sales / Average Net Property, Plant and Equipment
 - (7) Total assets turnover = Net sales / Average total assets.
4. Profitability:
 - (1) Return on assets = (Net Income + Interest Expenses * (1-Effective Tax Rate)) / Average Total Assets
 - (2) Return on equity = Net Income / Average Equity
 - (3) Net profit margin = Net Income / Net sales.
 - (4) Earnings per share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash flows:
 - (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
 - (2) Cash flow adequacy ratio = Net cash flows from operating activities in the past five years / (Capital expenditure + Increase in inventory + Cash dividend) in the past five years.
 - (3) Cash reinvestment ratio = (Net cash flows from operating activities – Cash dividend) / (Gross margin of property, Plant and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage:
 - (1) Operating leverage = (Net Operating Revenue – Variable Operating Cost and Expenses) / Operating profit.
 - (2) Financial leverage = Operating Profit / (Operating Profit – Interest Expense).

2. Financial Analysis (Parent Company Only)

Item		Financial analysis of the last five years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure %	Debt to asset ratio	63.63	72.01	72.43	58.38	61.68
	Long-term fund to property, plant and Equipment	5,265.12	4,711.19	5,175.26	10,841.46	14,426.66
Liquidity %	Current Ratio	110.98	104.14	108.56	119.88	125.89
	Quick Ratio	45.45	43.03	52.46	71.02	62.60
	Times interest earned	9.55	7.61	5.06	13.55	42.37
Operating ability	Average collection turnover (times)	9.58	11.78	10.36	7.77	7.78
	Average days of collection	38	31	35	47	47
	Average inventory turnover (times)	7.56	7.60	8.02	8.91	8.72
	Average payables turnover (times)	8.82	8.48	7.61	6.81	7.18
	Average days of sales	48	48	46	41	42
	Property, plant and equipment turnover (times)	340.08	473.54	570.03	620.93	809.80
	Total assets turnover (times)	2.72	3.21	3.36	2.95	2.82
Profitability	Return on assets (%)	5.18	4.75	3.80	4.15	6.45
	Return on equity (%)	13.63	13.27	11.18	10.91	15.87
	Pre-tax income to paid-in capital ratio (%)	51.30	56.40	48.74	45.68	97.66
	Net profit margin (%)	1.71	1.30	0.92	1.31	2.24
	Earnings per share (NT\$)	5.26	5.02	4.32	5.22	9.96
Cash flows	Cash flow ratio (%) (Note 2)	10.37	—	0.36	—	—
	Cash flow adequacy ratio (%) (Note 2)	—	—	—	—	—
	Cash reinvestment ratio (%) (Note 2)	—	—	—	—	—
Leverage	Operating leverage	1.80	1.81	1.87	2.05	1.48
	Financial leverage	1.19	1.26	1.44	1.17	1.04

Please provide the reasons for changes in financial ratios in the most recent two years (analysis not required if the change does not reach 20%):

1. Long-term fund to property, plant, and equipment ratio: The increase in long-term liabilities was mainly due to the continued expansion of the Company's business scale in 2021 and increase in revenue as well as new syndicated loan limits and the drawdown amount for operational needs.
2. Times interest earned: The Company continues to benefit from the Fed lowering rates and the market rates falling in 2021. Due to the business scale continues to expand in revenue and earnings before tax increases.
3. Property, Plant and Equipment Turnover: Due to continued expansion and rising revenue in 2021.
4. Return on assets, return on equity, and pre-tax income to paid-in capital ratio: Due to the increase of net income before and after taxes caused by the increase in business scale and revenue in 2021.
5. Net profit margin: The increase in net margin was mainly due to continued expansion and rising revenue combined with the increase in net profit margin caused by the increase in sales in the market.
6. Earnings per share: The increase in earnings per share was mainly due to continued expansion and rising revenue combined with the increase in net income after taxes caused by the increase in sales in the market.
7. Operating leverage: In 2021, the overall operating expenditure percentage was decreased due to the integration of group operations, and the ratio of variable operating expenditure to operating expenditure was decreased.

*The formulas in this chart are the same as the consolidated financial analysis in previous page.

- III. Supervisors' or Audit Committee's report for the most recent year's financial statement
 - (I) Supervisors' Review Report: Not applicable as the Company has an audit committee.

(II) Audit Committee's review report:

WT Microelectronics Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2021 business report and financial statements. PricewaterhouseCoopers Taiwan audited the financial statements and issued an audit report. These have been reviewed by the Audit Committee and determined to be correct and accurate as WT Microelectronics' business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2022 Annual Shareholders' Meeting of WT Microelectronics Co., Ltd.

Audit Committee convener: Cheng, Tien-Chong

February 24, 2022

WT Microelectronics Co., Ltd. Audit Committee's Review Report

The Company's 2021 earnings distribution proposal submitted by the Board of Directors has been reviewed by the Audit Committee and determined to be correct. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the report is as above.

To

2022 Annual Shareholders' Meeting of WT Microelectronics Co., Ltd.

Audit Committee convener: Cheng, Tien-Chong

April 7, 2022

IV. Financial statements for the most recent fiscal year

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of WT Microelectronics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of WT Microelectronics Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Code 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 Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Recognition of supplier rebates

Description

Refer to Note 4(13) for accounting policies on supplier rebates.

The Group is primarily engaged in the sale of electronic and communication components. In line with industry practice, the Group has entered into rebate arrangements with its suppliers for various kinds and quantities of inventories. Under the arrangement, the Group calculates the amount of supplier rebates based on sales breakdown, and recognises it as a deduction of accounts payable to suppliers and a deduction of operating costs. The Group pays the net purchase price, after confirming that the rebate is granted and the credit memo from its suppliers has been received.

As the terms of different types of supplier rebates vary and change frequently, the calculation is complex. The Group relies on the information system to gather related transaction information, and manually matches each inventory category with its corresponding rebate term to calculate the supplier rebate that should be recognised. Since the supplier rebate is material to the financial statements and more audit effort is required to address this audit matter, the recognition of supplier rebate has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed the internal controls related to supplier rebates, and tested the effectiveness of relevant internal controls to verify whether major supplier rebates had been reviewed by responsible management, and the inventory cost had been correctly deducted and paid in net amount based on the credit memo approved by suppliers;
- B. Performed analysis on the ratio of supplier rebates of main inventory items to corresponding total sales amount, and compared with historical data in order to assess its reasonableness;
- C. Sampled supplier rebates and tested transaction data to confirm whether the transaction quantities were consistent with sales breakdown. Also, verified arrangements and calculation worksheets, and recalculated supplier rebates to ensure that the rebate recognition is consistent with contract;

- D. Sampled the supplier rebates which were recognised before the balance sheet date but have not yet been confirmed by suppliers, verified its consistency and reasonableness with subsequent credit memos approved by suppliers after the balance sheet date, and confirmed whether there were any material differences; and
- E. Performed confirmation of selected material accounts payable, including supplier rebates which have been confirmed by suppliers, and examined the reconciliation for the differences between the amount stated in the suppliers' confirmation and the Group's records.

Impairment assessment of goodwill

Description

Refer to Note 4(19) for accounting policies on goodwill impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Note 6(11) for details of goodwill impairment.

The Group acquired 100% shares of stock of target companies or electronic components distribution business by cash or through exchange of shares of stock. The purchase price was allocated to the net identifiable assets acquired at fair value in accordance with the accounting policies on business combinations. The goodwill which was generated from purchase price allocation was presented in "Intangible assets - goodwill". As at December 31, 2021, the Group's goodwill amounted to NT\$1,812,885 thousand.

Relative to the aforementioned acquired company and distribution business, some distribution businesses were managed by other operating segments in the same district after the acquisition due to management purpose. After identifying the smallest cash generating unit which can generate independent cash flows, the Group uses the expected future cash flows of each cash generating unit and proper discount rate to determine recoverable amount of goodwill, and assesses whether goodwill may be impaired. The above expected future cash flows of each cash generating unit are based on its own financial forecast for the next 5 years. As the assumptions used in the forecast requires management judgement and involves a high degree of uncertainty that may have a material effect in determining the recoverable amount and goodwill impairment assessment, we considered the impairment assessment of goodwill a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed management's assessment process of each cash generating unit and examined whether the adopted future cash flows are consistent with the budget provided by the operating segment;
- B. As the recoverable amount was determined based on value-in-use, evaluated the reasonableness of estimated growth rate, discount rate and other significant assumptions and performed the following:
 - (a) Compared the estimated growth rate with historical data and our understanding of the business and industry to assess its reasonableness;
 - (b) Evaluated the parameters of discounted rate, including risk-free interest rate, industry's risk coefficient, returns on similar assets in the market, and proportion of equity capital; and
 - (c) Examined the parameters and calculation settings of valuation models.
- C. Compared the higher of recoverable amount and book value of each cash generating unit to verify the appropriateness of impairment assessment.
- D. Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed whether management has appropriately considered the possible impact on the estimation uncertainty of impairment assessment.

Assessment of inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of inventory valuation. As at December 31, 2021, the Group's inventories and allowance for inventory valuation losses were NT\$67,586,646 thousand and NT\$1,062,342 thousand, respectively.

The Group is primarily engaged in the sales of various kinds of electronic components. Due to rapid technology innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. For non-obsolete inventories, the net realisable value is estimated based on the estimated selling price in a certain period around the balance sheet date. The net realisable values of obsolete inventories are individually identified as obsolete or damaged, if any. Since the amount of inventory is material, inventory types vary, sources of information in calculating the net realisable value of each type of inventories are various, and the

identification of obsolete and damaged inventory and its net realisable value is subject to management's judgement, we considered the assessment of inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and evaluated the process of inventory and warehouse management, examined the annual plan and participated in stock take to assess the effectiveness of management's identification and controls on obsolete inventory;
- B. Obtained an understanding of the Group's nature of business and industry in order to assess whether the provision policies and procedures were applied consistently and reasonably during the periods, including identified as obsolete with supporting documents, and agreed to information obtained from physical inventory; and
- C. Obtained the net realisable value statement of each inventory, and tested supporting documents in relation to sources of information in calculating the net realisable value.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of WT Microelectronics Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. 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.
- E. 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.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 of the current period 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.

Hsu, Chieh-Ju

Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,679,576	3	\$ 3,627,112	3
1110	Financial assets at fair value through profit or loss - current	6(2)	22,004	-	13,135	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	-	-	373,071	-
1170	Accounts receivable, net	6(4)	75,462,083	44	60,850,292	46
1200	Other receivables	6(4)(5)	1,531,897	1	1,075,835	1
130X	Inventories	6(6)	66,524,304	38	44,314,392	34
1410	Prepayments		880,827	-	818,434	1
1470	Other current assets	6(1) and 8	35,564	-	19,386	-
11XX	Total current assets		<u>149,136,255</u>	<u>86</u>	<u>111,091,657</u>	<u>85</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	321,726	-	115,046	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	18,989,224	11	14,826,321	11
1550	Investments accounted for using equity method	6(7)	118,457	-	122,906	-
1600	Property, plant and equipment	6(8)	1,004,215	1	1,003,193	1
1755	Right-of-use assets	6(9)	699,563	-	772,852	1
1760	Investment property - net	6(10)	102,500	-	103,314	-
1780	Intangible assets	6(11)	1,972,777	1	1,911,613	1
1840	Deferred income tax assets	6(31)	801,911	1	819,550	1
1900	Other non-current assets		202,659	-	243,146	-
15XX	Total non-current assets		<u>24,213,032</u>	<u>14</u>	<u>19,917,941</u>	<u>15</u>
1XXX	Total assets		<u>\$ 173,349,287</u>	<u>100</u>	<u>\$ 131,009,598</u>	<u>100</u>

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 33,497,708	20	\$ 23,314,455	18
2110	Short-term notes and bills payable	6(13)	2,049,454	1	747,643	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	14,838	-	-	-
2130	Contract liabilities - current	6(24)	373,803	-	506,379	-
2170	Accounts payable		69,808,936	40	54,945,766	42
2200	Other payables	6(14)	2,184,132	1	1,723,279	1
2230	Current income tax liabilities		1,674,704	1	684,636	1
2280	Lease liabilities - current		181,312	-	169,023	-
2320	Long-term liabilities, current portion	6(15)	76,635	-	-	-
2365	Refund liabilities - current	6(24)	658,325	1	459,101	-
2399	Other current liabilities		62,466	-	62,460	-
21XX	Total current liabilities		<u>110,582,313</u>	<u>64</u>	<u>82,612,742</u>	<u>63</u>
Non-current liabilities						
2530	Bonds payable	6(15)	-	-	377,194	-
2540	Long-term loans	6(16)	7,750,400	5	800,000	1
2570	Deferred income tax liabilities	6(31)	741,999	-	604,978	1
2580	Lease liabilities - non-current		258,807	-	330,899	-
2600	Other non-current liabilities		155,460	-	167,404	-
25XX	Total non-current liabilities		<u>8,906,666</u>	<u>5</u>	<u>2,280,475</u>	<u>2</u>
2XXX	Total liabilities		<u>119,488,979</u>	<u>69</u>	<u>84,893,217</u>	<u>65</u>
Equity attributable to owners of parent						
Share capital 6(19)						
3110	Common stock		7,977,068	5	7,880,260	6
3120	Preferred share		1,350,000	1	1,350,000	1
3130	Certificates of entitlement to new shares from convertible bonds		51,498	-	2,057	-
Capital surplus 6(20)						
3200	Capital surplus		20,444,778	12	20,094,981	15
Retained earnings 6(21)						
3310	Legal reserve		2,677,275	1	2,280,822	2
3320	Special reserve		-	-	791,142	1
3350	Unappropriated retained earnings		14,531,008	8	8,070,791	6
Other equity interest 6(22)						
3400	Other equity interest		6,736,238	4	5,607,964	4
31XX	Equity attributable to owners of the parent		<u>53,767,865</u>	<u>31</u>	<u>46,078,017</u>	<u>35</u>
36XX	Non-controlling interest	6(23)	<u>92,443</u>	<u>-</u>	<u>38,364</u>	<u>-</u>
3XXX	Total equity		<u>53,860,308</u>	<u>31</u>	<u>46,116,381</u>	<u>35</u>
Commitments and contingent liabilities 9						
Significant subsequent events 11						
3X2X	Total liabilities and equity		<u>\$ 173,349,287</u>	<u>100</u>	<u>\$ 131,009,598</u>	<u>100</u>

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24)	\$ 447,896,117	100	\$ 353,152,195	100
5000	Operating costs	6(6)	(430,909,478)	(96)	(342,377,773)	(97)
5900	Net operating margin		16,986,639	4	10,774,422	3
	Operating expenses	6(29)				
6100	Selling expenses		(4,522,266)	(1)	(4,069,653)	(1)
6200	General and administrative expenses		(1,296,000)	(1)	(978,659)	(1)
6300	Research and development expenses		(608,561)	-	(385,971)	-
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(2,683)	-	(24,170)	-
6000	Total operating expenses		(6,429,510)	(2)	(5,458,453)	(2)
6900	Operating profit		10,557,129	2	5,315,969	1
	Non-operating income and expenses					
7100	Interest income	6(25)	6,268	-	16,068	-
7010	Other income	6(26)	339,273	-	210,236	-
7020	Other gains and losses	6(27)	(1,918)	-	278,052	-
7050	Finance costs	6(28)	(715,049)	-	(990,675)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(5,878)	-	(30,881)	-
7000	Total non-operating income and expenses		(377,304)	-	(517,200)	-
7900	Profit before income tax		10,179,825	2	4,798,769	1
7950	Income tax expense	6(31)	(2,324,657)	-	(1,004,193)	-
8200	Profit for the year		\$ 7,855,168	2	\$ 3,794,576	1

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Income (loss) on remeasurements of defined benefit plans	6(17)	\$ 4,735	-	(\$ 5,707)	-
8316	Unrealised gain on valuation of equity investment instruments measured at fair value through other comprehensive income	6(22)(23)	3,213,493	-	8,014,355	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(947)	-	1,142	-
8310	Other comprehensive income that will not be reclassified to profit or loss		3,217,281	-	8,009,790	2
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(22)(23)	(1,078,128)	-	(1,442,482)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(7)	689	-	2,116	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(1,077,439)	-	(1,440,366)	-
8300	Total other comprehensive income for the year		\$ 2,139,842	-	\$ 6,569,424	2
8500	Total comprehensive income for the year		\$ 9,995,010	2	\$ 10,364,000	3
Profit attributable to:						
8610	Owners of the parent		\$ 7,923,257	2	\$ 3,794,178	1
8620	Non-controlling interest		(68,089)	-	398	-
			\$ 7,855,168	2	\$ 3,794,576	1
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 10,062,378	2	\$ 10,363,641	3
8720	Non-controlling interest		(67,368)	-	359	-
			\$ 9,995,010	2	\$ 10,364,000	3
Earnings per share (in dollars)						
9750	Basic earnings per share	6(32)	\$ 9.96		\$ 5.22	
9850	Diluted earnings per share		\$ 9.75		\$ 5.06	

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Capital			Equity attributable to owners of the parent							Non-controlling interest	Total equity
	Share capital - common stock	Preferred share	Certificates of bond-to-stock conversion	Capital Surplus	Retained Earnings			Other equity interest	Treasury shares	Total		
					Legal reserve	Special reserve	Unappropriated retained earnings					
2020												
Balance at January 1, 2020	\$ 5,903,358	\$ -	\$ 11,011	\$ 9,531,836	\$ 2,019,788	\$ 143,568	\$ 6,659,975	(\$ 791,142)	\$ -	\$ 23,478,394	\$ 742	\$ 23,479,136
Consolidated net income	-	-	-	-	-	-	3,794,178	-	-	3,794,178	398	3,794,576
Other comprehensive income (loss)	6(22)	-	-	-	-	-	(4,565)	6,574,028	-	6,569,463	(39)	6,569,424
Total comprehensive income	-	-	-	-	-	-	3,789,613	6,574,028	-	10,363,641	359	10,364,000
Appropriations of 2019 earnings:	6(21)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	261,034	-	(261,034)	-	-	-	-	-
Special reserve	-	-	-	-	-	647,574	(647,574)	-	-	-	-	-
Cash dividends for common stock	-	-	-	-	-	-	(1,645,111)	-	-	(1,645,111)	-	(1,645,111)
Issuance of shares	6(19)(20)	1,710,000	-	4,914,000	-	-	-	-	-	6,624,000	-	6,624,000
Issuance of preferred shares	6(19)(20)	-	1,350,000	5,400,000	-	-	-	-	-	6,750,000	-	6,750,000
Conversion of convertible bonds	6(19)(20)	266,902	(8,954)	496,449	-	-	-	-	-	754,397	-	754,397
Changes in non-controlling interest	6(23)	-	-	-	-	-	-	-	-	-	37,263	37,263
Disposal of financial assets at fair value through other comprehensive income	6(22)	-	-	-	-	-	174,922	(174,922)	-	-	-	-
Compensation cost of share-based payments	6(18)	-	-	1,706	-	-	-	-	-	1,706	-	1,706
Reorganization	4(3)	-	-	(249,010)	-	-	-	-	-	(249,010)	-	(249,010)
Balance at December 31, 2020	\$ 7,880,260	\$ 1,350,000	\$ 2,057	\$ 20,094,981	\$ 2,280,822	\$ 791,142	\$ 8,070,791	\$ 5,607,964	\$ -	\$ 46,078,017	\$ 38,364	\$ 46,116,381
2021												
Balance at January 1, 2021	\$ 7,880,260	\$ 1,350,000	\$ 2,057	\$ 20,094,981	\$ 2,280,822	\$ 791,142	\$ 8,070,791	\$ 5,607,964	\$ -	\$ 46,078,017	\$ 38,364	\$ 46,116,381
Consolidated net income (loss)	-	-	-	-	-	-	7,923,257	-	-	7,923,257	(68,089)	7,855,168
Other comprehensive income	6(22)	-	-	-	-	-	3,788	2,135,333	-	2,139,121	721	2,139,842
Total comprehensive income (loss)	-	-	-	-	-	-	7,927,045	2,135,333	-	10,062,378	(67,368)	9,995,010
Appropriations of 2020 earnings:	6(21)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	396,453	-	(396,453)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(791,142)	791,142	-	-	-	-	-
Cash dividends for common stock	-	-	-	-	-	-	(2,532,086)	-	-	(2,532,086)	-	(2,532,086)
Cash dividends for preferred share	-	-	-	-	-	-	(57,541)	-	-	(57,541)	-	(57,541)
Conversion of convertible bonds	6(19)(20)	64,468	-	49,441	190,166	-	-	-	-	304,075	-	304,075
Issuance of employee restricted shares	6(19)(20)	57,800	-	216,366	-	-	-	(274,166)	-	-	-	-
Cancellation of employee restricted shares	6(19)(20)	(520)	-	520	-	-	-	-	-	-	-	-
Purchase of treasury shares	6(19)	-	-	-	-	-	-	-	(135,121)	(135,121)	-	(135,121)
Retirement of treasury shares	6(19)(20)	(24,940)	-	(87,064)	-	-	(23,117)	-	135,121	-	-	-
Changes in equity of associates accounted for using equity method	6(20)	-	-	3,173	-	-	-	-	-	3,173	-	3,173
Changes in ownership interests in subsidiaries	6(23)	-	-	-	-	-	(78,550)	-	-	(78,550)	-	(78,550)
Compensation cost of share-based payments	6(18)	-	-	26,636	-	-	-	96,884	-	123,520	-	123,520
Changes in non-controlling interest	6(23)	-	-	-	-	-	-	-	-	-	121,447	121,447
Disposal of financial assets at fair value through other comprehensive income	6(22)	-	-	-	-	-	829,777	(829,777)	-	-	-	-
Balance at December 31, 2021	\$ 7,977,068	\$ 1,350,000	\$ 51,498	\$ 20,444,778	\$ 2,677,275	\$ -	\$ 14,531,008	\$ 6,736,238	\$ -	\$ 53,767,865	\$ 92,443	\$ 53,860,308

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 10,179,825	\$ 4,798,769
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(29)	348,451	297,451
Amortisation	6(29)	28,212	13,454
Impairment loss determined in accordance with IFRS 9	12(2)	2,683	24,170
Net loss on financial assets and liabilities at fair value through profit or loss	6(27)	189,235	48,150
Share-based payments	6(18)	123,520	1,706
Share of loss of associates and joint ventures accounted for using equity method	6(7)	5,878	30,881
Loss on disposal of property, plant and equipment, net	6(27)	485	749
Impairment loss	6(27)	-	46,013
Interest expense	6(28)	452,638	570,507
Interest income	6(25)	(6,268)	(16,068)
Dividend income	6(26)	(276,153)	(115,395)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(16,265,797)	(18,888,582)
Other receivables		(498,588)	454,008
Inventories		(23,574,228)	(1,367,170)
Prepayments		(71,547)	(405,390)
Other current assets		(2,074)	(16,623)
Changes in operating liabilities			
Financial assets and liabilities at fair value through profit or loss		(196,431)	(83,066)
Contract liabilities		(124,964)	316,665
Accounts payable		17,383,261	14,122,144
Other payables		412,197	(11,477)
Other current liabilities (including refund liabilities)		200,380	(76,461)
Net defined benefit liability		(2,715)	(2,503)
Cash outflow generated from operations		(11,692,000)	(258,068)
Interest received		6,268	16,068
Dividends received		276,153	115,395
Interest paid		(437,421)	(566,047)
Income taxes paid		(1,133,036)	(963,509)
Net cash flows used in operating activities		(12,980,036)	(1,656,161)

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other receivables - related parties		\$ -	\$ 147,775
Acquisition of financial assets at fair value through profit or loss		(166,558)	(176,921)
Proceeds from disposal of financial assets at fair value through profit or loss		9,734	56,450
Acquisition of financial assets at fair value through other comprehensive income		(1,568,225)	(98,923)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	940,603	187,887
(Increase) decrease in other financial assets		(14,673)	38,875
Acquisition of property, plant and equipment	6(34)	(170,544)	(105,967)
Proceeds from disposal of property, plant and equipment		99	280
Acquisition of intangible assets	6(11)	(4,436)	(5,008)
Increase in guarantee deposits		(15,970)	(27,658)
Decrease in guarantee deposits		7,279	33,819
Net cash payments for business combination	6(33)(34)	(55,885)	(283,468)
Decrease (increase) in other non-current assets		45,708	(25,111)
Net cash flows used in investing activities		(992,868)	(257,970)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(35)	455,301,446	429,701,535
Decrease in short-term borrowings	6(35)	(445,067,941)	(432,350,079)
Increase in short-term notes and bills payable	6(35)	1,293,979	277,458
Proceeds from long-term borrowings	6(35)	7,786,800	800,000
Payment of long-term loans	6(35)	(836,400)	(120,424)
Payment of lease liabilities	6(35)	(193,030)	(167,446)
(Decrease) increase in other non-current liabilities		(4,900)	28,276
Acquisition of treasury shares		(135,121)	-
Issuance of preferred shares	6(19)	-	6,750,000
Cash dividends paid	6(21)	(2,589,627)	(1,645,111)
Cash dividends paid to non-controlling interest	6(23)	(366)	(276)
Increase in non-controlling interest		45,623	-
Net cash flows from financing activities		15,600,463	3,273,933
Effect of exchange rate changes on cash and cash equivalents		(575,095)	(839,321)
Net increase in cash and cash equivalents		1,052,464	520,481
Cash and cash equivalents at beginning of year		3,627,112	3,106,631
Cash and cash equivalents at end of year		\$ 4,679,576	\$ 3,627,112

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

WT Microelectronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development and sales of electronic and communication components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit assets (liabilities) recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary

are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
WT Microelectronics Co., Ltd.	Wintech Microelectronics Holding Limited	Investment Company	99.65	99.65	
WT Microelectronics Co., Ltd.	Morrihan International Corp.	Trading Company	100	100	
WT Microelectronics Co., Ltd.	BSI Semiconductor Pte. Ltd.	Trading Company	100	100	
WT Microelectronics Co., Ltd.	Nuvision Technology Inc.	Trading Company	99.91	99.91	
WT Microelectronics Co., Ltd.	Milestone Investment Co., Ltd.	Investment Company	100	100	
WT Microelectronics Co., Ltd.	SinYie Investment Co., Ltd.	Investment Company	100	100	
WT Microelectronics Co., Ltd.	Techmosa International Inc.	Trading Company	100	100	
WT Microelectronics Co., Ltd.	MSD Holdings Pte. Ltd.	Trading Company	100	100	
WT Microelectronics Co., Ltd.	Maxtek Technology Co., Ltd.	Trading Company	100	100	
WT Microelectronics Co., Ltd.	Analog World Co., Ltd.	Trading Company	100	100	(b)
Wintech Microelectronics Holding Limited	WT Microelectronics (Shanghai) Co., Ltd.	Trading Company	100	100	
Wintech Microelectronics Holding Limited	Promising Investment Limited	Investment Company	100	100	
Wintech Microelectronics Holding Limited	Wintech Microelectronics Ltd.	Trading Company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Wintech Microelectronics Holding Limited	Wintech Microelectronics Limited	Investment Company	100	100	
Wintech Microelectronics Holding Limited	WT Technology Pte. Ltd.	Trading Company	100	100	
Wintech Microelectronics Holding Limited	Wintech Investment Co., Ltd.	Investment Company	100	100	
Wintech Microelectronics Holding Limited	Anius Enterprise Co., Ltd.	Trading Company	100	100	
Wintech Microelectronics Holding Limited	Mega Source Co., Ltd.	Trading Company	100	100	
Wintech Microelectronics Holding Limited	Brillnics Inc.	Investment Company	62.03	54.15	(a) (d)
BSI Semiconductor Pte. Ltd.	Wonchang Semiconductor Co., Ltd.	Trading Company	100	100	
BSI Semiconductor Pte. Ltd.	WT Technology Korea Co., Ltd.	Trading Company	4.53	4.53	
Morrihan International Corp.	Hotech Electronics Corp.	Trading Company	-	100	(c)
Morrihan International Corp.	Asia Latest Technology Limited	Investment Company	100	100	
Promising Investment Limited	WT Technology (H.K.) Limited	Trading Company	100	100	
Promising Investment Limited	WT Solomon QCE Ltd.	Trading Company	100	100	
Promising Investment Limited	WT Microelectronics (Hong Kong) Limited	Trading Company	100	100	
Promising Investment Limited	Nino Capital Co., Ltd.	Investment Company	100	100	
Promising Investment Limited	Rich Web Ltd.	Investment Company	100	100	
Wintech Investment Co., Ltd.	WT Microelectronics Singapore Pte. Ltd.	Trading Company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Wintech Investment Co., Ltd.	WT Microelectronics (Malaysia) Sdn. Bhd.	Trading Company	100	100	
Wintech Investment Co., Ltd.	WT Technology Korea Co., Ltd.	Trading Company	95.47	95.47	
Nino Capital Co., Ltd.	Shanghai WT Microelectronics Co., Ltd.	Trading Company	100	100	
Rich Web Ltd.	WT Microelectronics (Shenzhen) Co., Ltd.	Trading Company	100	100	
WT Microelectronics Singapore Pte. Ltd.	WT Microelectronics (Thailand) Co., Limited.	Trading Company	100	100	
WT Microelectronics Singapore Pte. Ltd.	WT Microelectronics India Private Limited	Trading Company	100	100	
SinYie Investment Co., Ltd.	Wintech Microelectronics Holding Limited	Investment Company	0.35	0.35	
Asia Latest Technology Limited	Morrihan International Trading (Shanghai) Co., Ltd.	Trading Company	100	100	
Techmosa International Inc.	Techmosa International Holding Ltd.	Investment Company	-	100	(e)
Techmosa International Inc.	Morrihan Singapore Pte. Ltd.	Trading Company	100	100	
Maxtek Technology Co., Ltd.	HongTech Electronics Co., Ltd.	Trading Company	100	100	
Maxtek Technology Co., Ltd.	Lacewood International Corp.	Trading Company	100	100	
Maxtek Technology Co., Ltd.	Best Winner International Development Ltd.	Investment Company	100	100	
Best Winner International Development Ltd.	Maxtek International (HK) Limited.	Trading Company	100	100	
Brillnics Inc.	Brillnics (HK) Limited	Selling and Technology Servicing	100	100	(a)
Brillnics Inc.	Brillnics Singapore Pte. Ltd.	Trading Company	100	100	(a)

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Brillnics (HK) Limited	Brillnics Japan Inc.	Research and Development Company	100	100	(a)
Brillnics (HK) Limited	Brillnics (Taiwan) Inc.	Research and Development Company	100	100	(a)

(a) Wintech Microelectronics Holding Limited indirectly invested in Brillnics Inc. through Supreme Mega Ltd. In December 2020, Supreme Mega Ltd. implemented its dissolution and liquidation procedures and returned Brillnics Inc.'s shares to the original shareholders proportionately based on their owned shares of Supreme Mega Ltd. Further, Brillnics Inc. increased its capital by issuing preferred shares in December 2020 and accordingly, the shareholder ratio of Wintech Microelectronics Holding Limited in Brillnics Inc. increased to 54.15%, and capital surplus decreased by \$249,010.

(b) In October 2020, the Company acquired all the equity interest of Analog World Co., Ltd. by cash, which then became a wholly-owned subsidiary and was included in the consolidated financial statements from the acquisition date.

(c) In March 2021, Hotech Electronics Corp. has been dissolved and liquidated.

(d) The Group increased its investment in the newly issued preferred shares of Brillnics Inc. at US\$10,352 thousand on April 8, 2021 and accordingly, the shareholder ratio increased to 62.16%, capital surplus decreased by \$78,247 and non-controlling interest increased by \$122,199. Further, employees of Brillnics Inc. exercised employee stock options in April, July and October 2021 and accordingly, the shareholder ratio decreased to 62.03%.

(e) In November 2021, Techmosa International Holding Ltd. has been dissolved and liquidated.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

A. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

B. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are

recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

C. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the

balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets (liabilities) at fair value through profit or loss

- A. These are financial assets that are not measured at amortised cost or at fair value through other comprehensive income and are held for trading if acquired principally for the purpose of repurchasing in the short term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets and liabilities at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition relating to the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are initially recognised and subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of receiving contract cash flow and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in other comprehensive income.

(10) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred, however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

- A. The cost of inventories includes the purchase price, import duties and other costs directly attributable to the acquisition of goods. The discount, allowance and others alike should be deducted from the cost.
- B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously

recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	26 ~ 55 years
Office equipment	2 ~ 9 years
Other assets	2 ~ 12 years

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Group's incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 ~ 55 years.

(18) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 ~ 5 years.

C. Other intangible assets, mainly customer relationship, are recorded at cost and amortised on a straight-line basis over the estimated useful life of 5 ~ 8 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amount of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are initially recognised and subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

(22) Convertible bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument ('capital surplus—share options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- B. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of bonds payable as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity

component in proportion to the initial carrying amount of each abovementioned item.

- D. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – share options.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised

as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

- B. The grant date of cash capital increase reserved for employee preemption is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.
- C. Restricted stocks:
 - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
 - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
 - (c) For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign during the vesting period, the restricted stocks will be redeemed and retired by the Group without further consideration and recognised as deduction of share capital and additional paid-in capital, in accordance with the terms of restricted stocks.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business

combination that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

- A. Ordinary shares are classified as equity. The classification of preferred shares is determined according to the special rights attached to the preferred shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preferred shares are classified as liabilities when they have the fundamental characteristic of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders or Board of Directors. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. Sales of goods

- (a) The Group sells electronic components. Sales are recognised when the control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) The goods are often sold with volume discounts based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The customer pays at the time specified in the payment schedule. If the payments exceed the merchandise provided, a contract liability is recognised.

B. Services

- (a) The Group provides semiconductor development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided at the end of the reporting period in a proportion to the total services to be provided. This is determined based on the contract costs incurred for services performed to the estimated total cost for the service contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value as a bargain purchase.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the

good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the goods or services before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services;
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group’s subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the estimated selling price in the ordinary course of business within the specified period before the balance sheet date. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 1,725	\$ 2,830
Checking accounts and demand deposits	<u>4,677,851</u>	<u>3,624,282</u>
	<u>\$ 4,679,576</u>	<u>\$ 3,627,112</u>

- A. The Group transacts with a variety of financial institutions all with good credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group's deposits with banks that have been pledged as collateral were classified as 'other current assets'. Please refer to Note 8 for details. As of December 31, 2021 and 2020, the time deposits with maturity date over 3 months of \$14,673 and \$0, respectively, are recorded as 'other current assets'.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Beneficiary certificates	\$ 11,743	\$ 13,135
Equity instruments	9,806	-
Derivatives	455	-
	<u>\$ 22,004</u>	<u>\$ 13,135</u>
Non-current items:		
Beneficiary certificates	\$ 255,946	\$ 114,697
Debt instruments	65,780	349
	<u>\$ 321,726</u>	<u>\$ 115,046</u>
<u>Liabilities</u>		
Current items:		
Derivatives	<u>\$ 14,838</u>	<u>\$ -</u>

- A. Amounts recognised in profit or loss in relation to financial assets and liabilities measured at fair value through profit or loss are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Derivatives	(\$ 208,532)	(\$ 56,949)
Beneficiary certificates	14,986	8,802
Equity instruments	4,329	-
Debt instruments	(18)	(3)
	<u>(\$ 189,235)</u>	<u>(\$ 48,150)</u>

B. The non-hedging derivative financial assets and liabilities and contract information are as follows:

Derivative financial assets	December 31, 2021		
	Contract amount (Notional principal)		Contract period
	(In thousands)		
Current items:			
Forward foreign exchange contracts	USD (BUY)	25,000	2021.12.30~2022.2.9
Derivative financial liabilities			
Current items:			
Forward foreign exchange contracts	USD (BUY)	190,000	2021.11.30~2022.1.4

The Group entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting. The Group did not hold any unsettled derivative instruments as of December 31, 2020.

C. For the derivative transactions, the Group deals with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

D. The Group has no financial assets measured at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments	\$ -	\$ 373,071
Non-current items:		
Equity instruments	\$ 18,989,224	\$ 14,826,321

A. The Group has elected to classify certain strategic investments in the aforementioned equity instruments, including publicly listed and privately held companies, as financial assets measured at fair value through other comprehensive income.

B. The Company exchanged shares with ASMedia Technology Inc. on April 21, 2020 and acquired \$6,624,000 of financial assets at fair value through other comprehensive income - non-current. Please refer to Note 6(19) for more details.

C. Aiming to satisfy its operating capital needs, the Group sold \$940,603 and \$187,887 of listed and unlisted shares at fair value which resulted in a cumulative gain on disposal of \$829,802 and \$174,922 during the years ended December 31, 2021 and 2020, respectively.

D. Please refer to Note 6(22) for information on changes in fair value recognised in other comprehensive income for the years ended December 31, 2021 and 2020.

E. The Group has no financial assets measured at fair value through other comprehensive income pledged to others as of December 31, 2021 and 2020.

(4) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 3,522,996	\$ 2,511,120
Accounts receivable	72,147,379	58,567,256
Less: Allowance for uncollectible accounts	(208,292)	(228,084)
Notes and accounts receivable, net	<u>75,462,083</u>	<u>60,850,292</u>
Overdue receivables	492,607	477,261
Less: Allowance for uncollectible accounts	(492,607)	(477,261)
Overdue receivables, net (shown as 'other non-current assets')	<u>-</u>	<u>-</u>
	<u>\$ 75,462,083</u>	<u>\$ 60,850,292</u>

A. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of accounts receivables and notes receivable amounted to \$45,921,706.

B. Transferred financial assets that are derecognised in their entirety

(a) As of December 31, 2021 and 2020, the Group had outstanding discounted notes receivable amounting to \$2,953,255 and \$1,424,001, respectively. However, as the notes receivable are bank's acceptance bills and are discounted without right of recourse, those discounted notes receivable were deducted directly from notes receivable.

(b) The Group entered into factoring agreements with domestic financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable transferred		
(Amount derecognised)	<u>\$ 34,289,747</u>	<u>\$ 24,147,739</u>
Amount advanced	<u>\$ 33,360,580</u>	<u>\$ 23,727,304</u>
Amount retained (shown as 'other receivables')	<u>\$ 929,167</u>	<u>\$ 420,435</u>

(c) The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. Transferred financial assets that are not derecognised in their entirety

(a) The Group entered into factoring agreements with domestic financial institutions to sell its accounts receivable. Under the agreement, the Group can transfer non-L/C accounts receivable financing to financial institutions, and the banks have the right of recourse to the transferred accounts receivable. For accounts receivable that will not be recovered in the specific period, the Group will retain risk and returns of such accounts receivable. Accordingly, the Group did

not derecognise the accounts receivable where the banks have the right of recourse, and related advance payments were listed in ‘short-term borrowings’.

- (b) The information of transferred accounts receivable continued to be recognised by the Group as of December 31, 2021 and 2020 is as follows. In addition, total carrying amount of the original assets before the transfer (same as carrying amount of the assets that the entity continues to recognise) of transferred accounts receivable continued to be recognised by the Group to the extent of its continuing involvement is in line with carrying amount of the associated liabilities, fair value of transferred accounts receivable and fair value of advance payments.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of transferred accounts receivable (that is, fair value)	\$ 338,931	\$ -
Carrying amount of advance payments (that is, fair value)	(305,038)	-
Net amount	<u>\$ 33,893</u>	<u>\$ -</u>

- D. As of December 31, 2021 and 2020, the interest rates for amounts advanced ranged between 0.31%~1.29% and 0.392%~1.38%, respectively.
- E. As of December 31, 2021 and 2020, the total limits of the accounts receivable factoring were \$91,334,573 and \$79,369,034, respectively.
- F. As of December 31, 2021 and 2020, the Group has issued a promissory note of \$174,886,486 and \$177,137,602, respectively, as performance guarantee against any business dispute.
- G. Please refer to Note 6(28) for information on financing charges on accounts receivable factoring for the years ended December 31, 2021 and 2020.
- H. As of December 31, 2021 and 2020, the Group’s accounts receivable that are expected to be factored were classified as financial assets at fair value through other comprehensive income in the amounts of \$16,784,917 and \$14,288,166, respectively, and recorded as ‘accounts receivable’.
- I. The Group took out a credit insurance on the accounts receivable from certain main customers, whereby 75%~90% of the receivable amount can be covered when the receivables are uncollectible. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable was the carrying amount of the notes and accounts receivable.
- J. Please refer to Note 8 for details of accounts receivable pledged as security.
- K. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amounts retained for accounts receivable factoring	\$ 929,167	\$ 420,435
VAT refund receivable	412,466	628,959
Others	<u>190,264</u>	<u>26,441</u>
	<u>\$ 1,531,897</u>	<u>\$ 1,075,835</u>

(6) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Merchandise inventory	\$ 67,586,646	\$ 45,337,620
Less: Allowance for inventory obsolescence and market value decline	(<u>1,062,342</u>)	(<u>1,023,228</u>)
	<u>\$ 66,524,304</u>	<u>\$ 44,314,392</u>

The cost of inventories recognised as expense for the year:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 430,833,499	\$ 342,312,603
Loss on decline in market value	47,797	64,842
Loss on disposal of inventory	28,069	-
Loss on physical inventory	<u>113</u>	<u>328</u>
	<u>\$ 430,909,478</u>	<u>\$ 342,377,773</u>

(7) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 122,906	\$ 156,858
Share of loss of investments accounted for using equity method	(5,878)	(30,881)
Changes in capital surplus	3,173	-
Changes in other equity items	(<u>1,744</u>)	(<u>3,071</u>)
At December 31	<u>\$ 118,457</u>	<u>\$ 122,906</u>

A. JCD Optical (Cayman) Co., Ltd. increased its capital by \$41,925 in July 2021. The Company did not acquire shares proportionally to its interest. As a result, the shareholder ratio changed to 19.8% and capital surplus increased by \$3,173.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Years ended December 31,	
	2021	2020
Loss for the year from continuing operations	(\$ 5,878)	(\$ 30,881)
Other comprehensive income, net of tax	689	2,116
Total comprehensive loss	(\$ 5,189)	(\$ 28,765)

(8) Property, plant and equipment

	Land	Buildings	Office equipment	Others	Total
<u>At January 1, 2021</u>					
Cost	\$ 225,459	\$ 652,172	\$ 438,688	\$ 432,193	\$ 1,748,512
Accumulated depreciation and impairment	-	(127,635)	(308,044)	(309,640)	(745,319)
	<u>\$ 225,459</u>	<u>\$ 524,537</u>	<u>\$ 130,644</u>	<u>\$ 122,553</u>	<u>\$ 1,003,193</u>
<u>2021</u>					
Opening net book amount	\$ 225,459	\$ 524,537	\$ 130,644	\$ 122,553	\$ 1,003,193
Additions	-	5,170	45,409	104,832	155,411
Disposals	-	-	(479)	(105)	(584)
Depreciation charge	-	(15,148)	(58,188)	(63,353)	(136,689)
Net exchange differences	-	(6,358)	(7,250)	(3,508)	(17,116)
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 508,201</u>	<u>\$ 110,136</u>	<u>\$ 160,419</u>	<u>\$ 1,004,215</u>
<u>At December 31, 2021</u>					
Cost	\$ 225,459	\$ 650,916	\$ 453,117	\$ 526,007	\$ 1,855,499
Accumulated depreciation and impairment	-	(142,715)	(342,981)	(365,588)	(851,284)
	<u>\$ 225,459</u>	<u>\$ 508,201</u>	<u>\$ 110,136</u>	<u>\$ 160,419</u>	<u>\$ 1,004,215</u>

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>					
Cost	\$ 225,459	\$ 641,873	\$ 389,030	\$ 354,743	\$1,611,105
Accumulated depreciation and impairment	<u>-</u>	<u>(112,299)</u>	<u>(249,171)</u>	<u>(239,225)</u>	<u>(600,695)</u>
	<u>\$ 225,459</u>	<u>\$ 529,574</u>	<u>\$ 139,859</u>	<u>\$ 115,518</u>	<u>\$1,010,410</u>
<u>2020</u>					
Opening net book amount	\$ 225,459	\$ 529,574	\$ 139,859	\$ 115,518	\$1,010,410
Acquisitions from business combinations	-	-	2,100	-	2,100
Additions	-	4,659	39,402	62,092	106,153
Disposals	-	-	(1,029)	-	(1,029)
Depreciation charge	-	(14,953)	(50,187)	(55,077)	(120,217)
Net exchange differences	<u>-</u>	<u>5,257</u>	<u>499</u>	<u>20</u>	<u>5,776</u>
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 524,537</u>	<u>\$ 130,644</u>	<u>\$ 122,553</u>	<u>\$1,003,193</u>
<u>At December 31, 2020</u>					
Cost	\$ 225,459	\$ 652,172	\$ 438,688	\$ 432,193	\$1,748,512
Accumulated depreciation and impairment	<u>-</u>	<u>(127,635)</u>	<u>(308,044)</u>	<u>(309,640)</u>	<u>(745,319)</u>
	<u>\$ 225,459</u>	<u>\$ 524,537</u>	<u>\$ 130,644</u>	<u>\$ 122,553</u>	<u>\$1,003,193</u>

Office and other equipment at December 31, 2021 and 2020 were for the Group's own use and not for lease.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land, office and warehouse. Except for right-of-use of land for periods of 20 to 50 years, the rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise certain offices, business vehicles and printers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 282,147	\$ 283,739
Buildings and structures	<u>417,416</u>	<u>489,113</u>
	<u>\$ 699,563</u>	<u>\$ 772,852</u>

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,940	\$ 5,786
Buildings and structures	<u>205,008</u>	<u>170,634</u>
	<u>\$ 210,948</u>	<u>\$ 176,420</u>

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$145,810 and \$100,714, respectively.

E. The information on income or expense accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15,907	\$ 16,436
Expense on short-term lease contracts	80,226	80,470

F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$289,163 and \$264,352, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(<u>1,897</u>)	(<u>16,624</u>)	(<u>18,521</u>)
	<u>\$ 82,839</u>	<u>\$ 20,475</u>	<u>\$ 103,314</u>
<u>2021</u>			
Opening net book amount	\$ 82,839	\$ 20,475	\$ 103,314
Depreciation charge	<u>-</u>	(<u>814</u>)	(<u>814</u>)
Closing net book amount	<u>\$ 82,839</u>	<u>\$ 19,661</u>	<u>\$ 102,500</u>
<u>At December 31, 2021</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(<u>1,897</u>)	(<u>17,438</u>)	(<u>19,335</u>)
	<u>\$ 82,839</u>	<u>\$ 19,661</u>	<u>\$ 102,500</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2020</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(1,897)	(15,810)	(17,707)
	<u>\$ 82,839</u>	<u>\$ 21,289</u>	<u>\$ 104,128</u>
<u>2020</u>			
Opening net book amount	\$ 82,839	\$ 21,289	\$ 104,128
Depreciation charge	-	(814)	(814)
Closing net book amount	<u>\$ 82,839</u>	<u>\$ 20,475</u>	<u>\$ 103,314</u>
<u>At December 31, 2020</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(1,897)	(16,624)	(18,521)
	<u>\$ 82,839</u>	<u>\$ 20,475</u>	<u>\$ 103,314</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from the lease of the investment property	<u>\$ 2,627</u>	<u>\$ 2,643</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 814</u>	<u>\$ 814</u>

B. The fair values of the investment property held by the Group as at December 31, 2021 and 2020 were \$179,635 and \$184,376, respectively, which were based on the valuation of market prices estimated using comparison approach and is categorized within Level 3 in the fair value hierarchy.

(11) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 2,046,410	\$ 107,496	\$ 69,152	\$ 2,223,058
Accumulated amortisation and impairment	(220,132)	(88,076)	(3,237)	(311,445)
	<u>\$ 1,826,278</u>	<u>\$ 19,420</u>	<u>\$ 65,915</u>	<u>\$ 1,911,613</u>
<u>2021</u>				
Opening net book amount	\$ 1,826,278	\$ 19,420	\$ 65,915	\$ 1,911,613
Additions	13,686	4,436	96,906	115,028
Amortisation charge (shown as 'general and administrative expenses')	-	(8,271)	(19,941)	(28,212)
Net exchange differences	(27,079)	-	1,427	(25,652)
Closing net book amount	<u>\$ 1,812,885</u>	<u>\$ 15,585</u>	<u>\$ 144,307</u>	<u>\$ 1,972,777</u>
<u>At December 31, 2021</u>				
Cost	\$ 2,033,017	\$ 111,896	\$ 167,485	\$ 2,312,398
Accumulated amortisation and impairment	(220,132)	(96,311)	(23,178)	(339,621)
	<u>\$ 1,812,885</u>	<u>\$ 15,585</u>	<u>\$ 144,307</u>	<u>\$ 1,972,777</u>
	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>				
Cost	\$ 2,028,000	\$ 102,488	\$ 5,381	\$ 2,135,869
Accumulated amortisation and impairment	(174,119)	(77,891)	-	(252,010)
	<u>\$ 1,853,881</u>	<u>\$ 24,597</u>	<u>\$ 5,381</u>	<u>\$ 1,883,859</u>
<u>2020</u>				
Opening net book amount	\$ 1,853,881	\$ 24,597	\$ 5,381	\$ 1,883,859
Additions	65,312	5,008	66,140	136,460
Amortisation charge (shown as 'general and administrative expenses')	-	(10,185)	(3,269)	(13,454)
Impairment loss	(46,013)	-	-	(46,013)
Net exchange differences	(46,902)	-	(2,337)	(49,239)
Closing net book amount	<u>\$ 1,826,278</u>	<u>\$ 19,420</u>	<u>\$ 65,915</u>	<u>\$ 1,911,613</u>
<u>At December 31, 2020</u>				
Cost	\$ 2,046,410	\$ 107,496	\$ 69,152	\$ 2,223,058
Accumulated amortisation and impairment	(220,132)	(88,076)	(3,237)	(311,445)
	<u>\$ 1,826,278</u>	<u>\$ 19,420</u>	<u>\$ 65,915</u>	<u>\$ 1,911,613</u>

- A. Other intangible assets mainly pertain to customer relationship.
- B. The information on intangible assets acquired through business combinations for the years ended December 31, 2021 and 2020 is provided in Note 6(33).
- C. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Retail</u>	<u>Retail</u>
Greater China Region	\$ 1,165,339	\$ 1,171,171
All other segments	<u>647,546</u>	<u>655,107</u>
	<u>\$ 1,812,885</u>	<u>\$ 1,826,278</u>

- D. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The future cash flows were estimated based on the annual revenue, gross profit and other operating expenses in the future. Management determined budgeted gross margin based on past performance and their expectations of market development. The Group's accrued average annual revenue growth rate for the years ended December 31, 2021 and 2020 was 0%~5% and 0%~10%, respectively; the assumption used for discount rate is the weighted average capital cost of the Group. As of December 31, 2021 and 2020, the key valuations used for pre-tax discount rate to reflect risk of related cash-generating units were 5.32%~9.8% and 4.57%~10.3%, respectively. Based on the aforementioned assessment, the Group recognised impairment loss of goodwill of \$0 and \$46,013 for the years ended December 31, 2021 and 2020, respectively, and are recorded as "other gains and losses".

- E. The impairment loss reported by operating segments is as follows:

	<u>2021</u>	<u>2020</u>
Greater China Region	\$ -	\$ 46,013

- F. There were no intangible assets that were pledged to others.

(12) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	\$ 33,192,670	\$ 23,314,455
Secured borrowings (note)	<u>305,038</u>	<u>-</u>
	<u>\$ 33,497,708</u>	<u>\$ 23,314,455</u>
Interest rates per annum	<u>0.5195%~3.55%</u>	<u>0.5186%~3.65%</u>

Note: They were secured by accounts receivable.

As of December 31, 2021 and 2020, information on the collateral provided by the Group is provided

in Note 8.

(13) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper	\$ 2,050,000	\$ 748,000
Amortisation of discount	(<u>546</u>)	(<u>357</u>)
	<u>\$ 2,049,454</u>	<u>\$ 747,643</u>
Coupon rate	<u>0.44%~0.742%</u>	<u>0.331%~0.572%</u>

The notes and bills were issued under securities and acceptance offered by the financial institutions to fund short-term capital. The issuance period is within 90 days.

(14) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 1,329,638	\$ 1,041,708
Accrued VAT payable	167,454	112,611
Freight payable	165,500	166,243
Insurance expense payable	80,654	55,590
Others	<u>440,886</u>	<u>347,127</u>
	<u>\$ 2,184,132</u>	<u>\$ 1,723,279</u>

(15) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 77,100	\$ 384,100
Less: Discount on bonds payable	(<u>465</u>)	(<u>6,906</u>)
	76,635	377,194
Less: Bonds payable, current portion (Shown as 'Long-term liabilities, current portion')	(<u>76,635</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$ 377,194</u>

A. Sixth unsecured convertible bonds of 2019

(a) The terms of the sixth domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$1,200,000, 0%, sixth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 1, 2019 ~July 1, 2022) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 1, 2019.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is set up based on the pricing model as specified in the

terms of the bonds (with the conversion price at NT\$40 per share), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. On December 31, 2021, the conversion price was NT\$26.7 per share.

iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from securities trading markets), matured and converted are retired and not to be resold or re-issued; the convertible rights attached to the bonds are also extinguished.

(b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$37,762 were separated from the liability component and were recognised in ‘capital surplus share options’ amounting to \$2,426 as of December 31, 2021, in accordance with IAS 32.

(c) As of December 31, 2021, the convertible bonds converted into 38,287 thousand common shares totaled \$1,122,900 at par value.

B. For the years ended December 31, 2021 and 2020, the amortised discount of bonds payable was \$3,516 and \$7,500, respectively.

(16) Long-term loans

Type of loans	Period	December 31, 2021	
		Credit line	Amount
Mid-term syndicated loans (note A)	2021.7.29~2026.7.29	\$ 12,000,000	\$ 7,750,400
Interest rate			0.95%
		December 31, 2020	
Type of loans	Period	Credit line	Amount
Mid-term borrowings (Bank of Taiwan) (note B)	2020.9.14~2022.9.14	\$ 800,000	\$ 800,000
Interest rate			1.2%

A. As stipulated in the syndicated loan agreement:

(a) Credit line: NT\$12,000,000.

(b) Credit period: 5 years after the date of first drawdown of any credit line.

(c) Drawdown period: The day before 5 years after the date of first drawdown. However, maturity date of each borrowing shall not exceed the credit period. The borrower may apply for re-utilisation within the credit period 5 years after the date of first drawdown according to the capital situation. However, each drawdown must be fully repaid before the expiry of the credit period.

(d) Financial commitment: The borrower’s consolidated financial statements shall maintain the following financial ratios and regulations:

i. Liquidity ratio: Shall be at least 100%.

ii. Net debt ratio: Shall be no more than 250%.

iii. Interest coverage ratio shall be at least 200%.

The abovementioned financial ratios are reviewed semi-annually.

- B. Under the Bank of Taiwan borrowing contract, the Group shall review the average balance of demand deposits every six months during the contract period in order to maintain the interest rate markup.
- C. The Group's financial ratios in the consolidated financial statements for the years ended December 31, 2021 and 2020 have met the required covenants under the abovementioned borrowing contract.
- D. The Group's liquidity risk is provided in Note 12.

(17) Pensions

A. Defined benefit pension plan

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.
- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 205,472	\$ 206,193
Fair value of plan assets	(149,497)	(142,768)
Net defined benefit liability	<u>\$ 55,975</u>	<u>\$ 63,425</u>
Shown as 'other non-current assets'	<u>\$ 5,592</u>	<u>\$ 5,008</u>
Shown as 'other non-current liabilities'	<u>\$ 61,567</u>	<u>\$ 68,433</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
Balance at January 1	\$ 206,193	\$ 142,768	\$ 63,425
Current service cost	1,243	-	1,243
Interest (expense) income	<u>671</u>	<u>462</u>	<u>209</u>
	<u>208,107</u>	<u>143,230</u>	<u>64,877</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,100	(2,100)
Change in demographic assumptions	204	-	204
Change in financial assumptions	(8,041)	-	(8,041)
Experience adjustments	<u>5,202</u>	<u>-</u>	<u>5,202</u>
	<u>(2,635)</u>	<u>2,100</u>	<u>(4,735)</u>
Pension fund contribution	<u>-</u>	<u>4,167</u>	<u>(4,167)</u>
Balance at December 31	<u>\$ 205,472</u>	<u>\$ 149,497</u>	<u>\$ 55,975</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	\$ 194,236	\$ 134,015	\$ 60,221
Current service cost	1,216	-	1,216
Interest (expense) income	<u>1,411</u>	<u>964</u>	<u>447</u>
	<u>196,863</u>	<u>134,979</u>	<u>61,884</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,558	(4,558)
Change in financial assumptions	8,679	-	8,679
Experience adjustments	<u>1,586</u>	<u>-</u>	<u>1,586</u>
	<u>10,265</u>	<u>4,558</u>	<u>5,707</u>
Pension fund contribution	<u>-</u>	<u>4,166</u>	<u>(4,166)</u>
Paid pension	<u>(935)</u>	<u>(935)</u>	<u>-</u>
Balance at December 31	<u>\$ 206,193</u>	<u>\$ 142,768</u>	<u>\$ 63,425</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and

Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being approved by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund, hence, the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.7%</u>	<u>0.3%~0.4%</u>
Future salary increases	<u>3%</u>	<u>3%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	<u>(\$ 5,075)</u>	<u>\$ 5,248</u>	<u>\$ 4,607</u>	<u>(\$ 4,487)</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	<u>(\$ 5,597)</u>	<u>\$ 5,801</u>	<u>\$ 5,121</u>	<u>(\$ 4,979)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$4,210.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 10 ~13 years.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s subsidiaries in Mainland China have a defined contribution plan in accordance with the pension regulations in the People’s Republic of China (PRC). These companies contribute monthly an amount based on 1%~21% of the employees’ monthly salaries based on the employees’ domiciles to their independent funds administered by the government. For the subsidiaries in Hong Kong, these companies and its employees each contribute monthly an amount equal to 5% of the employees’ monthly salaries pursuant to the legislation in Hong Kong. Each fund is managed by the government. Except for the monthly contribution, these companies have no other obligation.
- (c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$238,995 and \$146,286, respectively.

(18) Share-based payment

- A. For the year ended December 31, 2021 and 2020, the Group’s share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Cash capital increase reserved for employee preemption	2020.8.17	520 thousand shares	Vested immediately
Restricted stocks to employees	2021.1.13	2,992 thousand shares	(a) and (b)
Employee stock options	2021.3.18	12,000 thousand shares	(c)
Restricted stocks to employees	2021.7.28	2,788 thousand shares	(a) and (b)

- (a) The vesting percentage for the employee who has rendered service to the Company since the grant date and achieves the performance condition is 25% each year.
- (b) The issued employee restricted shares before meeting the vesting conditions are subject to certain restrictions as follows:

- i. Employee restricted shares cannot be sold, pledged, transferred, donated to others, set purposes or disposed in any other ways, except for inheritance.
 - ii. The rights to attend, propose, speak and vote at the shareholders meeting are the same as the issued ordinary shares of the Company and are implemented in accordance with the trust custody contract.
 - iii. Other rights including but not limited to dividends, distribution rights of legal reserve and capital surplus and share options of cash capital increase, etc. are the same as the Company's issued ordinary shares, do not need to be kept in trust and are not restricted by the vesting period. Employees are required to return the unvested stocks but not required to return the dividends received if they resign during the vesting period.
- (c) Employees can exercise 50%, 25% and 25% of their option after 2 years, 3 years and 4 years from the grant date of employee stock options, respectively.
- B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (years)	Expected dividends	Risk-free interest rate (%)	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2020.8.17	\$ 53.25	\$ 50.00	9.09	0.137	-	0.13	\$ 3.28
Restricted stocks to employees	2021.1.13	\$ 42.05	\$ -	-	4	-	-	\$ 42.05
Employee stock options	2021.3.18	\$ 46.80	\$ 46.80	18.44~ 18.46	4~5	-	0.31~ 0.34	\$7.0985~ \$8.1307
Restricted stocks to employees	2021.7.28	\$ 61.20	\$ -	-	4	-	-	\$ 58.0011

C. Details of the stock options for the year ended December 31, 2021 are disclosed as follows:

	2021		
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	Weighted-average remaining contractual period
Options outstanding at January 1	-	\$ -	
Options granted	12,000	46.8	
Options forfeited	(60)	-	
Options outstanding at December 31	<u>11,940</u>	<u>\$ 46.8</u>	5.46 years

E. Details of the employee restricted shares for the year ended December 31, 2021 are disclosed as follows:

	2021
	No. of shares (in thousands)
Shares outstanding at January 1	-
Shares granted	5,780
Shares forfeited	(52)
Shares outstanding at December 31	<u>5,728</u>

F. Compensation cost of share-based payment of \$123,520 and \$1,706 was recognised for cash capital increase reserved for employee preemption for the years ended December 31, 2021 and 2020, respectively.

(19) Share capital

As of December 31, 2021, the Company's authorised capital was \$20,000,000, including partial preferred shares, consisting of 2 billion shares (including 300 million shares reserved for employee stock options), and the paid-in capital was \$9,327,068 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Common stock

A. Movements in the number of the Company's ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	<u>2021</u>	<u>2020</u>
	Shares (in thousands)	Shares (in thousands)
At January 1	788,232	591,437
Shares issued	-	171,000
Issuance of employee restricted shares	5,780	-
Cancellation of employee restricted shares	(52)	-
Shares converted from bonds	11,391	25,795
Retirement of treasury shares	(2,494)	-
At December 31	<u>802,857</u>	<u>788,232</u>

- B. On February 21, 2020, the Company's Board of Directors resolved to increase capital of \$1,710,000 by issuing 171 million ordinary shares in the amount of \$6,624,000 with a par value of NT\$10 (in dollars) per share to exchange for 9 million shares of ASMedia Technology Inc. The transaction was approved by the Financial Supervisory Committee on April 17, 2020, and the effective date was set on April 21, 2020.
- C. There were 11,391 thousand ordinary shares converted from the Company's convertible bonds in the year of 2021. Convertible bonds amounting to \$137,500 in total par value had been requested for conversion into 5,150 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the change in registration has not yet been completed.
- D. On March 27, 2020, the shareholders resolved the issuance of 3,000 thousand employee restricted shares with a par value of \$10 (in dollars) per share. The issuance can be granted several times within a year. A total of 2,992 thousand shares were issued for the first time and the effective date was set on January 18, 2021.
- E. On July 12, 2021, the shareholders resolved the issuance of 3,000 thousand employee restricted shares with a par value of \$10 (in dollars) per share. The issuance can be granted several times within a year. A total of 2,788 thousand shares were issued for the first time and the effective date was set on July 28, 2021.
- F. On July 12, 2021, the shareholders resolved to increase capital by issuing common shares domestically and/or to increase capital by issuing common shares to participate in issuance of the global depository receipts. The shareholders authorised the Board of Directors to increase the capital by selecting an appropriate timing and a financing instrument through one of the methods or a combination of the two once or several times and up to a maximum number of 120 million shares depending on the market environment and the Company's capital needs. The common shares for domestic capital increase will be issued through book building or public subscription.
- G. On February 24, 2022, the Company's Board of Directors resolved to increase capital by issuing common shares to participate in the issuance of the global depository receipts for the financial needs of the repayment of the principal of bank borrowing in foreign currency and overseas procurement. The proposed stock issuance for cash is expected to be around 58,000 thousand to

78,000 thousand shares of common stocks with a par value of NT\$10 (in dollars) per share, and authorise the chairman to adjust the issuance position depending on the market environment within the limit.

H. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares (in thousands)	Carrying amount
The Company	To enhance the Company's credit rating and the shareholders' equity	2,494	\$ <u> -</u>

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the shareholders' equity should be retired within six months of acquisition. The Board of Directors on November 5, 2021 has resolved to retire 2,494 thousand shares, and the registration for the change was completed on November 19, 2021.

Preferred shares

On July 2, 2020, the Board of Directors resolved to increase the Company's capital in the amount of \$6,750,000 by issuing 135 million shares of Class A preferred shares with a par value of \$10 (in dollars) per share issued at \$50 (in dollars) per share. The capital injection was approved by the FSC on July 29, 2020, and the effective date was set on October 15, 2020. The rights and obligations of these outstanding preferred shares are as follows:

- A. Expiration date: The Company's Class A preferred shares are perpetual. The shareholders of Class A preferred shares cannot request the Company to retire the preferred shares they hold but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class A preferred shares sustained all the rights and obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.

- B. Dividends: Dividends are calculated at 4% per annum, consisting of five-year IRS rate of 0.6125% on pricing effective date (August 17, 2020) and specific markup of 3.3875%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two business days in Taipei financial industry prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages “PYTWDFIX” and “COSMOS3” at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.
- C. Dividend distribution: Dividends of Class A preferred shares are distributed once per year in the form of cash. The effective date for distributing previous year’s distributable dividends will be set by the Board of Directors or the chairman who is authorised by the Board of Directors. Dividend distributions in the years of issuance and redemption are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating deficit and then set aside as legal reserve. Special reserve shall be set aside or reversed as required by regulations or the Competent Authority when necessary. The remainder, if any in the current year, can be distributed as dividends of preferred shares in first priority.
- The Company has discretion in dividend distribution of Class A preferred shares. The Company could choose not to distribute dividends of preferred shares when resolved by the Board of Directors, which would not lead to default if the Company has no or has insufficient current year’s earnings for distribution or has other considerations. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not be deferred to future years when the Company has earnings.
- D. Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class A preferred shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.
- E. Residual property distribution: The shareholders of Class A preferred shares have priority over shareholders of common stocks in distributing the Company’s residual properties and have the same priority with other preferred shareholders of the Company, but behind the general creditor. In addition, the limit is the amount calculated by shares of outstanding preferred shares issued and the issue price when distributing.
- F. Right to vote and be elected: The shareholders of Class A preferred shares have no right to vote and be elected as directors in the ordinary shareholders’ meeting of the Company but have the right to vote in the shareholders’ meeting only when there is unfavourable matters to rights and obligations of shareholders of Class A preferred shares.

- G. Conversion to common shares: Class A preferred shares could not be converted to common shares.
- H. The preemptive rights for shareholders of Class A preferred shares are the same as of common shareholders when the Company increases its capital by issuing new shares.
- I. Capital surplus arising from premium issuance of Class A preferred shares can be used to offset against accumulated deficit but cannot be capitalised during the issuance period.

(20) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further to the above considerations, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Changes in capital surplus are as follows:

	2021						
	Share premium	Treasury share transactions	Employee stock options	Stock options	Restricted stocks to employees	Net change in equity of associates	Total
At January 1	\$20,033,915	\$40,742	\$ -	\$12,087	\$ -	\$ 8,237	\$ 20,094,981
Issuance of employee restricted shares	-	-	-	-	216,366	-	216,366
Cancellation of employee restricted shares	-	-	-	-	520	-	520
Conversion of convertible bonds	199,827	-	-	(9,661)	-	-	190,166
Retirement of treasury shares	(46,322)	(40,742)	-	-	-	-	(87,064)
Compensation cost of share-based payments	-	-	26,636	-	-	-	26,636
Changes in equity of associates accounted for using the equity method	-	-	-	-	-	3,173	3,173
At December 31	<u>\$20,187,420</u>	<u>\$ -</u>	<u>\$26,636</u>	<u>\$ 2,426</u>	<u>\$216,886</u>	<u>\$ 11,410</u>	<u>\$ 20,444,778</u>

	2020				
	Share premium	Treasury share transactions	Stock options	Net change in equity of associates	Total
At January 1	\$ 9,446,398	\$ 40,742	\$ 36,459	\$ 8,237	\$ 9,531,836
Issuance of shares	4,914,000	-	-	-	4,914,000
Issuance of preferred shares	5,400,000	-	-	-	5,400,000
Compensation cost of share-based payments	1,706	-	-	-	1,706
Conversion of convertible bonds	520,821	-	(24,372)	-	496,449
Reorganisation	(249,010)	-	-	-	(249,010)
At December 31	<u>\$ 20,033,915</u>	<u>\$ 40,742</u>	<u>\$ 12,087</u>	<u>\$ 8,237</u>	<u>\$20,094,981</u>

B. For the information relating to capital surplus-share options, please refer to Note 6(15).

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first pay taxes and offset accumulated losses; and set aside a legal reserve at 10% of such remaining earnings, until the accumulated legal reserve has equaled the total paid-in capital of the Company; then, set aside a special reserve in accordance with applicable laws or regulations of the competent authority. Residual earnings (distributable earnings in the current year) plus undistributed earnings at the beginning of the period is the accumulated retained earnings, which shall first be distributed as dividends to holders of Preferred Share, and distribution of such earnings shall submitted by the Board of Directors to the shareholders' meeting for approval.

B. In accordance with Article 240 of the Company Act, the Board of Directors is authorised, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, to distribute dividends and bonus of all or part of the legal reserve and capital surplus in the form of cash based on the regulations specified in Article 241 of the Company Act which shall be reported to the shareholders during their meeting. Said distribution is not subject to the regulation which requires that the distribution shall be resolved by the shareholders during their meeting.

C. The Company's dividend policy is regulated by the Board of Directors taking into consideration the Company's operations, future investment plans, capital budget and internal/external situations. As the Company is in the growth stage, most of retained earnings will be used to support business development and investment requirements and consequently, the minimum cash dividend and extra dividend policy is adopted by the Company. The Company's dividend policy is summarized below:

At least 40% of the Company's earnings shall be appropriated as stock dividends and cash dividends, taking into account profits in the future and capital needs, and cash dividends shall

account for at least 10% of the total dividends distributed. In the event the total earnings appropriation exceeds 30% of the Company's paid-in capital before appropriation, cash dividends shall account for at least 20% of the total dividends distributed.

- D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- F. According to the resolutions adopted by the shareholders during their meetings in July 2021 and March 2020, the distribution information of the Company's 2020 and 2019 earnings, respectively, is as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 396,453		\$ 261,034	
Special reserve	(791,142)		647,574	
Dividends on preferred share	57,541	\$ 0.426	-	
Cash dividends of ordinary shareholders	<u>2,532,086</u>	3.200	<u>1,645,111</u>	\$ 2.776
	<u>\$ 2,194,938</u>		<u>\$ 2,553,719</u>	

- (a) As of February 24, 2022, the appropriation of 2021 earnings has not yet been resolved by the Board of Directors.
- (b) Information on the appropriation of the Company's earnings as approved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Other equity items

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Unearned compensation</u>	<u>Total</u>
At January 1, 2021	\$ 8,208,070	(\$ 2,600,106)	\$ -	\$ 5,607,964
Valuation adjustment on equity instruments	3,213,479	-	-	3,213,479
Disposals reclassified as retained earnings	(829,777)	-	-	(829,777)
Currency translation differences:				
– Group	-	(1,078,835)	-	(1,078,835)
– Associates	-	689	-	689
Issuance of employee restricted shares	-	-	(274,166)	(274,166)
Compensation cost of share-based payments	<u>-</u>	<u>-</u>	<u>96,884</u>	<u>96,884</u>
At December 31, 2021	<u>\$10,591,772</u>	<u>(\$ 3,678,252)</u>	<u>(\$ 177,282)</u>	<u>\$ 6,736,238</u>
	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>		<u>Total</u>
At January 1, 2020	\$ 368,652	(\$ 1,159,794)	(791,142)
Valuation adjustment on equity instruments	8,014,340		-	8,014,340
Disposals reclassified as retained earnings	(174,922)		-	(174,922)
Currency translation differences:				
– Group	-	(1,442,428)	(1,442,428)
– Associates	<u>-</u>	<u>2,116</u>		<u>2,116</u>
At December 31, 2020	<u>\$ 8,208,070</u>	<u>(\$ 2,600,106)</u>	<u>\$</u>	<u>5,607,964</u>

(23) Non-controlling interests

	<u>2021</u>	<u>2020</u>
At January 1	\$ 38,364	\$ 742
Share attributable to non-controlling interest:		
(Loss) profit for the year	(68,089)	398
Comprehensive income (loss) for the year:		
Exchange differences on translation of foreign financial statements	707	(54)
Unrealized (loss) gain from financial assets at fair value through other comprehensive income	(11)	8
Disposal of financial assets at fair value through other comprehensive income reclassified as retained earnings	25	7
Increase in non-controlling interests	121,813	37,539
Cash dividends paid	(366)	(276)
At December 31	<u>\$ 92,443</u>	<u>\$ 38,364</u>

The Company's subsidiary, Brillnics Inc., increased its capital in 2021 and employees of Brillnics Inc. exercised employee stock options, which resulted to an increase in the non-controlling interest. Please refer to Note 4(3) for details.

(24) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Contract revenue		
Sale of electronic components	\$ 447,344,160	\$ 353,009,732
Services revenue	349,138	-
Other operating revenue	202,819	142,463
	<u>\$ 447,896,117</u>	<u>\$ 353,152,195</u>

A. The Group derives revenue from the transfer of goods at a point in time and services over time in the following major product lines:

	Year ended December 31, 2021		
	Greater China Region	Others	Total
Timing of revenue			
At a point of time			
Analog IC (including linear IC)	\$ 160,035,399	\$ 3,880,022	\$ 163,915,421
Microcontroller	32,680,528	15,246,539	47,927,067
Memory IC	42,043,007	1,074,546	43,117,553
Discrete Component	29,657,596	2,437,694	32,095,290
Microprocessor	17,203,501	11,778,008	28,981,509
Mixed Signal IC	22,100,935	448,233	22,549,168
Application Specific IC	14,664,465	811,823	15,476,288
Others	88,019,841	5,464,842	93,484,683
Over time			
Services	349,138	-	349,138
	<u>\$ 406,754,410</u>	<u>\$ 41,141,707</u>	<u>\$ 447,896,117</u>

	Year ended December 31, 2020		
	Greater China Region	Others	Total
Timing of revenue			
At a point of time			
Analog IC (including linear IC)	\$ 147,652,500	\$ 4,934,761	\$ 152,587,261
Microcontroller	22,897,352	4,378,927	27,276,279
Memory IC	25,831,751	801,869	26,633,620
Discrete Component	23,640,851	1,818,067	25,458,918
Microprocessor	15,009,860	7,188,129	22,197,989
Mixed Signal IC	15,475,206	194,922	15,670,128
Application Specific IC	14,428,619	464,382	14,893,001
Others	64,863,300	3,571,699	68,434,999
	<u>\$ 329,799,439</u>	<u>\$ 23,352,756</u>	<u>\$ 353,152,195</u>

B. The Group has recognised the following revenue-related contract liabilities provisions for estimated sales discounts:

	December 31, 2021	December 31, 2020	January 1, 2020
Refund liabilities			
-sales discounts and returns	\$ 658,325	\$ 459,101	\$ 552,019
Contract liabilities			
-advance sales receipts	\$ 373,803	\$ 506,379	\$ 195,597

C. Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ <u>325,427</u>	\$ <u>170,560</u>

(25) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 5,967	\$ 11,824
Other interest income	<u>301</u>	<u>4,244</u>
	\$ <u>6,268</u>	\$ <u>16,068</u>

(26) Other income

	Years ended December 31,	
	2021	2020
Dividend income	\$ 276,153	\$ 115,395
Grant revenue	29,558	48,697
Other income	<u>33,562</u>	<u>46,144</u>
	\$ <u>339,273</u>	\$ <u>210,236</u>

(27) Other gains and losses

	Years ended December 31,	
	2021	2020
Loss on disposal of property, plant and equipment	(\$ 485)	(\$ 749)
Foreign exchange gain, net	196,658	381,181
Loss on financial assets and liabilities at fair value through profit or loss	(189,235)	(48,150)
Impairment loss of goodwill	-	(46,013)
Other losses	<u>(8,856)</u>	<u>(8,217)</u>
	\$ <u>1,918</u>	\$ <u>278,052</u>

(28) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 425,383	\$ 540,226
Others	27,255	30,281
Financing charges on accounts receivable factoring	229,061	392,378
Other finance costs	<u>33,350</u>	<u>27,790</u>
	<u>\$ 715,049</u>	<u>\$ 990,675</u>

(29) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 4,040,421	\$ 3,402,303
Depreciation	348,451	297,451
Amortisation	<u>28,212</u>	<u>13,454</u>
Total (shown as 'Operating expenses')	<u>\$ 4,417,084</u>	<u>\$ 3,713,208</u>

(30) Employee benefit expense

	Years ended December 31,	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 3,426,770	\$ 2,896,523
Labour and health insurance fees	128,580	106,963
Pension costs	240,447	147,949
Other personnel expenses	<u>244,624</u>	<u>250,868</u>
Total (shown as 'Operating expenses')	<u>\$ 4,040,421</u>	<u>\$ 3,402,303</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$92,900 and \$42,800, respectively; while directors' remuneration was accrued at \$35,000 and \$10,500, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year for the years ended December 31, 2021 and 2020.

Employees' compensation and directors' remuneration for 2020 as resolved by the directors of Board were in agreement with those amounts recognised in profit or loss for 2020.

Information about employees' compensation and directors' remuneration of the Company as

resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

- C. The Group’s mainland China subsidiaries were affected by the COVID-19 pandemic and were entitled to an exemption of social insurance premiums in accordance with the No. 11 (2020) of the Ministry of Human Resources and Social Security, “Notice of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises”. The exemption was recognised as a deduction item to employee benefit expense for the year ended December 31, 2020.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profit for the year	\$ 2,087,264	\$ 982,895
Tax on undistributed surplus earnings	88,480	2,831
Prior year income tax under (over) estimation	<u>15,902</u>	<u>(1,218)</u>
Total current tax	<u>2,191,646</u>	<u>984,508</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>133,011</u>	<u>19,685</u>
Total deferred tax	<u>133,011</u>	<u>19,685</u>
Income tax expense	<u>\$ 2,324,657</u>	<u>\$ 1,004,193</u>

- (b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	2021	2020
Remeasurement of defined benefit obligations	<u>(\$ 947)</u>	<u>\$ 1,142</u>

B. Reconciliation between income tax expense and accounting profit

	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 2,933,096	\$ 1,440,044
Expenses disallowed by tax regulation	(712,821)	(437,464)
Tax on undistributed earnings	88,480	2,831
Prior year income tax under (over) estimation	<u>15,902</u>	<u>(1,218)</u>
Income tax expense	<u>\$ 2,324,657</u>	<u>\$ 1,004,193</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2021					December 31
	January 1	Acquisition from business combination	Recognised in profit or loss	Recognised in other comprehensive income	Effect of exchange rate	
– Deferred tax assets:						
Allowance for sales returns and discounts	\$ 422,601	\$ -	\$ 62,907	\$ -	\$ -	\$ 485,508
Allowance for doubtful accounts	52,511	-	(24,068)	-	(777)	27,666
Reserve for inventory obsolescence and market price decline	214,269	-	11,128	-	(228)	225,169
Others	<u>130,169</u>	<u>-</u>	<u>(65,522)</u>	<u>(502)</u>	<u>(577)</u>	<u>63,568</u>
	<u>\$ 819,550</u>	<u>\$ -</u>	<u>(\$ 15,555)</u>	<u>(\$ 502)</u>	<u>(\$ 1,582)</u>	<u>\$ 801,911</u>
– Deferred tax liabilities:						
Foreign investment income using equity method	(\$ 599,649)	\$ -	(\$ 61,145)	\$ -	\$ -	(\$ 660,794)
Others	<u>(5,329)</u>	<u>(19,122)</u>	<u>(56,311)</u>	<u>(445)</u>	<u>2</u>	<u>(81,205)</u>
	<u>(\$ 604,978)</u>	<u>(\$ 19,122)</u>	<u>(\$ 117,456)</u>	<u>(\$ 445)</u>	<u>\$ 2</u>	<u>(\$ 741,999)</u>
Year ended December 31, 2020						
	January 1	Acquisition from business combination	Recognised in profit or loss	Recognised in other comprehensive income	Effect of exchange rate	December 31
– Deferred tax assets:						
Allowance for sales returns and discounts	\$ 329,231	\$ -	\$ 95,356	\$ -	(\$ 1,986)	\$ 422,601
Allowance for doubtful accounts	87,052	-	(34,547)	-	6	52,511
Reserve for inventory obsolescence and market price decline	198,941	-	15,328	-	-	214,269
Others	<u>137,536</u>	<u>1,280</u>	<u>(13,558)</u>	<u>4,287</u>	<u>624</u>	<u>130,169</u>
	<u>\$ 752,760</u>	<u>\$ 1,280</u>	<u>\$ 62,579</u>	<u>\$ 4,287</u>	<u>(\$ 1,356)</u>	<u>\$ 819,550</u>
– Deferred tax liabilities:						
Foreign investment income using equity method	(\$ 518,007)	\$ -	(\$ 81,642)	\$ -	\$ -	(\$ 599,649)
Others	<u>(1,562)</u>	<u>-</u>	<u>(622)</u>	<u>(3,145)</u>	<u>-</u>	<u>(5,329)</u>
	<u>(\$ 519,569)</u>	<u>\$ -</u>	<u>(\$ 82,264)</u>	<u>(\$ 3,145)</u>	<u>\$ -</u>	<u>(\$ 604,978)</u>

The information on deferred tax assets acquired through business combinations for the year ended December 31, 2021 is provided in Note 6(33).

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ 13,096	\$ 16,622

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary differences unrecognised as deferred tax liabilities were \$3,646,012 and \$3,593,406, respectively.

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 7,923,257		
Less: Dividends of preferred stock	(57,541)		
Profit used to calculate basic earnings per share	<u>\$ 7,865,716</u>	<u>789,748</u>	<u>\$ 9.96</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 7,923,257		
Less: Dividends of preferred stock	(57,541)		
Profit used to calculate diluted earnings per share	7,865,716	789,748	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	3,516	11,413	
Restricted stocks to employees	-	1,943	
Employee stock options	-	2,473	
Employees' compensation	-	<u>1,407</u>	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,869,232</u>	<u>806,984</u>	<u>\$ 9.75</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 3,794,178	726,519	\$ 5.22
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	3,794,178	726,519	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	7,500	23,473	
Employees' compensation	-	1,158	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,801,678	751,150	\$ 5.06

(33) Business combination

As of December 31, 2021 and 2020, the Group's mergers are as follows:

A. The Company acquired part of the electronic component distribution business of Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED:

(a) In August 2020, the Group signed a business transfer agreement with Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED, acquiring part of the company's electronic component distribution business amounting to \$42,673 and \$42,697 (\$14,743 and \$14,742 of the aforementioned amounts have been paid in August 2020 and shown as 'other non-current assets'), respectively. The record date of the transfer was April 30, 2021 and May 31, 2021, respectively.

(b) Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED are distributors of electronic components with the China region as its primary market.

(c) Information on the acquisition of the distribution business is as follows:

As of December 31, 2021, the allocation of the purchase price of the acquisition is still in process, and the Company has engaged experts to assess the fair value of the identifiable assets.

	April 30, 2021
Purchase consideration - cash	\$ 42,673
Less: Fair value of the identifiable net assets-customer relationship	(42,673)
Goodwill	\$ -

	<u>May 31, 2021</u>
Purchase consideration - cash	\$ 42,697
Less: Fair value of the identifiable net assets-customer relationship	(42,697)
Goodwill	<u>\$ -</u>

As of December 31, 2021, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

B. The Group acquired all the equity interest of Analog World Co., Ltd. (“AWC Company”) and part of electronic component distribution business of Analog Tech Systems, Inc. (“ATS Company”) and Analogtechsys Limited (“ATL Company”).

(a) The Company and the Company’s subsidiary, Morrihan International Corp., acquired all the equity interest of AWC Company in cash and part of the electronic component distribution business of ATS Company and ATL Company in the amount of \$403,330 (US\$13,748 thousand) and \$38,149 (US\$1,300 thousand) as resolved by the Board of Directors on July 2, 2020, respectively, and the effective date for the share conversion was set on October 5, 2020. AWC Company, ATS Company and ATL Company are primarily engaged in the distribution and sale of various electronic components. The purpose of the combination is to improve and enhance the Company’s ADI product line targeting the Korean market in order to increase the Group’s operating performance.

(b) The following table summarizes the consideration paid for AWC Company, ATS Company and ATL Company, and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>October 5, 2020</u>
Purchase consideration	
Cash paid	\$ 435,379
Contingent consideration	<u>6,100</u>
	441,479
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	181,396
Accounts receivable	117,659
Inventories	52,610
Prepayments	1,040
Property, plant and equipment	2,100
Deferred tax assets	1,280
Other non-current assets	10,991
Accounts payable	(43,695)
Other payables	(15,400)
Current income tax liabilities	(2,016)
Other current liabilities	(2,038)
Deferred income tax liabilities	(<u>19,122</u>)
Total identifiable net assets	284,805
Fair value of the identifiable intangible assets acquired - customer relationship	<u>76,780</u>
Goodwill	<u>\$ 79,894</u>

(c) The operating revenue and profit before income tax included in the consolidated statement of comprehensive income since October 5, 2020 contributed by AWC Company was \$251,874 and \$4,490, respectively. Had AWC Company been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of \$353,887,965 and profit before income tax of \$4,822,937, respectively.

(34) Supplemental cash flow information

A. Cash paid for property, plant and equipment:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment	\$ 155,411	\$ 106,153
Add: Opening balance of payable on equipment	3,456	4,879
Ending balance of prepayments for business facilities	36,457	-
Less: Ending balance of payable on equipment	(24,780)	(3,456)
Opening balance of prepayments for business facilities	<u>-</u>	<u>(1,609)</u>
Cash paid during the year	<u>\$ 170,544</u>	<u>\$ 105,967</u>

B. Cash paid for business combinations:

	Years ended December 31,	
	2021	2020
Current assets	\$ -	\$ 352,705
Property, plant and equipment	-	2,100
Goodwill	13,686	65,312
Acquired identifiable intangible assets	96,906	66,140
Other non-current assets	-	12,271
Other current liabilities	-	(63,149)
Other non-current liabilities	(19,122)	-
Fair value of assets and liabilities	91,470	435,379
Add: Ending balance of prepayments	-	29,485
Less: Cash received from business combinations	-	(181,396)
Opening balance of prepayments	(29,485)	-
Ending balance of payable	(6,100)	-
Cash paid during the year	<u>\$ 55,885</u>	<u>\$ 283,468</u>

C. Financing activities with no cash flow effects

	Years ended December 31,	
	2021	2020
Issuance of shares	\$ -	\$ 6,624,000
Acquisition of financial assets at fair value through other comprehensive income	-	(6,624,000)
Conversion of bonds payable	113,909	257,948
Capital surplus of bonds payable conversion	190,166	496,449
Conversion of convertible bonds payable	(304,075)	(754,397)
Cash paid during the year	<u>\$ -</u>	<u>\$ -</u>

On April 21, 2020, the Company issued new shares to exchange shares with ASMedia Technology Inc. Please refer to Note 6(19) for more details.

(35) Changes in liabilities from financing activities

	Long-term and Short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable (Note)	Lease liability	Liabilities from financing activities-gross
At January 1, 2021	\$ 24,114,455	\$ 747,643	\$ 377,194	\$ 499,922	\$ 25,739,214
Changes in cash flow from financing activities	17,183,905	1,293,979	-	(193,030)	18,284,854
Impact of changes in foreign exchange rate	(50,252)	-	-	(12,583)	(62,835)
Interest expense from amortisation	-	7,832	3,516	-	11,348
Conversion of convertible bonds	-	-	(304,075)	-	(304,075)
Increase in lease liability for the year	-	-	-	145,810	145,810
At December 31, 2021	<u>\$ 41,248,108</u>	<u>\$ 2,049,454</u>	<u>\$ 76,635</u>	<u>\$ 440,119</u>	<u>\$ 43,814,316</u>
	Long-term and Short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable	Lease liability	Liabilities from financing activities-gross
At January 1, 2020	\$ 26,116,068	\$ 463,840	\$ 1,124,091	\$ 572,573	\$ 28,276,572
Changes in cash flow from financing activities	(1,968,968)	277,458	-	(167,446)	(1,858,956)
Impact of changes in foreign exchange rate	(32,645)	-	-	(4,853)	(37,498)
Interest expense from amortisation	-	6,345	7,500	-	13,845
Conversion of convertible bonds	-	-	(754,397)	-	(754,397)
Increase in lease liability for the year	-	-	-	99,648	99,648
At December 31, 2020	<u>\$ 24,114,455</u>	<u>\$ 747,643</u>	<u>\$ 377,194</u>	<u>\$ 499,922</u>	<u>\$ 25,739,214</u>

Note: Including long-term loans, current portion and bonds payable

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
JCD Optical Corporation Limited	Associate
JCD Optical Corporation	Associate
Qwave Technology Co., Ltd.	Associate
BRILLNICS (HK) LIMITED	Associate
WPG Holding Co., Ltd. and Subsidiaries (Note 1)	Entity with significant influence over the Group
ASUSTeK Computer Inc. and Subsidiaries (Note 2)	Entity with significant influence over the Group

Note 1: On January 30, 2020, WPG Holdings Limited acquired 177,110 thousand shares of the Company and became the related party who has significant influence over the Group.

Note 2: On April 21, 2020, ASUSTeK Computer Inc.'s subsidiary, ASMedia Technology Inc., became a related party with significant influence over the Group by exchanging shares with the Company and acquiring 171,000 thousand shares of the Company.

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
- Entity with significant influence over the Group	\$ 4,413,939	\$ 1,727,803
- Associates	1,578	1,523
	<u>\$ 4,415,517</u>	<u>\$ 1,729,326</u>

The collection terms with related parties were 45 to 120 days and the products were categorised and priced taking into consideration to the inventory cost, market and other conditions.

B. Purchases

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
- Entity with significant influence over the Group	\$ 1,260,294	\$ 819,551
- Associates	21,130	30,660
	<u>\$ 1,281,424</u>	<u>\$ 850,211</u>

The credit term to related parties is 30 to 45 days and the purchase prices were categorised and priced taking into consideration the market prices and other conditions.

C. Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
- Entity with significant influence over the Group	\$ 579,475	\$ 193,079
- Associates	<u>713</u>	<u>723</u>
	<u>\$ 580,188</u>	<u>\$ 193,802</u>

D. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
- Entity with significant influence over the Group	\$ 93,045	\$ 75,937
- Associates	<u>1,105</u>	<u>2,139</u>
	<u>\$ 94,150</u>	<u>\$ 78,076</u>

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 191,193	\$ 87,376
Post-employment benefits	574	499
Share-based payment	<u>11,523</u>	<u>-</u>
	<u>\$ 203,290</u>	<u>\$ 87,875</u>

8. PLEDGED ASSETS

The details of the Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Purpose</u>	<u>Book value</u>	
		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable, net:			
Pledged accounts receivable	Bank loan	\$ 338,931	\$ -
Other current assets:			
Bank deposits	Bid bond	<u>2,685</u>	<u>2,763</u>
		<u>\$ 341,616</u>	<u>\$ 2,763</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Outstanding letters of credit

The amounts of outstanding letters of credit for the purchase of inventories by the Group are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Outstanding letters of credit	\$ 10,069,926	\$ 8,096,213

B. Guarantee for customs duties

The total guarantee for customs duties is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Customs duties guarantee	\$ 32,000	\$ 41,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 24, 2022, the Company's Board of Directors resolved to increase capital by issuing common shares to participate in the issuance of the global depository receipts. Please refer to Note 6(19) for details.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the financial debt ratio. This ratio is calculated as total liabilities with interests divided by total net assets. Total liabilities with interest is calculated as total amount of long-term and short-term borrowings, short-term bills payable and corporate bonds payable in the consolidated balance sheet. Total equity is calculated as the 'equity' in the consolidated balance sheet.

In 2021 and 2020, the Group's strategy was to maintain the financial debt ratio below 250%.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 333,924	\$ 128,181
Financial assets designated as at fair value through profit or loss on initial recognition	9,806	-
	<u>\$ 343,730</u>	<u>\$ 128,181</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ 18,989,224	\$ 15,199,392
Qualifying debt instruments	16,784,917	14,288,166
	<u>\$ 35,774,141</u>	<u>\$ 29,487,558</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 4,679,576	\$ 3,627,112
Accounts receivable	58,677,166	46,562,126
Other receivables	1,531,897	1,075,835
Other financial assets (shown as 'other current assets')	17,358	2,763
Guarantee deposits paid (shown as 'other non-current assets')	123,041	118,272
	<u>\$ 65,029,038</u>	<u>\$ 51,386,108</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 14,838	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	\$ 33,497,708	\$ 23,314,455
Short-term notes and bills payable	2,049,454	747,643
Accounts payable	69,808,936	54,945,766
Other accounts payable	2,184,132	1,723,279
Corporate bonds payable (including current portion)	76,635	377,194
Long-term borrowings	7,750,400	800,000
Guarantee deposits received	1,143	4,456
	<u>\$ 115,368,408</u>	<u>\$ 81,912,793</u>
Lease liability	<u>\$ 440,119</u>	<u>\$ 499,922</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts, are used to hedge certain exchange rate risk. In addition, foreign exchange risk is managed by matching the payment periods of foreign currency assets and liabilities.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk is provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: RMB and KRW). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$2,855,524	27.680	\$ 79,040,904	1%	\$ 790,409
USD:RMB	1,179	6.3700	32,635	1%	326
USD:KRW	14,305	1,186.5	395,962	1%	3,960
<u>Non-monetary items</u>					
USD:NTD	3,215	27.680	88,991		
<u>Foreign operations</u>					
USD:NTD	433,994	27.680	12,017,873		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,849,288	27.680	78,868,292	1%	788,683
USD:RMB	171,134	6.3700	4,736,989	1%	47,370
USD:KRW	19,018	1,186.5	526,418	1%	5,264
December 31, 2020					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$2,419,167	28.480	\$ 68,897,876	1%	\$ 688,979
USD:RMB	534	6.5351	15,208	1%	152
USD:KRW	15,112	1,093.2	430,390	1%	4,304
<u>Non-monetary items</u>					
USD:NTD	15,612	28.480	444,620		
<u>Foreign operations</u>					
USD:NTD	411,874	28.480	11,717,189		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,643,970	28.480	75,300,266	1%	753,003
USD:RMB	91,026	6.5351	2,592,420	1%	25,924
USD:KRW	11,715	1,093.2	333,643	1%	3,336

- v. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to \$196,658 and \$381,181, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is performed in accordance with the limits set by the Group.
- ii. The Group's investments comprise shares, beneficiary certificates and bonds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$2,746 and \$1,025, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$151,914 and \$121,595, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates and advance receipt of factoring accounts receivable, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in US Dollars.
- ii. The Group's borrowings are measured at amortized cost. According to the contract, the borrowings are periodically reset. Therefore, the Group is exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 25 basis point with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$86,576 and \$48,118, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk from the group's perspective. For banks and financial institutions, only approved by FSC are accepted to be transaction parties. According to the credit policy, each local entity in the Group is responsible for managing and analysing

the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers, taking into account their financial position, past experience and other factors through internal risk control. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. If the contract payments were past due over 90 days based on the terms, the Group considers that there has been a significant increase in credit risk on that instrument since initial recognition. The Group considers that the default occurs when the contract payments are past due over 180 days.
- iv. The ageing analysis of accounts receivable (including overdue receivables) and notes receivable is as follows:

	<u>Notes and accounts receivable</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 70,985,709	\$ 58,328,103
Up to 90 days	4,544,103	2,622,629
91 to 180 days	31,687	15,279
Over 180 days	<u>601,483</u>	<u>589,626</u>
	<u>\$ 76,162,982</u>	<u>\$ 61,555,637</u>

- (i) The above ageing analysis was based on days past due.
- (ii) Abovementioned notes receivable are not past due.
- v. The Group assesses the expected credit losses of its accounts receivable as follows:
 - (i) Accounts receivable that are significantly past due are assessed individually for their expected credit losses;
 - (ii) The remaining receivables are segmented according to the Group's credit ratings of its customers. Different loss rates or provision matrices are applied to the different segments when estimating expected credit losses;
 - (iii) Loss rates, calculated from historical and current information, are adjusted according to forward-looking information such as the business indicators published by the National Development Council.
 - (iv) As of December 31, 2021 and 2020, loss allowances of accounts receivable and notes receivable calculated from individual assessment or using the loss rate methodology and provision matrix are as follows:

<u>December 31, 2021</u>	<u>Individual</u>	<u>Group A & B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	99.71%	0.03%	0.03%~30.69%	2.40%~9.26%	
Total book value	<u>\$ 572,029</u>	<u>\$ 48,257,984</u>	<u>\$ 24,048,695</u>	<u>\$ 3,284,274</u>	<u>\$ 76,162,982</u>
Loss allowance	<u>\$ 570,373</u>	<u>\$ 14,477</u>	<u>\$ 37,118</u>	<u>\$ 78,931</u>	<u>\$ 700,899</u>

<u>December 31, 2020</u>	<u>Individual</u>	<u>Group A & B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	97.29%	0.03%	0.14%~49.58%	3.37%~29.89%	
Total book value	\$ 590,297	\$ 39,190,397	\$ 20,354,263	\$ 1,420,680	\$ 61,555,637
Loss allowance	\$ 574,301	\$ 11,757	\$ 71,481	\$ 47,806	\$ 705,345

Group A: Customers with excellent credit rating

Group B: Customers with fine credit rating

Group C: Customers with normal credit rating

Group D: Rated as other than A, B and C

- vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including overdue receivables) are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 705,345	\$ 1,256,198
Provision for impairment	2,683	24,170
Write-off	-	(555,281)
Effect of exchange rate changes	(7,129)	(19,742)
At December 31	<u>\$ 700,899</u>	<u>\$ 705,345</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(16)) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internally assessed financial ratio targets and, if applicable, external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. The Group treasury invests surplus cash in interest bearing demand deposits, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and expects to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity group based on the due date at the balance sheet date. Non-derivative financial liabilities are analyzed by remaining periods from balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021

	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Lease liability	\$ 186,302	\$ 249,154	\$ 33,716	\$ 469,172
Long-term borrowings (Note)	73,629	8,020,372	-	8,094,001
Bonds payable	<u>77,100</u>	<u>-</u>	<u>-</u>	<u>77,100</u>
	<u>\$ 337,031</u>	<u>\$8,269,526</u>	<u>\$ 33,716</u>	<u>\$8,640,273</u>

December 31, 2020

Lease liability	\$ 184,803	\$ 294,799	\$ 58,364	\$ 537,966
Long-term borrowings (Note)	9,600	807,200	-	816,800
Bonds payable	<u>-</u>	<u>384,100</u>	<u>-</u>	<u>384,100</u>
	<u>\$ 194,403</u>	<u>\$1,486,099</u>	<u>\$ 58,364</u>	<u>\$1,738,866</u>

Note: Including imputed interest payable.

Except for the above, the Group's non-derivative financial liabilities are due in one year.

Derivative financial liabilities

As of December 31, 2021 and 2020, all derivative financial liabilities of the Group are due in one year.

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, open-end funds and overseas bonds is included in level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and private equity fund is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, accounts payable, other payables, corporate bonds payable and long-term borrowings, are approximate to their fair values.

D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 49,603	\$ -	\$ 218,086	\$ 267,689
Equity securities	9,806	-	-	9,806
Debt instruments	321	-	65,459	65,780
Derivative instrument	-	455	-	455
Financial assets at fair value through other comprehensive income				
Equity securities	18,937,673	-	51,551	18,989,224
Accounts receivable that are expected to be factored	-	<u>16,784,917</u>	-	<u>16,784,917</u>
	<u>\$18,997,403</u>	<u>\$16,785,372</u>	<u>\$ 335,096</u>	<u>\$36,117,871</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instrument	<u>\$ -</u>	<u>\$ 14,838</u>	<u>\$ -</u>	<u>\$ 14,838</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 13,135	\$ -	\$ 114,697	\$ 127,832
Debt instruments	349	-	-	349
Financial assets at fair value through other comprehensive income				
Equity securities	15,115,709	-	83,683	15,199,392
Accounts receivable that are expected to be factored				
	-	<u>14,288,166</u>	-	<u>14,288,166</u>
	<u>\$15,129,193</u>	<u>\$14,288,166</u>	<u>\$ 198,380</u>	<u>\$29,615,739</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>	<u>Corporate bonds</u>
Market quoted price	Closing price	Net assets value	Weighted average quoted price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, cross currency swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial

instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	<u>Equity securities and beneficiary certificates</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 198,380	\$ 55,983
Acquired in the year	128,011	146,333
Losses recognised in profit or loss	4,135 (783)
Gains recognised in other comprehensive income	6,803	-
Effect of exchange rate changes	(<u>2,233</u>)	(<u>3,153</u>)
At December 31	<u>\$ 335,096</u>	<u>\$ 198,380</u>

For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

G. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 16,543	Market comparable companies	Price to earnings ratio multiple Discount for lack of marketability	2.93 ~3.34 (3.19) 30%	The higher the multiple and control premium, the higher the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted preferred shares	23,939	Discounted cash flow method	Weighted average cost of capital Discount for lack of marketability	11.51% 30%	The higher the weighted average cost of capital, discount for lack of control and discount for lack of marketability, the lower the fair value
	41,520	Most recent non-active market	Not applicable	-	Not applicable
Venture capital shares	35,008	Net asset value	Not applicable	-	Not applicable
Private equity fund	218,086	Most recent non-active market	Not applicable	-	Not applicable
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 5,963	Market comparable companies	Price to earnings ratio multiple Discount for lack of marketability	1.32 ~2.69 (2.13) 30%	The higher the multiple and control premium, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
Unlisted preferred shares	28,480	Discounted cash flow method	Weighted average cost of capital Discount for lack of control Discount for lack of marketability Long-term revenue growth rate	8.22% ~12.51% 10% 5%~8% 6.1% ~219.3%	The higher the weighted average cost of capital, discount for lack of control and discount for lack of marketability, the lower the fair value; the higher the long-term revenue growth rate, the higher the fair value
	14,240	Most recent non-active market	Not applicable	-	Not applicable
Venture capital shares	35,000	Net asset value	Not applicable	-	Not applicable
Private equity fund	114,697	Most recent non-active market	Not applicable	-	Not applicable

(4) Other matter

The Group has adopted relevant prevention measures in response to the Covid-19 pandemic and the government's multiple pandemic prevention programs. The pandemic had no significant impact on the Group's operations and business as of and for the year ended December 31, 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the development and sales of electronic and communication components. The chief operating decision maker considered the business and determined to separate segments from a perspective of sales region, which are mainly divided into Greater China, South Asia and North Asia. The Group has identified the Greater China shall be a reportable operating segment, and for other segments which have not met the quantitative threshold are not disclosed individually.

The Group's operating segment information is prepared in accordance with the Group's accounting policies. The chief operating decision maker allocates resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax of individual operating segment.

(2) Financial information of reportable segment

The financial information on reportable segment provided to the chief operating decision maker is as follows:

	Greater China Region	
	Years ended December 31,	
	2021	2020
Revenue from external customers	\$ 406,754,410	\$ 329,799,439
Segment income	\$ 9,338,808	\$ 4,571,480
Segment assets (Note)	\$ -	\$ -
Depreciation and amortisation	\$ 337,990	\$ 279,337

Note: The chief operating decision maker does not use the measured amount of the assets as a measurement indicator; therefore, the measured amount of the Group's assets shall be disclosed as zero.

(3) Reconciliation information on reportable segment revenue and profit (loss)

A reconciliation of reportable segment income or loss to the income / (loss) before tax from continuing operations is as follows:

	Years ended December 31,	
	2021	2020
<u>Operating revenue</u>		
Total reported segment revenue	\$ 406,754,410	\$ 329,799,439
Other operating segment revenue	41,141,707	23,352,756
Total operating revenue	\$ 447,896,117	\$ 353,152,195
<u>Profit and loss</u>		
Income of reported segment	\$ 9,338,808	\$ 4,571,480
Income of other operating segments	841,017	227,289
Income before income tax from continuing operations	\$ 10,179,825	\$ 4,798,769

(4) Information on products and services

Please refer to Note 6 (24) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 67,650,167	\$ 2,339,649	\$ 54,609,721	\$ 2,594,707
China	307,763,305	957,029	232,141,104	955,533
Others	72,482,645	561,988	66,401,370	870,889
	<u>\$ 447,896,117</u>	<u>\$ 3,858,666</u>	<u>\$ 353,152,195</u>	<u>\$ 4,421,129</u>

The above revenue by geographic area is calculated based on sales to external customers at the location of it's registered office.

(6) Major customer information

	Years ended December 31,	
	<u>2021</u>	<u>2020</u>
Customer A	\$ 74,249,625	\$ 278,414
Customer B	<u>248,567</u>	<u>52,419,352</u>
	<u>\$ 74,498,192</u>	<u>\$ 52,697,766</u>

WT Microelectronics Co., Ltd. and subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party		Ceiling on total loans granted	Footnote
												Item	Value				
1	WT TECHNOLOGY (H.K.) LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	\$ 85,530	\$ 83,040	\$ 83,040	0.75%	Short-term financing	\$ -	Business Operation	\$ -	-	\$ -	\$ 102,655	\$ 102,655	Note 2
2	LACEWOOD INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	199,570	-	-	0.80%	Short-term financing	-	Business Operation	-	-	-	82,114	82,114	Note 2
3	WINTech MICROELECTRONICS HOLDING LIMITED	BRILLNICS (HK) LIMITED	Other receivables - related parties	Y	107,882	-	-	0.80%	Short-term financing	-	Business Operation	-	-	-	994,770	3,979,080	Note 3
3	WINTech MICROELECTRONICS HOLDING LIMITED	WINTech MICROELECTRONICS LTD.	Other receivables - related parties	Y	741,260	719,680	622,800	0.80%	Short-term financing	-	Business Operation	-	-	-	9,947,701	9,947,701	Note 2
4	BSI SEMICONDUCTOR PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	414,220	274,032	274,032	1.10%	Short-term financing	-	Business Operation	-	-	-	513,144	513,144	Note 2
5	MSD HOLDING PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	79,828	77,504	77,504	1.20%	Short-term financing	-	Business Operation	-	-	-	86,696	86,696	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries and limit on loans granted by an overseas subsidiary to a single overseas subsidiary are the Creditor's net assets.

Note 3: The policy for loans between the Company and subsidiaries is as follows: limit on loans granted by subsidiary to a single party is 10% of the subsidiary's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an subsidiary is 40% of the subsidiary's net assets.

Note 4: The policy for loans between the Company and subsidiaries and companies with short-term capital needs is as follows: limit on loans granted by the Company and subsidiaries to a single party is 30% of the company's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an company is 40% of the company's net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

WT Microelectronics Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser / guarantor (Note 2)	Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of December 31, 2021	Outstanding endorsement / guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	2	\$ 43,014,292	\$ 800,000	\$ 800,000	\$ 800,000	-	1.49%	\$ 43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	2	43,014,292	142,550	138,400	138,400	-	0.26%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	2	43,014,292	1,140,400	1,107,200	830,400	-	2.06%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	2	43,014,292	2,138,250	2,076,000	913,440	-	3.86%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	2	43,014,292	59,871	58,128	26,014	-	0.11%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	2	43,014,292	1,426	1,384	67	-	0.00%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN SINGAPORE PTE. LTD.	2	43,014,292	285,100	276,800	-	-	0.51%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	2	43,014,292	4,699,607	4,681,960	2,029,302	-	8.71%	43,014,292	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	2	43,014,292	1,559,260	1,554,976	651,810	-	2.89%	43,014,292	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	2	43,014,292	1,473,930	1,467,040	1,231,647	-	2.73%	43,014,292	Y	N	N	
1	TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL INC.	1	1,595,239	2,000	-	-	-	0.00%	1,595,239	N	N	N	Note 4
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN INTERNATIONAL CORP.	1	3,489,028	25,000	-	-	-	0.00%	3,489,028	N	N	N	Note 4
3	MAXTEK TECHNOLOGY CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	1	1,660,030	6,000	-	-	-	0.00%	1,660,030	N	N	N	Note 4
4	HONGTECH ELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	1	322,678	9,000	-	-	-	0.00%	322,678	N	N	N	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following three categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: The total endorsements and guarantees of the Company to others or mutually between subsidiaries should not be in excess of 80% of the endorser/ guarantor's net assets, and for a single party the Company and its subsidiaries hold more than 50% of common shares should not be in excess of 80% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

Note 4: The Company's subsidiaries' guarantee for customs duties to itself.

WT Microelectronics Co., Ltd. and subsidiaries

Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note)	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
WT MICROELECTRONICS CO., LTD.	Common stock	TERAWINS, INC.	None	2	666,248	\$ 16,543	2.19	\$ 16,543	
WT MICROELECTRONICS CO., LTD.	Common stock	AIPTEK INTERNATIONAL INC.	None	2	106,638	-	0.26	-	
WT MICROELECTRONICS CO., LTD.	Common stock	SANJET TECHNOLOGY CORP.	None	2	43,588	-	0.14	-	
WT MICROELECTRONICS CO., LTD.	Common stock	CORERIVER SEMICONDUCTOR CO., LTD.	None	2	28,570	-	0.73	-	
WT MICROELECTRONICS CO., LTD.	Limited Partnership	FORYOU VENTURE CAPITAL LIMITED PARTNERSHIP	None	2	-	35,008	9.62	35,008	
WT MICROELECTRONICS CO., LTD.	Common stock	ASMEDIA TECHNOLOGY INC.	None	2	9,000,000	16,380,000	13.00	16,380,000	
WT MICROELECTRONICS CO., LTD.	Funds	YUANTA GLOBAL NEXGEN COMMUNICATION INNOVATIVE TECHNOLOGY ETF	None	3	350,000	11,743	-	11,743	
WT MICROELECTRONICS CO., LTD.	Private equity	FUH HWA ENERGY - EFFICIENT FUND	None	4	8,700,000	82,563	-	82,563	
WT MICROELECTRONICS CO., LTD.	Funds	FUH HWA TAIWAN GOOD INCOME FUND TWD	None	4	3,000,000	37,860	-	37,860	
WT MICROELECTRONICS CO., LTD.	Common stock	SINO-AMERICAN SILICON PRODUCTS INC.	None	2	7,889,000	1,861,804	1.35	1,861,804	
WT MICROELECTRONICS CO., LTD.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	1,043,000	43,128	0.85	43,128	
WT MICROELECTRONICS CO., LTD.	Private equity	FUH HWA GLOBAL IOT AND TECH FUND	None	4	10,010,010	112,312	-	112,312	
WT MICROELECTRONICS CO., LTD.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	260,000	104,000	0.61	104,000	
NUVISION TECHNOLOGY INC.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	40,000	1,654	0.03	1,654	
NUVISION TECHNOLOGY INC.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	50,000	20,000	0.12	20,000	
MORRIHAN INTERNATIONAL CORP.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	369,000	15,258	0.30	15,258	
MORRIHAN INTERNATIONAL CORP.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	329,000	131,600	0.77	131,600	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	LIFEMAX HEALTHCARE INTERNATIONAL CORPORATION	None	4	2,702,703	23,939	0.83	23,939	
WINTech MICROELECTRONICS HOLDING LTD.	Bonds	EXXON MOBIL CORPORATION	None	4	100	321	-	321	
WINTech MICROELECTRONICS HOLDING LTD.	Private equity	CATHAY PRIVATE EQUITY ECOLOGY LIMITED PARTNERSHIP	None	4	-	23,211	-	23,211	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	AVIVA TECHNOLOGY HOLDING	None	4	659,034	41,520	1.65	41,520	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	3	428,226	9,806	0.22	9,806	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	2	5,950,369	136,264	2.30	136,264	
MAXTEK TECHNOLOGY CO., LTD.	Common stock	FITIPower INTEGRATED TECHNOLOGY INC.	None	2	865,125	243,965	0.46	243,965	

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note)	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	

Note : Code of general ledger accounts: 1- Financial assets at fair value through other comprehensive income - current
2- Financial assets at fair value through other comprehensive income - non-current
3- Financial assets at fair value through profit or loss - current
4- Financial assets at fair value through profit or loss - non-current

WT Microelectronics Co., Ltd. and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2021 (Note 1)		Addition		Disposal			Balance as at December 31, 2021 (Note 2)		
					No. of shares	Amount	No. of shares	Amount	No. of shares	Selling price	Book value	Gain (loss) on disposal	No. of shares	Amount
WT MICROELECTRONICS CO., LTD.	SINO-AMERICAN SILICON PRODUCTS INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	403,000	\$ 65,729	7,486,000	\$1,255,525	-	\$ -	\$ -	\$ -	7,889,000	\$ 1,861,804
MAXTEK TECHNOLOGY CO., LTD.	FITIPOWER INTEGRATED TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	2,967,505	10,179	71,620	18,263	2,174,000	368,137	7,457	360,680	865,125	243,965
HONGTECH ELECTRONICS CO., LTD.	FITIPOWER INTEGRATED TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	759,652	2,606	-	-	759,652	102,553	2,606	99,947	-	-
WINTECH MICROELECTRONICS HOLDING LTD.	AMBARELLA INC.	Financial assets at fair value through other comprehensive income - current	-	-	142,664	9,997	-	-	142,664	429,425	9,997	419,428	-	-

Note 1 : The balance as at January 1, 2021 and addition amount are presented in initial investment amount.

Note 2 : The balance as at December 31, 2021 includes the unrealised gain (loss) from financial assets measured at fair value.

WT Microelectronics Co., Ltd. and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	\$ 91,898,368	26	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 12,403,318	27
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	35,768,241	10	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	5,163,463	11
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	15,566,735	4	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	2,744,771	6
WT MICROELECTRONICS CO., LTD.	WINTech MICROELECTRONICS LTD.	Affiliates	Sales	14,058,984	4	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	3,227,106	7
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	9,957,065	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	794,997	2
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	5,184,652	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	714,298	2
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	2,432,488	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	177,705	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	807,234	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	622,154	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	22,852	-
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	259,186	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	6,351,901	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	5,696,459	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(634,566)	1
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	1,091,556	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(194,215)	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	523,471	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(31,316)	-
WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Purchases	216,106	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(74,256)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	\$ 3,667,248	16	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 268,459	7
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	3,315,993	14	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	1,139,765	29
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	1,339,442	6	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	70,829	2
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	379,405	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	210,761	5
NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	343,883	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	182,205	5
NUVISION TECHNOLOGY INC.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	136,909	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	81,664	2
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	20,987,822	14	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	2,145,241	10
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,262,966	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	284,780	1
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	871,145	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	9,898	-
MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	927,098	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	77,334	-
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	733,075	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	250,419	1
MORRIHAN INTERNATIONAL CORP.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	117,363	-	Closes its accounts 91 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	25,360	-
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	427,957	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	61,013	-
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	942,979	12	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	114,825	6
TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	391,527	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	92,089	5
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	2,432,719	43	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	120,618	14
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Commission revenue	105,897	2	Closes its accounts 91 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	7,667	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	11,433,608	73	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	3,478,655	75

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	\$ 4,299,477	27	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 1,177,515	25

WT Microelectronics Co., Ltd. and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	\$ 12,403,318	5.95	\$ -		\$ 3,721,278	\$ -
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	5,163,463	10.99	-		1,434,329	-
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	2,744,771	9.93	-		305,322	-
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	3,227,106	6.50	-		715,992	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	794,997	10.12	-		457,958	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	714,298	9.28	-		318,522	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	177,705	22.78	-		-	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	634,566	9.60	-		634,566	-
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	268,459	13.90	-		207,639	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	1,139,765	3.43	-		390,881	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	210,761	3.27	-		-	-
NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	182,205	3.30	-		-	-
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	2,145,241	11.20	-		1,467,641	-
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	284,780	3.59	-		69,499	-
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	250,419	3.39	-		-	-
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	194,215	7.71	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	\$ 114,825	4.82	\$ -		\$ -	\$ -
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	120,618	24.45	-		120,618	-
WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	3,478,655	4.46	-		698,760	-
WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	1,177,515	4.27	-		130,299	-

Note: For information on loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)		Transaction terms	Percentage of total operating revenues or total assets (Note 5)
				General ledger account	Amount		
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	\$ 91,898,368	(Note 3)	21
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Accounts receivable	12,403,318	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	35,768,241	(Note 3)	8
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	5,163,463	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	15,566,735	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Accounts receivable	2,744,771	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	14,058,984	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	3,227,106	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	9,957,065	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	794,997	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	5,184,652	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	714,298	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	2,432,488	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Accounts receivable	177,705	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	807,234	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	622,154	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	259,186	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	6,351,901	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	5,696,459	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Accounts payable	634,566	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	1,091,556	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Accounts payable	194,215	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	523,471	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Purchases	216,106	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	3,667,248	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	268,459	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	3,315,993	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	1,139,765	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	1,339,442	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	379,405	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	210,761	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	343,883	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	182,205	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	136,909	(Note 3)	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)			Percentage of total operating revenues or total assets (Note 5)
				General ledger account	Amount	Transaction terms	
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	\$ 20,987,822	(Note 3)	5
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	2,145,241	(Note 3)	1
2	MORRIHAN INTERNATIONAL CORP.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	117,363	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,262,966	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	284,780	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	871,145	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	927,098	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	733,075	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	250,419	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	427,957	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	942,979	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	114,825	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	391,527	(Note 3)	-
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	2,432,719	(Note 3)	1
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Accounts receivable	120,618	(Note 3)	-
5	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Commission revenue	105,897	(Note 3)	-
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	11,433,608	(Note 3)	3
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Accounts receivable	3,478,655	(Note 3)	2
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	4,299,477	(Note 3)	1
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Accounts receivable	1,177,515	(Note 3)	1

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: The prices and terms to related parties were similar to third parties. The credit term is 90 days after the end of each month.

Note 4: For sales, purchases and account receivables, transactions reaching NT\$100 million or 20% of paid-in capital or more should be disclosed.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd. and subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	\$ 3,644,147	\$ 3,644,147	115,323,691	99.65	\$ 9,900,819	\$ 772,450	\$ 772,450	Subsidiary
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Taiwan	Sale of electronic components	1,781,829	1,781,829	73,949,070	100.00	2,563,293	791,158	791,158	Subsidiary
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Taiwan	Sale of electronic components	3,106,620	3,106,620	283,760,000	100.00	4,361,227	1,362,923	1,362,923	Subsidiary
WT MICROELECTRONICS CO., LTD.	BSI SEMICONDUCTOR PTE. LTD.	Singapore	Sale of electronic components	486,289	486,289	7,544,002	100.00	724,431	22,165	22,165	Subsidiary
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Taiwan	Sale of electronic components	323,030	323,030	28,216,904	99.91	1,171,682	695,023	694,397	Subsidiary
WT MICROELECTRONICS CO., LTD.	MILESTONE INVESTMENT CO., LTD.	Taiwan	General investment	61,985	61,985	4,500,000	100.00	159,643	7,478	7,261	Subsidiary
WT MICROELECTRONICS CO., LTD.	SINYIE INVESTMENT CO., LTD.	Taiwan	General investment	52,000	52,000	2,900,000	100.00	44,819	-	-	Subsidiary
WT MICROELECTRONICS CO., LTD.	MSD HOLDINGS PTE. LTD.	Singapore	Sale of electronic components	215,559	215,559	200,001	100.00	204,083	2,669	2,669	Subsidiary
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	1,895,949	1,895,949	70,220,331	100.00	2,321,340	126,787	126,787	Subsidiary
WT MICROELECTRONICS CO., LTD.	ANALOG WORLD CO., LTD.	South Korea	Sale of electronic components	403,330	397,230	120,000	100.00	414,466	38,074	34,981	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	PROMISING INVESTMENT LIMITED	Mauritius	General investment	1,725,364	1,725,364	62,332,506	100.00	4,435,625	665,565	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH INVESTMENT CO., LTD.	Belize	General investment	581,860	581,860	21,020,957	100.00	1,063,699	42,978	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Belize	Sale of electronic components	83,043	83,043	3,000,100	100.00	52,430	(5,103)	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LIMITED	British Virgin Islands	Holding company	138	138	5,000	100.00	5	-	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
WINTech MICROELECTRONICS HOLDING LIMITED	WT TECHNOLOGY PTE. LTD.	Singapore	Sale of electronic components	\$ 138,400	\$ 138,400	5,000,000	100.00	\$ 1,969,424	\$ 103	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	JCD OPTICAL (CAYMAN) CO., LTD.	Cayman Islands	Holding company	65,710	65,710	5,869,093	19.80	36,522	(21,349)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	ANIUS ENTERPRISE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	MEGA SOURCE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	JOY CAPITAL LTD.	Seychelles	General investment	33,216	33,216	1,200,000	17.65	20,552	(3,269)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	RAINBOW STAR GROUP LIMITED	British Virgin Islands	General investment	27,680	27,680	18,924	24.65	26,581	(2,349)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	BRILLNICS INC.	Cayman Islands	Holding company	1,078,524	791,981	49,336,630	62.03	150,576	(174,789)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Hong Kong	Sale of electronic components	346,765	346,765	12,527,632	100.00	2,423,959	408,675	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	NINO CAPITAL CO., LTD.	Samoa	Holding company	8,608	8,608	311,000	100.00	31,100	(3,930)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	RICH WEB LTD.	British Virgin Islands	Holding company	635,932	635,932	22,974,430	100.00	836,821	55,225	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT TECHNOLOGY (H.K.) LIMITED	Hong Kong	Sale of electronic components	3,549	3,549	1,000,000	100.00	102,655	664	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT SOLOMON QCE LIMITED	Hong Kong	Sale of electronic components	733,031	733,031	110,000,000	100.00	1,041,089	204,931	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	30,690	30,690	1,500,000	100.00	311,536	59,568	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT MICROELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Sale of electronic components	3,318	3,318	500,000	100.00	1,850	(859)	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	503,967	503,967	3,800,000	95.47	749,700	(16,490)	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS (THAILAND) LIMITED.	Thailand	Sale of electronic components	2,490	2,490	300,000	100.00	1,675	(134)	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS INDIA PRIVATE LIMITED	India	Sale of electronic components	2,654	2,654	700,000	100.00	10	(3,828)	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
SINYIE INVESTMENT CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	\$ 69,042	\$ 69,042	407,469	0.35	\$ 46,882	\$ 772,450	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	HOTECH ELECTRONICS CORP.	Taiwan	Sale of electronic components	-	14,770	-	-	-	-	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	ASIA LATEST TECHNOLOGY LIMITED	Mauritius	Holding company	37,771	37,771	1,120,000	100.00	43,438	(720)	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	48,012	48,012	180,472	4.53	25,811	(16,490)	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	South Korea	Sale of electronic components	21,709	21,709	53,505	100.00	203,506	19,805	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	MORRIHAN SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	210,451	210,451	9,500,000	100.00	599,609	267,717	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL HOLDING LTD.	Anguilla	Holding company	-	-	-	-	-	(19)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Taiwan	Sale of electronic components	115,000	115,000	11,500,000	100.00	403,348	116,711	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	British Virgin Islands	Sale of electronic components	194,366	194,366	29,500	100.00	82,114	15,456	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	British Virgin Islands	Holding company	-	5,701	6,000	100.00	2,031	(77)	Note 1	Subsidiary
BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	MAXTEK INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of electronic components	-	21,294	6,000,000	100.00	-	(22)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	QWAVE TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components, IC design	40,000	40,000	4,000,000	40.00	34,802	(1,115)	Note 1	Associates
BRILLNICS INC.	BRILLNICS (HK) LIMITED	Hong Kong	Sale and services of technology	1,771,880	1,467,400	64,013,000	100.00	237,940	(164,860)	Note 1	Subsidiary
BRILLNICS INC.	BRILLNICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	969	-	350,002	100.00	5,674	(2,532)	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS JAPAN INC.	Japan	Research and development of electronic components	24,050	24,050	100,000	100.00	19,830	8,580	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS (TAIWAN) INC.	Taiwan	Research and development of electronic components	16,694	11,937	1,669,410	100.00	24,175	5,257	Note 1	Subsidiary

Note 1: Profit (loss) of investee has been included in the investor, and will not be disclosed separately.

WT Microelectronics Co., Ltd. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2021

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI WT MICROELECTRONICS CO., LTD.	International trade, entrepot trade and etc.	\$ 8,304	2	\$ 8,304	\$ -	\$ -	\$ 8,304	(\$ 3,929)	100.00	(\$ 3,929)	\$ 31,029	\$ -	Note 5
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	International trade, entrepot trade and etc.	631,722	2	581,992	-	-	581,992	55,227	100.00	55,227	836,724	-	Note 6
WT MICROELECTRONICS (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	972,952	2	530,072	-	-	530,072	184,697	100.00	184,697	1,420,284	-	Note 7
MORRIHAN INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	36,814	3	27,680	-	-	27,680	(720)	100.00	(720)	43,430	-	Note 4
JCD OPTICAL CORPORATION	Production and sale of optoelectronic material and components	141,168	2	18,380	-	-	18,380	(12,162)	19.80	(2,408)	26,527	-	Note 8
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
WT MICROELECTRONICS CO., LTD.	\$ 1,166,428	\$ 1,831,878	\$ 32,316,185										

Note 1: The investment methods are classified into the following three categories:

- (1) Directly investing in Mainland China.
- (2) Through investing in companies in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: Investment gains or losses were recognised based on audited financial statements.

Note 3: The amount disclosed was 60% of net assets and based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: This is a China subsidiary which was reinvested through the company in the third area when Morrihan International Corp. was acquired in September 2009.

Note 5: This is a China company which was invested through the company, NINO CAPITAL CO., LTD., in the third area.

Note 6: This is a China company which was invested through the company, RICH WEB LTD., in the third area.

Note 7: This is a China company which was reinvested through the company, WINTECH MICROELECTRONICS HOLDING LIMITED, in the third area.

Note 8: This is a China company which was reinvested through the company, JCD OPTICAL (CAYMAN) CO., LTD., in the third area.

WT Microelectronics Co., Ltd. and subsidiaries

Major shareholders information

December 31, 2021

Table 10

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
WPG HOLDING CO., LTD.	201,393,867	21.50%
ASMEDIA TECHNOLOGY INC.	179,000,000	19.11%
SHAO YANG INVESTMENT CO., LTD.	74,739,426	7.97%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Note 3: As of December 31, 2021, the number of shares held by the chairman under his own name and under the names of others was 116,043,962 shares, and the shareholding ratio was 12.39%. The abovementioned information is provided in the "Market Observation Post System".

- V. Financial statements of the parent company only for the most recent fiscal year audited by the CPA

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of WT Microelectronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of WT Microelectronics Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Recognition of supplier rebates

Description

Refer to Note 4(11) for accounting policies on supplier rebates.

The Company is primarily engaged in the sale of electronic and communication components. In line with industry practice, the Company has entered into rebate arrangements with its suppliers for various kinds and quantities of inventories. Under the arrangement, the Company calculates the amount of supplier rebates based on sales breakdown, and recognises it as a deduction of accounts payable to suppliers and a deduction of operating costs. The Company pays the net purchase price, after confirming that the rebate is granted and the credit memo from its suppliers has been received.

As the terms of different types of supplier rebates vary and change frequently, the calculation is complex. The Company relies on the information system to gather related transaction information, and manually matches each inventory category with its corresponding rebate term to calculate the supplier rebate that should be recognised. Since the supplier rebate is material to the parent company only financial statements and more audit effort is required to address this audit matter, the recognition of supplier rebate has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed the internal controls related to supplier rebates, and tested the effectiveness of relevant internal controls to verify whether major supplier rebates had been reviewed by responsible management, and the inventory cost had been correctly deducted and paid in net amount based on the credit memo approved by suppliers;
- B. Performed analysis on the ratio of supplier rebates of main inventory items to corresponding total sales amount, and compared with historical data in order to assess its reasonableness;
- C. Sampled supplier rebates and tested transaction data to confirm whether the transaction quantities were consistent with sales breakdown. Also, verified arrangements and calculation worksheets, and recalculated supplier rebates to ensure that the rebate recognition is consistent with contract;
- D. Sampled the supplier rebates which were recognised before the balance sheet date but have not yet

been confirmed by suppliers, verified its consistency and reasonableness with subsequent credit memos approved by suppliers after the balance sheet date, and confirmed whether there were any material differences; and

- E. Performed confirmation of selected material accounts payable, including supplier rebates which have been confirmed by suppliers, and examined the reconciliation for the differences between the amount stated in the suppliers' confirmation and the Company's records.

Impairment assessment of investments accounted for using equity method and goodwill

Description

Refer to Notes 4(12) and 4(16) for accounting policies on investments accounted for using equity method and goodwill impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Notes 6(7) and 6(10) for details of investments accounted for using equity method and goodwill impairment.

The Company and its subsidiaries (the "Group") acquired 100% shares of stock of target companies or electronic components distribution business by cash or through exchange of shares of stock. The purchase price was allocated to the net identifiable assets acquired at fair value in accordance with the accounting policies on business combinations. The goodwill which was generated from purchase price allocation was presented in "Investments accounted for using equity method" and "Intangible assets - goodwill". As at December 31, 2021, the goodwill of the Group and the Company amounted to NT\$1,812,885 thousand and NT\$179,304 thousand, respectively.

Relative to the aforementioned acquired company and distribution business, some distribution businesses were managed by other operating segments in the same district after the acquisition due to management purpose. After identifying the smallest cash generating unit which can generate independent cash flows, the Group uses the expected future cash flows of each cash generating unit and proper discount rate to determine recoverable amount of goodwill, and assesses whether goodwill may be impaired. The above expected future cash flows of each cash generating unit are based on its own financial forecast for the next 5 years. As the assumptions used in the forecast requires management judgement and involves a high degree of uncertainty that may have a material effect in determining the recoverable amount of investments accounted for using equity method and goodwill impairment assessment, we considered the impairment assessment of goodwill a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and assessed management's assessment process of each cash generating unit and examined whether the adopted future cash flows are consistent with the budget provided by the operating segment;
- B. As the recoverable amount was determined based on value-in-use, evaluated the reasonableness of estimated growth rate, discount rate and other significant assumptions and performed the following:
 - (a) Compared the estimated growth rate with historical data and our understanding of the business and industry to assess its reasonableness;
 - (b) Evaluated the parameters of discount rate, including risk-free interest rate, industry's risk coefficient, returns on similar assets in the market, and proportion of equity capital; and
 - (c) Examined the parameters and calculation settings of valuation models.
- C. Compared the higher of recoverable amount and book value of each cash generating unit to verify the appropriateness of impairment assessment.
- D. Assessed the future cash flow sensitivity analysis prepared by management based on the alternative hypothesis using different discount rates, and confirmed whether management has appropriately considered the possible impact on the estimation uncertainty of impairment assessment.

Assessment of inventory valuation losses

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of inventory valuation. As at December 31, 2021, the Company's inventories and allowance for inventory valuation losses were NT\$49,646,005 thousand and NT\$716,733 thousand, respectively.

The Company is primarily engaged in the sales of various kinds of electronic components. Due to rapid technology innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. For non-obsolete inventories, the net realisable value is estimated based on the estimated selling price in a certain period around the balance sheet date. The net realisable values of obsolete inventories are individually identified as obsolete or damaged, if any. Since the amount of inventory is material, inventory types vary, sources of information in calculating the net realisable values of each type of inventories are various, and the

identification of obsolete and damaged inventory and its net realisable value is subject to management's judgement, as well as the fact that the aforementioned matter also affects the Company's subsidiaries (recognised as investments accounted for using equity method), we considered the assessment of inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and evaluated the process of inventory and warehouse management, examined the annual plan and participated in stock take to assess the effectiveness of management's identification and controls on obsolete inventory;
- B. Obtained an understanding of the Group's nature of business and industry in order to assess whether the provision policies and procedures were applied consistently and reasonably during the periods, including identified as obsolete with supporting documents, and agreed to information obtained from physical inventory; and
- C. Obtained the net realisable value statement of each inventory, and tested supporting documents in relation to sources of information in calculating the net realisable value.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards 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 parent company only financial statements.

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

- A. Identify and assess the risks of material misstatement of the parent company only 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 parent company only 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.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current period 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.

Hsu, Chieh-Ju

Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,068,479	1	\$ 774,053	1
1110	Financial assets at fair value through profit or loss - current	6(2)	12,198	-	13,135	-
1170	Accounts receivable, net	6(4)	21,704,743	15	20,176,767	18
1180	Accounts receivable, net - related parties	7	25,294,400	18	23,130,544	21
1200	Other receivables	6(4)(5)	761,994	1	499,569	1
130X	Inventories	6(6)	48,929,272	35	30,262,037	27
1410	Prepayments		453,598	-	412,341	-
11XX	Total current assets		<u>98,224,684</u>	<u>70</u>	<u>75,268,446</u>	<u>68</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	232,735	-	86,217	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	18,443,514	13	14,245,527	13
1550	Investments accounted for using equity method	6(7)	21,865,803	16	19,675,231	18
1600	Property, plant and equipment	6(8)	431,785	-	442,017	-
1755	Right-of-use assets	6(9)	218,469	-	236,123	-
1780	Intangible assets	6(10)	274,384	-	202,243	-
1840	Deferred income tax assets	6(29)	528,606	1	473,931	1
1900	Other non-current assets		99,405	-	79,688	-
15XX	Total non-current assets		<u>42,094,701</u>	<u>30</u>	<u>35,440,977</u>	<u>32</u>
1XXX	Total assets		<u>\$ 140,319,385</u>	<u>100</u>	<u>\$ 110,709,423</u>	<u>100</u>

(Continued)

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 21,359,623	15	\$ 15,938,058	15
2110	Short-term notes and bills payable	6(12)	1,699,606	1	649,675	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	14,838	-	-	-
2130	Contract liabilities - current	6(22) and 7	53,197	-	146,174	-
2170	Accounts payable		50,869,734	36	43,446,260	39
2180	Accounts payable - related parties	7	1,019,699	1	826,651	1
2200	Other payables	6(13)	1,452,532	1	1,160,320	1
2220	Other payables - related parties	7	9,425	-	3,966	-
2230	Current income tax liabilities		908,213	1	297,672	-
2280	Lease liabilities - current		122,733	-	101,122	-
2320	Long-term liabilities, current portion	6(14)	76,635	-	-	-
2365	Refund liabilities - current	6(22)	424,448	1	203,287	-
2399	Other current liabilities		16,544	-	15,158	-
21XX	Total current liabilities		<u>78,027,227</u>	<u>56</u>	<u>62,788,343</u>	<u>57</u>
Non-current liabilities						
2530	Bonds payable	6(14)	-	-	377,194	-
2540	Long-term loans	6(15)	7,750,400	6	800,000	1
2570	Deferred income tax liabilities	6(29)	631,773	-	482,043	-
2580	Lease liabilities - non-current		100,701	-	139,564	-
2600	Other non-current liabilities	6(16)	41,419	-	44,262	-
25XX	Total non-current liabilities		<u>8,524,293</u>	<u>6</u>	<u>1,843,063</u>	<u>1</u>
2XXX	Total liabilities		<u>86,551,520</u>	<u>62</u>	<u>64,631,406</u>	<u>58</u>
Equity						
Share capital		6(18)				
3110	Common stock		7,977,068	6	7,880,260	7
3120	Preferred share		1,350,000	1	1,350,000	1
3130	Certificates of entitlement to new shares from convertible bonds		51,498	-	2,057	-
Capital surplus		6(19)				
3200	Capital surplus		20,444,778	14	20,094,981	18
Retained earnings		6(20)				
3310	Legal reserve		2,677,275	2	2,280,822	2
3320	Special reserve		-	-	791,142	1
3350	Unappropriated retained earnings		14,531,008	10	8,070,791	7
Other equity interest		6(21)				
3400	Other equity interest		6,736,238	5	5,607,964	6
3XXX	Total equity		<u>53,767,865</u>	<u>38</u>	<u>46,078,017</u>	<u>42</u>
Commitments and contingent liabilities		9				
Significant subsequent events		11				
3X2X	Total liabilities and equity		<u>\$ 140,319,385</u>	<u>100</u>	<u>\$ 110,709,423</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 353,800,743	100	\$ 288,646,964	100
5000	Operating costs	6(6) and 7	(345,292,343)	(98)	(283,523,398)	(98)
5900	Net operating margin		<u>8,508,400</u>	<u>2</u>	<u>5,123,566</u>	<u>2</u>
	Operating expenses	6(27) and 7				
6100	Selling expenses		(2,019,643)	(1)	(1,989,616)	(1)
6200	General and administrative expenses		(654,655)	-	(524,655)	-
6300	Research and development expenses		(312,742)	-	(274,328)	-
6450	Impairment gain (loss) determined in accordance with IFRS 9	12(2)	<u>1,216</u>	<u>-</u>	<u>(49,439)</u>	<u>-</u>
6000	Total operating expenses		<u>(2,985,824)</u>	<u>(1)</u>	<u>(2,838,038)</u>	<u>(1)</u>
6900	Operating profit		<u>5,522,576</u>	<u>1</u>	<u>2,285,528</u>	<u>1</u>
	Non-operating income and expenses					
7100	Interest income	6(23)	650	-	3,117	-
7010	Other income	6(24)	280,935	-	128,701	-
7020	Other gains and losses	6(25)	(64,847)	-	244,114	-
7050	Finance costs	6(26)	(394,718)	-	(619,453)	-
7070	Share of profit of associates and joint ventures accounted for using equity method		<u>3,814,791</u>	<u>1</u>	<u>2,175,222</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>3,636,811</u>	<u>1</u>	<u>1,931,701</u>	<u>1</u>
7900	Profit before income tax		<u>9,159,387</u>	<u>2</u>	<u>4,217,229</u>	<u>2</u>
7950	Income tax expense	6(29)	(1,236,130)	-	(423,051)	-
8200	Profit for the year		<u>\$ 7,923,257</u>	<u>2</u>	<u>\$ 3,794,178</u>	<u>2</u>
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurement of defined benefit plan	6(16)	\$ 1,024	-	(\$ 21,654)	-
8316	Unrealised gain on valuation of equity instruments measured at fair value through other comprehensive income	6(21)	2,813,621	1	7,511,803	3
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(30)	402,827	-	515,295	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	(205)	-	4,331	-
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>3,217,267</u>	<u>1</u>	<u>8,009,775</u>	<u>3</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(21)	(884,082)	-	(1,351,264)	(1)
8380	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	6(30)	(194,064)	-	(89,048)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>(1,078,146)</u>	<u>-</u>	<u>(1,440,312)</u>	<u>(1)</u>
8300	Total other comprehensive income for the year		<u>\$ 2,139,121</u>	<u>1</u>	<u>\$ 6,569,463</u>	<u>2</u>
8500	Total comprehensive income for the year		<u>\$ 10,062,378</u>	<u>3</u>	<u>\$ 10,363,641</u>	<u>4</u>
	Earnings per share (in dollars)	6(31)				
9750	Basic earnings per share		\$ 9.96		\$ 5.22	
9850	Diluted earnings per share		\$ 9.75		\$ 5.06	

The accompanying notes are an integral part of these parent company only financial statements.

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings				Other Equity Interest				Total equity
		Share capital common stock	Preferred share	Certificates of bond-to-stock conversion	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others	Treasury shares	
2020													
Balance at January 1, 2020		\$ 5,903,358	\$ -	\$ 11,011	\$ 9,531,836	\$ 2,019,788	\$ 143,568	\$ 6,659,975	(\$ 1,159,794)	\$ 368,652	\$ -	\$ -	\$ 23,478,394
Profit for the year		-	-	-	-	-	-	3,794,178	-	-	-	-	3,794,178
Other comprehensive income (loss)	6(21)	-	-	-	-	-	(4,565)	(1,440,312)	8,014,340	-	-	-	6,569,463
Total comprehensive income (loss)		-	-	-	-	-	-	3,789,613	(1,440,312)	8,014,340	-	-	10,363,641
Appropriations of 2019 earnings:	6(20)												
Legal reserve		-	-	-	-	261,034	(261,034)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	647,574	(647,574)	-	-	-	-	-
Cash dividends for common stock		-	-	-	-	-	(1,645,111)	-	-	-	-	-	(1,645,111)
Issuance of shares	6(18)	1,710,000	-	-	4,914,000	-	-	-	-	-	-	-	6,624,000
Issuance of preferred shares	6(18)	-	1,350,000	-	5,400,000	-	-	-	-	-	-	-	6,750,000
Conversion of convertible bonds	6(18)(19)	266,902	-	(8,954)	496,449	-	-	-	-	-	-	-	754,397
Compensation cost of share-based payments	6(17)	-	-	-	1,706	-	-	-	-	-	-	-	1,706
Disposal of financial assets at fair value through other comprehensive income	6(21)	-	-	-	-	-	174,922	-	(174,922)	-	-	-	-
Reorganization		-	-	(249,010)	-	-	-	-	-	-	-	-	(249,010)
Balance at December 31, 2020		\$ 7,880,260	\$ 1,350,000	\$ 2,057	\$ 20,094,981	\$ 2,280,822	\$ 791,142	\$ 8,070,791	(\$ 2,600,106)	\$ 8,208,070	\$ -	\$ -	\$ 46,078,017
2021													
Balance at January 1, 2021		\$ 7,880,260	\$ 1,350,000	\$ 2,057	\$ 20,094,981	\$ 2,280,822	\$ 791,142	\$ 8,070,791	(\$ 2,600,106)	\$ 8,208,070	\$ -	\$ -	\$ 46,078,017
Profit for the year		-	-	-	-	-	-	7,923,257	-	-	-	-	7,923,257
Other comprehensive income (loss)	6(21)	-	-	-	-	-	3,788	(1,078,146)	3,213,479	-	-	-	2,139,121
Total comprehensive income (loss)		-	-	-	-	-	-	7,927,045	(1,078,146)	3,213,479	-	-	10,062,378
Appropriations of 2020 earnings:	6(20)												
Legal reserve		-	-	-	-	396,453	(396,453)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	791,142	791,142	-	-	-	-	-
Cash dividends for common stock		-	-	-	-	-	(2,532,086)	-	-	-	-	-	(2,532,086)
Cash dividends for preferred share		-	-	-	-	-	(57,541)	-	-	-	-	-	(57,541)
Conversion of convertible bonds	6(18)(19)	64,468	-	49,441	190,166	-	-	-	-	-	-	-	304,075
Issuance of employee restricted shares	6(18)	57,800	-	-	216,366	-	-	-	-	(274,166)	-	-	-
Cancellation of employee restricted shares	6(18)	(520)	-	-	520	-	-	-	-	-	-	-	-
Purchase of treasury shares	6(18)	-	-	-	-	-	-	-	-	-	(135,121)	(135,121)	-
Retirement of treasury shares	6(18)	(24,940)	-	(87,064)	-	-	(23,117)	-	-	-	135,121	-	-
Changes in ownership interests in subsidiaries		-	-	-	3,173	-	(78,550)	-	-	-	-	(75,377)	-
Compensation cost of share-based payments	6(17)	-	-	-	26,636	-	-	-	-	-	96,884	-	123,520
Disposal of financial assets at fair value through other comprehensive income	6(21)	-	-	-	-	-	829,777	-	(829,777)	-	-	-	-
Balance at December 31, 2021		\$ 7,977,068	\$ 1,350,000	\$ 51,498	\$ 20,444,778	\$ 2,677,275	\$ -	\$ 14,531,008	(\$ 3,678,252)	\$ 10,591,772	(\$ 177,282)	\$ -	\$ 53,767,865

The accompanying notes are an integral part of these parent company only financial statements.

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 9,159,387	\$ 4,217,229
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	192,788	179,099
Amortisation	6(27)	17,665	11,179
Impairment (gain) loss determined in accordance with IFRS 9	12(2)	(1,216)	49,439
Impairment loss	6(25)	-	46,013
Net loss on financial assets and liabilities at fair value through profit or loss	6(25)	189,024	50,622
Share-based payments	6(17)	123,520	1,706
Share of profit of subsidiaries accounted for using equity method		(3,814,791)	(2,175,222)
Interest expense	6(26)	229,724	349,540
Interest income	6(23)	(650)	(3,117)
Dividend income	6(24)	(273,249)	(107,720)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(1,319,540)	(5,147,180)
Accounts receivable - related parties		(2,163,856)	(7,969,139)
Other receivables		(262,425)	82,333
Inventories		(18,667,235)	3,141,465
Prepayments		(41,257)	(200,493)
Changes in operating liabilities			
Financial assets and liabilities at fair value through profit or loss		(194,149)	(83,330)
Contract liabilities		(92,977)	53,668
Accounts payable		7,423,474	5,284,121
Accounts payable - related parties		193,048	(31,910)
Other payables		317,046	8,138
Other current liabilities		1,387	9,071
Net defined benefit liability		(1,819)	(1,701)
Cash outflow generated from operations		(8,986,101)	(2,236,189)
Interest received		650	3,117
Dividends received		1,737,033	1,175,510
Interest paid		(229,369)	(343,835)
Income taxes paid		(530,739)	(388,148)
Net cash flows used in operating activities		(8,008,526)	(1,789,545)

(Continued)

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 130,000)	(\$ 132,000)
Proceeds from disposal of financial assets at fair value through profit or loss		4,382	39,515
Acquisition of financial assets at fair value through other comprehensive income		(1,384,366)	(80,730)
Acquisition of investments accounted for using equity method		-	(397,230)
Proceeds from capital reduction of subsidiaries		-	10,356
Acquisition of property, plant and equipment	6(33)	(71,097)	(25,916)
Acquisition of intangible assets	6(10)	(4,436)	(5,008)
Net cash payments for business combination	6(32)	(85,370)	(29,485)
Increase in guarantee deposits		(14,383)	(5,916)
Decrease in guarantee deposits		3,681	4,205
Decrease in other non-current assets		4,925	2,525
Net cash flows used in investing activities		(1,676,664)	(619,684)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(34)	351,464,815	340,112,923
Decrease in short-term borrowings	6(34)	(346,043,250)	(342,523,202)
Increase in short-term notes and bills payable	6(34)	1,042,872	245,228
Proceeds from long-term borrowings	6(34)	7,786,800	800,000
Payment of long-term loans	6(34)	(836,400)	(120,080)
Payment of lease liabilities	6(34)	(130,192)	(107,309)
Cash dividends paid	6(20)	(2,589,627)	(1,645,111)
Acquisition of treasury shares	6(18)	(135,121)	-
Issuance of preferred shares	6(18)	-	6,750,000
Net cash flows from financing activities		10,559,897	3,512,449
Effect of exchange rate changes on cash and cash equivalents		(580,281)	(820,150)
Net increase in cash and cash equivalents		294,426	283,070
Cash and cash equivalents at beginning of year		774,053	490,983
Cash and cash equivalents at end of year		\$ 1,068,479	\$ 774,053

The accompanying notes are an integral part of these parent company only financial statements.

WT MICROELECTRONICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

WT Microelectronics Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the development and sales of electronic and communication components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were reported to the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared

under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit assets (liabilities) recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

- A. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.
- B. Foreign currency transactions and balances
- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.
- C. Translation of foreign operations
- (a) The operating results and financial position of all the consolidated entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its

classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial assets (liabilities) at fair value through profit or loss

A. These are financial assets that are not measured at amortised cost or at fair value through other comprehensive income and are held for trading if acquired principally for the purpose of repurchasing in the short term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets and liabilities at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition relating to the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are initially recognised and subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of receiving contract cash flow and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in other comprehensive income.

(9) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred, however, the Company has not retained control of the financial asset.

(11) Inventories

- A. The cost of inventories includes the purchase price, import duties and other costs directly attributable to the acquisition of goods. The discount, allowance and others alike should be deducted from the cost.
- B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing

control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. Pursuant to the “Rules Governing the Preparation of Financial Statements by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	26 ~ 55 years
Office equipment	2 ~ 5 years
Other assets	2 ~ 10 years

(14) Leasing arrangements (lessee) - right-of-use assets /lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Company’s incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest

method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(15) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.
- C. Other intangible assets, mainly customer relationship, are recorded at cost and amortised on a straight-line basis over the estimated useful life of 5 years.

(16) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amount of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is

monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are initially recognised and subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument ('capital surplus—share options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- B. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of bonds payable as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- D. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – share options.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date.

Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

- B. The grant date of cash capital increase reserved for employee preemption is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.
- C. Restricted stocks:
 - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
 - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
 - (c) For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign during the vesting period, the restricted stocks will be redeemed and retired by the Company without further consideration and recognised as deduction of share capital and additional paid-in capital, in accordance with the terms of restricted stocks.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been

enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) Share capital

- A. Ordinary shares are classified as equity. The classification of preferred shares is determined according to the special rights attached to the preferred shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preferred shares are classified as liabilities when they have the fundamental characteristic of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(25) Revenue recognition

A. Sales of goods

- (a) The Company sells electronic components. Sales are recognised when the control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has

accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) The goods are often sold with volume discounts based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The customer pays at the time specified in the payment schedule. If the payments exceed the merchandise provided, a contract liability is recognised.

B. Services

- (a) The Company provides semiconductor development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided at the end of the reporting period in a proportion to the total services to be provided. This is determined based on the contract costs incurred for services performed to the estimated total cost for the service contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(26) Business combinations

- A. The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Company measures at the acquisition

date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value as a bargain purchase.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the goods or services before it is provided to a customer include the following:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(10) for the information on goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 576	\$ 1,622
Checking accounts and demand deposits	<u>1,067,903</u>	<u>772,431</u>
	<u>\$ 1,068,479</u>	<u>\$ 774,053</u>

The Company transacts with a variety of financial institutions all with good credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Assets</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Beneficiary certificates	\$ 11,743	\$ 13,135
Derivatives	<u>455</u>	<u>-</u>
	<u>\$ 12,198</u>	<u>\$ 13,135</u>
Non-current items:		
Beneficiary certificates	<u>\$ 232,735</u>	<u>\$ 86,217</u>
<u>Liabilities</u>		
Current items:		
Derivatives	<u>\$ 14,838</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities measured at fair value through profit or loss are as follows:

	Years ended December 31,	
	2021	2020
Derivatives	(\$ 208,532)	(\$ 57,489)
Beneficiary certificates	19,508	6,867
	(\$ 189,024)	(\$ 50,622)

B. The non-hedging derivative financial assets and liabilities and contract information are as follows:

	December 31, 2021	
	Contract amount (Notional principal) (In thousands)	Contract period
<u>Derivative financial assets</u>		
Current items:		
Forward foreign exchange contracts	USD (BUY) 25,000	2021.12.30~2022.2.9

Derivative financial liabilities

Current items:

Forward foreign exchange contracts	USD (BUY) 190,000	2021.11.30~2022.1.4
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The Company entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting. The Company did not hold any unsettled derivative instruments as of December 31, 2020.

C. For the derivative transactions, the Company deals with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

D. The Company has no financial assets measured at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments	\$ 18,443,514	\$ 14,245,527

A. The Company has elected to classify certain strategic investments in the aforementioned equity instruments, including publicly listed and privately held companies, as financial assets measured at fair value through other comprehensive income.

B. The Company exchanged shares with ASMedia Technology Inc. on April 21, 2020 and acquired \$6,624,000 of financial assets at fair value through other comprehensive income - non-current. Please refer to Note 6(18) for more details.

C. Please refer to Note 6(21) for information on changes in fair value recognised in other comprehensive income for the years ended December 31, 2021 and 2020.

D. The Company has no financial assets measured at fair value through other comprehensive income

pledged to others as of December 31, 2021 and 2020.

(4) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 200,494	\$ 304,340
Accounts receivable	21,688,507	20,071,841
Less: Allowance for uncollectible accounts	(184,258)	(199,414)
Notes and accounts receivable, net	<u>21,704,743</u>	<u>20,176,767</u>
Overdue receivables	140,174	126,234
Less: Allowance for uncollectible accounts	(140,174)	(126,234)
Overdue receivables, net (shown as ‘other non-current assets’)	<u>-</u>	<u>-</u>
	<u>\$ 21,704,743</u>	<u>\$ 20,176,767</u>

A. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of accounts receivable and notes receivable amounted to \$15,475,044.

B. Transferred financial assets that are derecognised in their entirety

(a) The Company entered into factoring agreements with domestic financial institutions to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable, and the related information is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable transferred		
(Amount derecognised)	<u>\$ 22,326,209</u>	<u>\$ 17,368,295</u>
Amount advanced	<u>\$ 21,826,246</u>	<u>\$ 17,097,364</u>
Amount retained (shown as ‘other receivables’)	<u>\$ 499,963</u>	<u>\$ 270,931</u>

(b) The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. Transferred financial assets that are not derecognised in their entirety

(a) The Company entered into factoring agreements with domestic financial institutions to sell its accounts receivable. Under the agreement, the Company can transfer non-L/C accounts receivable financing to financial institutions, and the banks have the right of recourse to the transferred accounts receivable. For accounts receivable that will not be recovered in the specific period, the Company will retain risk and returns of such accounts receivable. Accordingly, the Company did not derecognise the accounts receivable where the banks have the right of recourse, and related advance payments were listed in ‘short-term borrowings’.

(b) The information on transferred accounts receivable continued to be recognised by the

Company as of December 31, 2021 and 2020 is as follows. In addition, total carrying amount of the original assets before the transfer (same as carrying amount of the assets that the entity continues to recognise) of transferred accounts receivable continued to be recognised by the Company to the extent of its continuing involvement is in line with carrying amount of the associated liabilities, fair value of transferred accounts receivable and fair value of advance payments.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of transferred accounts receivable (that is, fair value)	\$ 202,594	\$ -
Carrying amount of advance payments (that is, fair value)	(182,335)	-
Net amount	<u>\$ 20,259</u>	<u>\$ -</u>

- D. As of December 31, 2021 and 2020, the interest rates for amounts advanced ranged between 0.31%~1.29% and 0.39%~1.37%, respectively.
- E. As of December 31, 2021 and 2020, the total limits of the accounts receivable factoring were \$60,238,759 and \$55,376,810, respectively.
- F. As of December 31, 2021 and 2020, the Company has issued a promissory note of \$75,372,590 and \$74,419,826, respectively, as performance guarantee against any business dispute.
- G. Please refer to Note 6(26) for information on financing charges on accounts receivable factoring for the years ended December 31, 2021 and 2020.
- H. As of December 31, 2021 and 2020, the Company's accounts receivable that are expected to be factored were classified as financial assets at fair value through other comprehensive income in the amounts of \$8,221,346 and \$8,425,799, respectively, and recorded as 'accounts receivable'.
- I. The Company took out a credit insurance on the accounts receivable from certain main customers, whereby 75%~90% of the receivable amount can be covered when the receivables are uncollectible. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was the carrying amount of the notes and accounts receivable.
- J. Please refer to Note 8 for details of accounts receivable pledged as security.
- K. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amounts retained for accounts receivable factoring	\$ 499,963	\$ 270,931
VAT refund receivable	206,635	163,199
Others	55,396	65,439
	<u>\$ 761,994</u>	<u>\$ 499,569</u>

(6) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Merchandise inventory	\$ 49,646,005	\$ 30,941,748
Less: Allowance for inventory obsolescence and market value decline	(716,733)	(679,711)
	<u>\$ 48,929,272</u>	<u>\$ 30,262,037</u>

The cost of inventories recognised as expense for the year:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 345,232,102	\$ 283,507,465
Loss on decline in market value	51,469	15,768
Loss on disposal of inventory	8,767	-
Loss on physical inventory	5	165
	<u>\$ 345,292,343</u>	<u>\$ 283,523,398</u>

(7) Investments accounted for using equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries:		
Wintech Microelectronics Holding Limited	\$ 9,900,819	\$ 9,372,697
Morrihan International Corp.	4,361,227	3,969,208
Maxtek Technology Co., Ltd.	2,321,340	1,987,146
Techmosa International Inc.	2,563,293	1,945,813
Nuvision Technology Inc.	1,171,682	915,805
BSI Semiconductor Pte. Ltd.	724,431	739,511
Analog World Co., Ltd.	414,466	411,719
MSD Holdings Pte. Ltd.	204,083	209,520
Milestone Investment Co.,Ltd.	159,643	78,993
Sinyie Investment Co.,Ltd.	44,819	44,819
	<u>\$ 21,865,803</u>	<u>\$ 19,675,231</u>

- A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2021 for the information regarding the Company's subsidiaries.
- B. For the years ended December 31, 2021 and 2020, the Company received cash dividends arising from investments accounted for using equity method amounting to \$1,463,784 and \$1,067,790, respectively.
- C. In October 2020, the Company acquired all the equity interest of Analog World Co., Ltd. for a cash consideration of \$403,330 (US\$13,748 thousand). Please refer to Note 6(32) for related information.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>					
Cost	\$ 225,459	\$ 217,449	\$ 248,159	\$ 188,088	\$ 879,155
Accumulated depreciation and impairment	<u>-</u>	<u>(101,884)</u>	<u>(195,172)</u>	<u>(140,082)</u>	<u>(437,138)</u>
	<u>\$ 225,459</u>	<u>\$ 115,565</u>	<u>\$ 52,987</u>	<u>\$ 48,006</u>	<u>\$ 442,017</u>
<u>2021</u>					
Opening net book amount	\$ 225,459	\$ 115,565	\$ 52,987	\$ 48,006	\$ 442,017
Additions	-	-	11,477	44,365	55,842
Depreciation charge	<u>-</u>	<u>(6,656)</u>	<u>(27,278)</u>	<u>(32,140)</u>	<u>(66,074)</u>
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 108,909</u>	<u>\$ 37,186</u>	<u>\$ 60,231</u>	<u>\$ 431,785</u>
<u>At December 31, 2021</u>					
Cost	\$ 225,459	\$ 217,449	\$ 251,108	\$ 230,639	\$ 924,655
Accumulated depreciation and impairment	<u>-</u>	<u>(108,540)</u>	<u>(213,922)</u>	<u>(170,408)</u>	<u>(492,870)</u>
	<u>\$ 225,459</u>	<u>\$ 108,909</u>	<u>\$ 37,186</u>	<u>\$ 60,231</u>	<u>\$ 431,785</u>
<u>At January 1, 2020</u>					
Cost	\$ 225,459	\$ 217,449	\$ 249,608	\$ 208,259	\$ 900,775
Accumulated depreciation and impairment	<u>-</u>	<u>(95,228)</u>	<u>(180,309)</u>	<u>(137,529)</u>	<u>(413,066)</u>
	<u>\$ 225,459</u>	<u>\$ 122,221</u>	<u>\$ 69,299</u>	<u>\$ 70,730</u>	<u>\$ 487,709</u>
<u>2020</u>					
Opening net book amount	\$ 225,459	\$ 122,221	\$ 69,299	\$ 70,730	\$ 487,709
Additions	-	-	11,426	13,051	24,477
Depreciation charge	<u>-</u>	<u>(6,656)</u>	<u>(27,738)</u>	<u>(35,775)</u>	<u>(70,169)</u>
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 115,565</u>	<u>\$ 52,987</u>	<u>\$ 48,006</u>	<u>\$ 442,017</u>
<u>At December 31, 2020</u>					
Cost	\$ 225,459	\$ 217,449	\$ 248,159	\$ 188,088	\$ 879,155
Accumulated depreciation and impairment	<u>-</u>	<u>(101,884)</u>	<u>(195,172)</u>	<u>(140,082)</u>	<u>(437,138)</u>
	<u>\$ 225,459</u>	<u>\$ 115,565</u>	<u>\$ 52,987</u>	<u>\$ 48,006</u>	<u>\$ 442,017</u>

Office and other equipments at December 31, 2021 and 2020 were for the Company's own use and not for lease.

(9) Leasing arrangements - lessee

A. The Company leases various assets including land, office and warehouse. The rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 218,469	\$ 236,123
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 126,714	\$ 108,930

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$112,940 and \$66,765, respectively.

D. The information on income or expense accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,785	\$ 6,135
Expense on short-term lease contracts	54,802	54,389

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$189,779 and \$167,833, respectively.

(10) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 387,437	\$ 96,833	\$ 5,381	\$ 489,651
Accumulated amortisation and impairment	(208,133)	(77,661)	(1,614)	(287,408)
	<u>\$ 179,304</u>	<u>\$ 19,172</u>	<u>\$ 3,767</u>	<u>\$ 202,243</u>
<u>2021</u>				
Opening net book amount	\$ 179,304	\$ 19,172	\$ 3,767	\$ 202,243
Additions	-	4,436	85,370	89,806
Amortisation charge (shown as 'general and administrative expenses')	-	(8,052)	(9,613)	(17,665)
Closing net book amount	<u>\$ 179,304</u>	<u>\$ 15,556</u>	<u>\$ 79,524</u>	<u>\$ 274,384</u>
<u>At December 31, 2021</u>				
Cost	\$ 387,437	\$ 101,269	\$ 90,751	\$ 579,457
Accumulated amortisation and impairment	(208,133)	(85,713)	(11,227)	(305,073)
	<u>\$ 179,304</u>	<u>\$ 15,556</u>	<u>\$ 79,524</u>	<u>\$ 274,384</u>
	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>				
Cost	\$ 387,437	\$ 91,825	\$ 5,381	\$ 484,643
Accumulated amortisation and impairment	(162,120)	(68,096)	-	(230,216)
	<u>\$ 225,317</u>	<u>\$ 23,729</u>	<u>\$ 5,381</u>	<u>\$ 254,427</u>
<u>2020</u>				
Opening net book amount	\$ 225,317	\$ 23,729	\$ 5,381	\$ 254,427
Additions	-	5,008	-	5,008
Amortisation charge (shown as 'general and administrative expenses')	-	(9,565)	(1,614)	(11,179)
Impairment loss	(46,013)	-	-	(46,013)
Closing net book amount	<u>\$ 179,304</u>	<u>\$ 19,172</u>	<u>\$ 3,767</u>	<u>\$ 202,243</u>
<u>At December 31, 2020</u>				
Cost	\$ 387,437	\$ 96,833	\$ 5,381	\$ 489,651
Accumulated amortisation and impairment	(208,133)	(77,661)	(1,614)	(287,408)
	<u>\$ 179,304</u>	<u>\$ 19,172</u>	<u>\$ 3,767</u>	<u>\$ 202,243</u>

A. Other intangible assets mainly pertain to customer relationship.

B. The information on intangible assets acquired through business combinations for the years ended

December 31, 2021 and 2020 is provided in Note 6(32).

C. Goodwill is allocated as follows to the Company's cash-generating units identified according to operating segment:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Retail</u>	<u>Retail</u>
Greater China Region	<u>\$ 179,304</u>	<u>\$ 179,304</u>

D. Goodwill is allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The future cash flows were estimated based on the annual revenue, gross profit and other operating expenses in the future. Management determined budgeted gross margin based on past performance and their expectations of market development. The Company's accrued average annual revenue growth rate for the years ended December 31, 2021 and 2020 was 0%~5%, respectively; the assumption used for discount rate is the weighted average capital cost of the Company. As of December 31, 2021 and 2020, the key valuations used for pre-tax discount rate to reflect risk of related cash-generating units were 5.32%~9.8% and 4.57%~10.3%, respectively. Based on the aforementioned assessment, the Company recognised impairment loss of goodwill of \$0 and \$46,013 for the years ended December 31, 2021 and 2020, respectively, and are recorded as "other gains and losses".

E. The impairment loss reported by operating segments is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Greater China Region	<u>\$ -</u>	<u>\$ 46,013</u>

F. There were no intangible assets that were pledged to others.

(11) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	\$ 21,177,288	\$ 15,938,058
Secured borrowing (note)	<u>182,335</u>	<u>-</u>
	<u>\$ 21,359,623</u>	<u>\$ 15,938,058</u>

Note: The above borrowing was secured by accounts receivable.

As of December 31, 2021 and 2020, information on the collateral provided by the Company is described in Note 8.

(12) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper	\$ 1,700,000	\$ 650,000
Amortisation of discount	(394)	(325)
	<u>\$ 1,699,606</u>	<u>\$ 649,675</u>
Coupon rate	<u>0.44%~0.7%</u>	<u>0.462%~0.572%</u>

The notes and bills were issued under securities and acceptance offered by the financial institutions to fund short-term capital. The issuance period is within 90 days.

(13) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 952,268	\$ 697,608
Freight payable	123,962	124,751
Accrued VAT payable	69,585	89,795
Costs to provide technical services payable	62,036	71,249
Insurance expense payable	70,859	50,432
Finance cost payable	23,273	19,420
Services payable	16,927	13,590
Others	133,622	93,475
	<u>\$ 1,452,532</u>	<u>\$ 1,160,320</u>

(14) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 77,100	\$ 384,100
Less: Discount on bonds payable	(465)	(6,906)
	76,635	377,194
Less: Bonds payable, current portion	(76,635)	-
	<u>\$ -</u>	<u>\$ 377,194</u>

A. Sixth unsecured convertible bonds of 2019

(a) The terms of the sixth domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$1,200,000, 0%, sixth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 1, 2019 ~July 1, 2022) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 1, 2019.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the

bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds (with the conversion price at NT\$40 per share), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. On December 31, 2021, the conversion price was NT\$26.7 per share.

iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from securities trading markets), matured and converted are retired and not to be resold or re-issued; the convertible rights attached to the bonds are also extinguished.

(b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$37,762 were separated from the liability component and were recognised in ‘capital surplus share options’ amounting to \$2,426 as of December 31, 2021, in accordance with IAS 32.

(c) As of December 31, 2021, the convertible bonds converted into 38,287 thousand common shares totaled \$1,122,900 at par value.

B. For the years ended December 31, 2021 and 2020, the amortised discount of bonds payable was \$3,516 and \$7,500, respectively.

(15) Long-term loans

Type of loans	Period	December 31, 2021	
		Credit line	Amount
Mid-term syndicated loans (note A)	2021.7.29~2026.7.29	\$ 12,000,000	\$ 7,750,400
Interest rate			0.95%
		December 31, 2020	
Type of loans	Period	Credit line	Amount
Mid-term borrowings (Bank of Taiwan)(note B)	2020.9.14~2022.9.14	\$ 800,000	\$ 800,000
Interest rate			1.2%

A. As stipulated in the syndicated loan agreement:

(a) Credit line: NT\$12,000,000.

(b) Credit period: 5 years after the date of first drawdown of any credit line.

(c) Drawdown period: The day before 5 years after the date of first drawdown. However, maturity date of each borrowing shall not exceed the credit period. The borrower may apply for re-utilisation within the credit period 5 years after the date of first drawdown according to the capital situation. However, each drawdown must be fully repaid before the expiry of the credit period.

(d) Financial commitment: The borrower’s consolidated financial statements shall maintain the following financial ratios and regulations:

i. Liquidity ratio: Shall be at least 100%.

ii. Net debt ratio: Shall be no more than 250%.

iii. Interest coverage ratio shall be at least 200%.

The abovementioned financial ratios are reviewed semi-annually.

B. Under the Bank of Taiwan borrowing contract, the Company shall review the average balance of demand deposits every six months during the contract period in order to maintain the interest rate markup.

C. The Company's financial ratios in the consolidated financial statements for the years ended December 31, 2021 and 2020 have met the required covenants under the abovementioned borrowing contract.

D. The Company's liquidity risk is provided in Note 12.

(16) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 155,410	\$ 153,204
Fair value of plan assets	(113,991)	(108,942)
Net defined benefit liability (Shown as 'other non-current liabilities')	<u>\$ 41,419</u>	<u>\$ 44,262</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
Balance at January 1	\$ 153,204	\$ 108,942	\$ 44,262
Current service cost	1,145	-	1,145
Interest (expense) income	<u>459</u>	<u>327</u>	<u>132</u>
	<u>154,808</u>	<u>109,269</u>	<u>45,539</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,626	(1,626)
Change in demographic assumptions	146	-	146
Change in financial assumptions	(6,102)	-	(6,102)
Experience adjustments	<u>6,558</u>	<u>-</u>	<u>6,558</u>
	<u>602</u>	<u>1,626</u>	<u>(1,024)</u>
Pension fund contribution	<u>-</u>	<u>3,096</u>	<u>(3,096)</u>
Balance at December 31	<u>\$ 155,410</u>	<u>\$ 113,991</u>	<u>\$ 41,419</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	\$ 126,076	\$ 101,767	\$ 24,309
Current service cost	1,123	-	1,123
Interest (expense) income	<u>882</u>	<u>712</u>	<u>170</u>
	<u>128,081</u>	<u>102,479</u>	<u>25,602</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,469	(3,469)
Change in financial assumptions	6,159	-	6,159
Experience adjustments	<u>18,964</u>	<u>-</u>	<u>18,964</u>
	<u>25,123</u>	<u>3,469</u>	<u>21,654</u>
Pension fund contribution	<u>-</u>	<u>2,994</u>	<u>(2,994)</u>
Balance at December 31	<u>\$ 153,204</u>	<u>\$ 108,942</u>	<u>\$ 44,262</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private

placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund, hence, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.7%</u>	<u>0.3%</u>
Future salary increases	<u>3%</u>	<u>3%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ <u>3,572</u>)	<u>\$ 3,687</u>	<u>\$ 3,210</u>	(\$ <u>3,132</u>)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>3,888</u>)	<u>\$ 4,022</u>	<u>\$ 3,525</u>	(\$ <u>3,433</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$3,144.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 10 years.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$46,338 and \$42,780, respectively.

(17) Share-based payment

- A. For the year ended December 31, 2021 and 2020, the Company’s share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Cash capital increase reserved for employee preemption	2020.8.17	520 thousand shares	Vested immediately
Restricted stocks to employees	2021.1.13	2,992 thousand shares	(a) and (b)
Employee stock options	2021.3.18	12,000 thousand shares	(c)
Restricted stocks to employees	2021.7.28	2,788 thousand shares	(a) and (b)

- (a) The vesting percentage for the employee who has rendered service to the Company since the grant date and achieves the performance condition is 25% each year.
- (b) The issued employee restricted shares before meeting the vesting conditions are subject to certain restrictions as follows:
- Employee restricted shares cannot be sold, pledged, transferred, donated to others, set purposes or disposed in any other ways, except for inheritance.
 - The rights to attend, propose, speak and vote at the shareholders meeting are the same as the issued ordinary shares of the Company and are implemented in accordance with the trust custody contract.
 - Other rights including but not limited to dividends, distribution rights of legal reserve and capital surplus and share options of cash capital increase, etc. are the same as the Company’s issued ordinary shares, do not need to be kept in trust and are not restricted by the vesting period. Employees are required to return the unvested stocks but not required to return the dividends received if they resign during the vesting period.
- (a) Employees can exercise 50%, 25% and 25% of their option after 2 years, 3 years and 4 years from the grant date of employee stock options, respectively.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (years)	Expected dividends	Risk-free interest rate (%)	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2020.8.17	\$ 53.25	\$ 50.00	9.09	0.137	-	0.13	\$ 3.28
Restricted stocks to employees	2021.1.13	\$ 42.05	\$ -	-	4	-	-	\$ 42.05
Employee stock options	2021.3.18	\$ 46.80	\$ 46.80	18.44~ 18.46	4~5	-	0.31~ 0.34	\$ 7.0985~ \$ 8.1307
Restricted stocks to employees	2021.7.28	\$ 61.20	\$ -	-	4	-	-	\$ 58.0011

C. Details of the share options for the year ended December 31, 2021 are disclosed as follows:

	2021		
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	Weighted-average remaining contractual period
Options outstanding at January 1			
Options granted	12,000	\$ 46.8	
Options forfeited	(60)	-	
Options outstanding at December 31	<u>11,940</u>	<u>\$ 46.8</u>	5.46 years

D. Details of the employee restricted shares for the year ended December 31, 2021 are disclosed as follows:

	2021
	No. of shares (in thousands)
Shares outstanding at January 1	-
Shares granted	5,780
Shares forfeited	(52)
Shares outstanding at December 31	<u>5,728</u>

E. Compensation cost of share-based payment of \$123,520 and \$1,706 was recognised for cash capital increase reserved for employee preemption for the years ended December 31, 2021 and 2020, respectively.

(18) Share capital

As of December 31, 2021, the Company's authorised capital was \$20,000,000, including partial preferred shares, consisting of 2 billion shares (including 300 million shares reserved for employee stock options), and the paid-in capital was \$9,327,068 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Common stock

A. Movements in the number of the Company's ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Shares (in thousands)</u>	<u>Shares (in thousands)</u>
At January 1	788,232	591,437
Shares issued	-	171,000
Issuance of employee restricted shares	5,780	-
Cancellation of employee restricted shares	(52)	-
Shares converted from bonds	11,391	25,795
Retirement of treasury shares	(2,494)	-
At December 31	<u>802,857</u>	<u>788,232</u>

B. On February 21, 2020, the Company's Board of Directors resolved to increase capital of \$1,710,000 by issuing 171 million ordinary shares in the amount of \$6,624,000 with a par value of NT\$10 (in dollars) per share to exchange for 9 million shares of ASMedia Technology Inc. The transaction was approved by the Financial Supervisory Committee on April 17, 2020, and the effective date was set on April 21, 2020.

C. There were 11,391 thousand ordinary shares converted from the Company's convertible bonds in the year of 2021. Convertible bonds amounting to \$137,500 in total par value had been requested for conversion into 5,150 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the change in registration has not yet been completed.

D. On March 27, 2020, the shareholders resolved the issuance of 3,000 thousand employee restricted shares with a par value of \$10 (in dollars) per share. The issuance can be granted several times within a year. A total of 2,992 thousand shares were issued for the first time and the effective date was set on January 18, 2021.

E. On July 12, 2021, the shareholders resolved the issuance of 3,000 thousand employee restricted shares with a par value of \$10 (in dollars) per share. The issuance can be granted several times within a year. A total of 2,788 thousand shares were issued for the first time and the effective date was set on July 28, 2021.

- F. On July 12, 2021, the shareholders resolved to increase capital by issuing common shares domestically and/or to increase capital by issuing common shares to participate in issuance of the global depository receipts. The shareholders authorised the Board of Directors to increase the capital by selecting an appropriate timing and a financing instrument through one of the methods or a combination of the two once or several times and up to a maximum number of 120 million shares depending on the market environment and the Company's capital needs. The common shares for domestic capital increase will be issued through book building or public subscription.
- G. On February 24, 2022, the Company's Board of Directors resolved to increase capital by issuing common shares to participate in the issuance of the global depository receipts for the financial needs of the repayment of the principal of bank borrowing in foreign currency and overseas procurement. The proposed stock issuance for cash is expected to be around 58,000 thousand to 78,000 thousand shares of common stocks with a par value of NT\$10 (in dollars) per share, and authorise the chairman to adjust the issuance position depending on the market environment within the limit.
- H. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2021	
		Number of shares (in thousands)	Carrying amount
The Company	To enhance Company's credit rating and the stockholders' equity	2,494	\$ -

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the shareholders' equity should be retired within six months of acquisition. The Board of Directors on November 5, 2021 has resolved to retire 2,494 thousand shares, and the registration for the change was completed on November 19, 2021.

Preferred share

On July 2, 2020, the Board of Directors resolved to increase the Company's capital in the amount of \$6,750,000 by issuing 135 million shares of Class A preferred shares with a par value of \$10 (in dollars) per share issued at \$50 (in dollars) per share. The capital injection was approved by the FSC on July 29, 2020, and the effective date was set on October 15, 2020. The rights and obligations of these outstanding preferred shares are as follows:

- A. Expiration date: The Company's Class A preferred shares are perpetual. The shareholders of Class A preferred shares cannot request the Company to retire the preferred shares they hold but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class A preferred shares sustained all the rights and obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.
- B. Dividends: Dividends are calculated at 4% per annum, consisting of five-year IRS rate of 0.6125% on pricing effective date (August 17, 2020) and specific markup of 3.3875%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two business days in Taipei financial industry prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.
- C. Dividend distribution: Dividends of Class A preferred shares are distributed once per year in the form of cash. The effective date for distributing previous year's distributable dividends will be set by the Board of Directors or the chairman who is authorized by the Board of Directors. Dividend distributions in the years of issuance and redemption are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating deficit and then set aside as legal reserve. Special reserve shall be set aside or reversed as required by regulations or the Competent Authority when necessary. The remainder, if any in the current year, can be distributed as dividends of preferred shares in first priority.
- The Company has discretion in dividend distribution of Class A preferred shares. The Company could choose not to distribute dividends of preferred shares when resolved by the Board of Directors, which would not lead to default if the Company has no or has insufficient current year's earnings for distribution or has other considerations. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not be deferred to future years when the Company has earnings.
- D. Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class A preferred shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.
- E. Residual property distribution: The shareholders of Class A preferred shares have priority over shareholders of common shares in distributing the Company's residual properties and have the same priority with other preferred shareholders of the Company, but behind the general creditor. In addition, the limit is the amount calculated by shares of outstanding preferred shares issued

and the issue price when distributing.

- F. Right to vote and be elected: The shareholders of Class A preferred shares have no right to vote and be elected as directors in the ordinary shareholders' meeting of the Company but have the right to vote in the shareholders' meeting only when there is unfavourable matters to rights and obligations of shareholders of Class A preferred shares.
- G. Conversion to common shares: Class A preferred shares could not be converted to common shares.
- H. The preemptive rights for shareholders of Class A preferred shares are the same as of common shareholders when the Company increases its capital by issuing new shares.
- I. Capital surplus arising from premium issuance of Class A preferred shares can be used to offset against accumulated deficit but cannot be capitalised during the issuance period.

(19) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further to the above considerations, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Changes in capital surplus are as follows:

	2021						Total
	Share premium	Treasury share transactions	Employee stock options	Stock options	Restricted stocks to employees	Net change in equity of associates	
At January 1	\$ 20,033,915	\$ 40,742	\$ -	\$ 12,087	\$ -	\$ 8,237	\$ 20,094,981
Issuance of employee restricted shares	-	-	-	-	216,366	-	216,366
Cancellation of employee restricted shares	-	-	-	-	520	-	520
Conversion of convertible bonds	199,827	-	-	(9,661)	-	-	190,166
Retirement of treasury shares	(46,322)	(40,742)	-	-	-	-	(87,064)
Compensation cost of share-based payments	-	-	26,636	-	-	-	26,636
Changes in equity of associates accounted for using the equity method	-	-	-	-	-	3,173	3,173
At December 31	<u>\$ 20,187,420</u>	<u>\$ -</u>	<u>\$ 26,636</u>	<u>\$ 2,426</u>	<u>\$ 216,886</u>	<u>\$ 11,410</u>	<u>\$ 20,444,778</u>
	2020					Total	
	Share premium	Treasury share transactions	Stock options	Net change in equity of associates			
At January 1	\$ 9,446,398	\$ 40,742	\$ 36,459	\$ 8,237	\$ 9,531,836		
Issuance of shares	4,914,000	-	-	-	4,914,000		
Issuance of preferred shares	5,400,000	-	-	-	5,400,000		
Compensation cost of share-based payments	1,706	-	-	-	1,706		
Conversion of convertible bonds	520,821	-	(24,372)	-	496,449		
Reorganisation	(249,010)	-	-	-	(249,010)		
At December 31	<u>\$ 20,033,915</u>	<u>\$ 40,742</u>	<u>\$ 12,087</u>	<u>\$ 8,237</u>	<u>\$ 20,094,981</u>		

B. For the information relating to capital surplus-share options, please refer to Note 6(14).

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first pay taxes and offset accumulated losses; and set aside a legal reserve at 10% of such remaining earnings, until the accumulated legal reserve has equaled the total paid-in capital of the Company; then, set aside a special reserve in accordance with applicable laws or regulations of the competent authority. Residual earnings (distributable earnings in the current year) plus undistributed earnings at the beginning of the period is the accumulated retained earnings, which shall first be distributed as dividends to holders of preferred share, and distribution of such earnings shall be submitted by the Board of Directors to the shareholders' meeting for approval.
- B. In accordance with Article 240 of the Company Act, the Board of Directors is authorized, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, to distribute dividends and bonus of all or part of the legal reserve and capital surplus in the form of cash based on the regulations specified in Article 241 of the Company Act which shall be reported to the shareholders during their meeting. Said distribution is not subject to the regulation which requires that the distribution shall be resolved by the shareholders during their meeting.
- C. The Company's dividend policy is regulated by the Board of Directors taking into consideration the Company's operations, future investment plans, capital budget and internal/external situations. As the Company is in the growth stage, most of retained earnings will be used to support business development and investment requirements and consequently, the minimum cash dividend and extra dividend policy is adopted by the Company. The Company's dividend policy is summarized below:
At least 40% of the Company's earnings shall be appropriated as stock dividends and cash dividends, taking into account profits in the future and capital needs, and cash dividends shall account for at least 10% of the total dividends distributed. In the event the total earnings appropriation exceeds 30% of the Company's paid-in capital before appropriation, cash dividends shall account for at least 20% of the total dividends distributed.
- D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- F. According to the resolutions adopted by the shareholders during their meetings in July 2021 and March 2020, the distribution information of the Company's 2020 and 2019 earnings, respectively,

is as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 396,453		\$ 261,034	
Special reserve	(791,142)		647,574	
Dividends on preferred share	57,541	\$ 0.426	-	
Cash dividends of ordinary shareholders	<u>2,532,086</u>	3.200	<u>1,645,111</u>	\$ 2.776
	<u>\$ 2,194,938</u>		<u>\$ 2,553,719</u>	

(a) As of February 24, 2022, the appropriation of 2021 earnings has not yet been resolved by the Board of Directors.

(b) Information on the appropriation of the Company's earnings as approved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Other equity items

	Unrealised gains (losses) on valuation	Currency translation	Unearned compensation	Total
At January 1, 2021	\$ 8,208,070	(\$ 2,600,106)	\$ -	\$ 5,607,964
Valuation adjustment on equity instruments				
- The Company	2,813,621	-	-	2,813,621
- Subsidiaries	399,858	-	-	399,858
Disposals reclassified as retained earnings				
- Subsidiaries	(829,777)	-	-	(829,777)
Currency translation differences				
- Translation of foreign operations	-	(884,082)	-	(884,082)
- Subsidiaries and associates	-	(194,064)	-	(194,064)
Issuance of employee restricted shares	-	-	(274,166)	(274,166)
Compensation cost of share-based payments	-	-	96,884	96,884
At December 31, 2021	<u>\$ 10,591,772</u>	<u>(\$ 3,678,252)</u>	<u>(\$ 177,282)</u>	<u>\$ 6,736,238</u>

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2020	\$ 368,652	(\$ 1,159,794)	(\$ 791,142)
Valuation adjustment on equity instruments			
- The Company	7,511,803	-	7,511,803
- Subsidiaries	502,537	-	502,537
Disposals reclassified as retained earnings			
- Subsidiaries	(174,922)	-	(174,922)
Currency translation differences			
- Translation of foreign operations	-	(1,351,264)	(1,351,264)
- Subsidiaries and associates	-	(89,048)	(89,048)
At December 31, 2020	<u>\$ 8,208,070</u>	<u>(\$ 2,600,106)</u>	<u>\$ 5,607,964</u>

(22) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Contract revenue		
Sales of electronic components	\$ 353,580,191	\$ 288,492,197
Other operating revenue	<u>220,552</u>	<u>154,767</u>
	<u>\$ 353,800,743</u>	<u>\$ 288,646,964</u>

A. The Company derives revenue from the transfer of goods at a point in time. Please refer to Statement 6 for revenue information by category.

B. The Company has recognised the following revenue-related contract liabilities provisions for estimated sales discounts:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Refund liabilities - sales discounts and returns	<u>\$ 424,448</u>	<u>\$ 203,287</u>	<u>\$ 368,473</u>
Contract liabilities - advance sales receipts	<u>\$ 53,197</u>	<u>\$ 146,174</u>	<u>\$ 92,506</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the year:

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in the contract liability balance at beginning of the year	<u>\$ 139,781</u>	<u>\$ 78,953</u>

(23) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 650	\$ 3,117

(24) Other income

	Years ended December 31,	
	2021	2020
Dividend income	\$ 273,249	\$ 107,720
Other income	7,686	20,981
	<u>\$ 280,935</u>	<u>\$ 128,701</u>

(25) Other gains and losses

	Years ended December 31,	
	2021	2020
Foreign exchange gain, net	\$ 127,740	\$ 345,873
Gain on financial assets at fair value through profit or loss - beneficiary certificates	19,508	6,867
Loss on financial assets and liabilities at fair value through profit or loss - derivatives	(208,532)	(57,489)
Impairment loss of goodwill	-	(46,013)
Other losses	(3,563)	(5,124)
	<u>(\$ 64,847)</u>	<u>\$ 244,114</u>

(26) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Bank borrowings	\$ 214,364	\$ 330,410
Others	15,360	19,130
Financing charges on accounts receivable factoring	152,170	260,558
Other finance costs	12,824	9,355
	<u>\$ 394,718</u>	<u>\$ 619,453</u>

(27) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 1,678,561	\$ 1,454,032
Depreciation	192,788	179,099
Amortisation	17,665	11,179
Total (shown as 'Operating expenses')	<u>\$ 1,889,014</u>	<u>\$ 1,644,310</u>

(28) Employee benefit expense

	Years ended December 31,	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 1,466,804	\$ 1,237,255
Labour and health insurance fees	84,115	72,358
Pension costs	47,615	44,073
Directors' remuneration	36,980	11,677
Other personnel expenses	43,047	88,669
Total (shown as 'Operating expenses')	<u>\$ 1,678,561</u>	<u>\$ 1,454,032</u>

- A. For the years ended December 31, 2021 and 2020, the Company had 876 and 829 employees, including 5 and 5 non-employee directors, respectively.
- B. For the years ended December 31, 2021 and 2020, the average employee benefit expenses were \$1,885 and \$1,750, respectively, while the average employee wages and salaries were \$1,684 and \$1,502, respectively; the variation on adjustments in the average employee wages and salaries was 12.12%.
- C. Since the Company has set up an audit committee, the supervisor's remuneration for the years ended December 31, 2021 and 2020 was \$0 for both years.
- D. The Company's compensation policies (including directors, managerial officers and employees):
- (a) The Company's compensation policies of directors
- i. In accordance with Article 16 of the Company's Articles of Incorporation:
The remuneration for Directors shall be proposed by the Remuneration Committee based on the degree of their involvement in the Company's operations and value of contribution, the Company's business performance and the standards of the industry, which shall be submitted to the Board of Directors for resolution.
- ii. In accordance with Article 19 of the Company's Articles of Incorporation:
If the Company has profits (which mean profits before tax without deducting the remuneration of employees and Directors) in the fiscal year, the Company shall distribute not less than 1% of such profits to employees and not more than 3% to Directors as their remuneration; provided, however, that when the Company has accumulated losses, the profits shall be reserved to make up for losses.
- (b) The Company's compensation policies of managerial officers
- i. The performance evaluation and compensation of managerial officers are based on the standards of the industry, results of the personal performance evaluation, working hours, job responsibility, situation of achieving personal goals, performance in other positions, compensation given to those in the same position of the Company in recent years, the achievement of the Company's short-term and long-term business goals and the financial performance of the Company, as well as the rationality of the connection between personal

performance and the Company's operating performance and future risks. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

ii. In accordance with Article 19 of the Company's Articles of Incorporation:

If the Company has profits (which mean profits before tax without deducting the remuneration of employees and Directors) in the fiscal year, the Company shall distribute not less than 1% of such profits to employees and not more than 3% to Directors as their remuneration; provided, however, that when the Company has accumulated losses, the profits shall be reserved to make up for losses.

(c) The Company's compensation policies of employees

i. The Company follows the Labor Standards Act and related laws and regulations to formulate various salary and welfare measures for employees, and provides market-competitive benefits to motivate employees. In addition, it also conducts regular assessments and issues performance bonuses to share earnings results with colleagues.

ii. In accordance with Article 19 of the Company's Articles of Incorporation:

If the Company has profits (which mean profits before tax without deducting the remuneration of employees and Directors) in the fiscal year, the Company shall distribute not less than 1% of such profits to employees and not more than 3% to Directors as their remuneration; provided, however, that when the Company has accumulated losses, the profits shall be reserved to make up for losses.

E. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration.

F. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$92,900 and \$42,800, respectively; while directors' remuneration was accrued at \$35,000 and \$10,500, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year for the years ended December 31, 2021 and 2020.

Employees' compensation and directors' remuneration for 2020 as resolved by the directors of Board were in agreement with those amounts recognised in profit or loss for 2020.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profit for the year	\$ 1,052,800	\$ 394,802
Tax on undistributed surplus earnings	<u>88,480</u>	<u>2,831</u>
Total current tax	<u>1,141,280</u>	<u>397,633</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>94,850</u>	<u>25,418</u>
Income tax expense	<u>\$ 1,236,130</u>	<u>\$ 423,051</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2021	2020
Remeasurement of defined benefit obligations	(\$ <u>205</u>)	\$ <u>4,331</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 1,831,877	\$ 843,525
Expenses disallowed by tax regulation	(684,227)	(423,305)
Tax on undistributed earnings	<u>88,480</u>	<u>2,831</u>
Income tax expenses	<u>\$ 1,236,130</u>	<u>\$ 423,051</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
Allowance for sales returns and discounts	\$ 272,764	\$ 65,631	\$ -	\$ 338,395
Reserve for inventory obsolescence and market price decline	147,893	10,293	-	158,186
Unrealised foreign exchange loss	20,043	(20,043)	-	-
Others	<u>33,231</u>	<u>(1,001)</u>	<u>(205)</u>	<u>32,025</u>
	<u>\$ 473,931</u>	<u>\$ 54,880</u>	<u>(\$ 205)</u>	<u>\$ 528,606</u>
Deferred tax liabilities:				
Foreign investment income using equity method	(\$ 481,572)	(\$ 91,549)	\$ -	(\$ 573,121)
Unrealised foreign exchange gain	-	(57,433)	-	(57,433)
Others	<u>(471)</u>	<u>(748)</u>	<u>-</u>	<u>(1,219)</u>
	<u>(\$ 482,043)</u>	<u>(\$ 149,730)</u>	<u>\$ -</u>	<u>(\$ 631,773)</u>
	2020			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
Allowance for sales returns and discounts	\$ 208,746	\$ 64,018	\$ -	\$ 272,764
Reserve for inventory obsolescence and market price decline	144,739	3,154	-	147,893
Unrealised foreign exchange loss	44,010	(23,967)	-	20,043
Others	<u>34,409</u>	<u>(5,509)</u>	<u>4,331</u>	<u>33,231</u>
	<u>\$ 431,904</u>	<u>\$ 37,696</u>	<u>\$ 4,331</u>	<u>\$ 473,931</u>
Deferred tax liabilities:				
Foreign investment income using equity method	(\$ 418,929)	(\$ 62,643)	\$ -	(\$ 481,572)
Others	<u>-</u>	<u>(471)</u>	<u>-</u>	<u>(471)</u>
	<u>(\$ 418,929)</u>	<u>(\$ 63,114)</u>	<u>\$ -</u>	<u>(\$ 482,043)</u>

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ <u>13,096</u>	\$ <u>16,622</u>

E. The Company has assessed that the taxable temporary differences arising on investments in subsidiaries will not reverse in the foreseeable future. Accordingly, the Company did not recognise the full amount as deferred tax liabilities. As of December 31, 2021 and 2020, the temporary differences of unrecognised deferred tax liabilities were \$3,646,012 and \$3,593,406, respectively.

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(30) Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries and associates:		
Components of other comprehensive income that will not be reclassified to profit or loss		
- Valuation adjustment on equity instruments	\$ 399,858	\$ 502,537
- Net gain on defined benefit plan	<u>2,969</u>	<u>12,758</u>
	<u>402,827</u>	<u>515,295</u>
Components of other comprehensive income that will be reclassified to profit or loss		
- Currency translation differences	(<u>194,064</u>)	(<u>89,048</u>)
	(<u>194,064</u>)	(<u>89,048</u>)
	<u>\$ 208,763</u>	<u>\$ 426,247</u>

(31) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 7,923,257		
Less: Dividends of preferred share	(57,541)		
Profit used to calculate basic earnings per share	<u>\$ 7,865,716</u>	<u>789,748</u>	<u>\$ 9.96</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 7,923,257		
Less: Dividends of preferred stock	(57,541)		
Profit used to calculate diluted earnings per share	7,865,716	789,748	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	3,516	11,413	
Restricted stocks to employees	-	1,943	
Employee stock options	-	2,473	
Employees' compensation	-	1,407	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 7,869,232</u>	<u>806,984</u>	<u>\$ 9.75</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 3,794,178	726,519	\$ 5.22
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	3,794,178	726,519	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	7,500	23,473	
Employees' compensation	-	1,158	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,801,678	751,150	\$ 5.06

(32) Business combinations

As of December 31, 2021 and 2020, the Company's mergers are as follows:

A. The Company acquired part of the electronic component distribution business of Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED:

(a) In August 2020, the Company signed a business transfer agreement with Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED, acquiring part of the companies' electronic component distribution business amounting to \$42,673 and \$42,697 (\$14,743 and \$14,742 of the aforementioned amounts have been paid in August 2020 and shown as 'other non-current assets'), respectively. The record date of the transfer was April 30, 2021 and May 31, 2021, respectively.

(b) Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED are distributors of electronic components with the China region as its primary market.

(c) Information on the acquisition of the distribution business is as follows:

	April 30, 2021
Purchase consideration - cash	\$ 42,673
Less: Fair value of the identifiable net assets - customer relationship	(42,673)
Goodwill	\$ -

	<u>May 31, 2021</u>
Purchase consideration - cash	\$ 42,697
Less: Fair value of the identifiable net assets - customer relationship	(42,697)
Goodwill	<u>\$ -</u>

As of December 31, 2021, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

B. In accordance with the resolution adopted by the Board of Directors in July, 2020, the Company decided to acquire all shares of Analog World Co., Ltd. through stock swap at US\$112.82 (in dollars) per share, which then became a wholly-owned subsidiary. The acquisition consideration was \$403,330 (US\$13,748 thousand) and the effective date was October 5, 2020. As of December 31, 2020, the case is still under assessment period. For the related information, please refer to Note 6(33) of the Company's consolidated financial statements as of December 31, 2021.

(33) Supplemental cash flow information

A. Cash paid for property, plant and equipment:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment	\$ 55,842	\$ 24,477
Add: Opening balance of payable on equipment	3,378	4,817
Ending balance of prepayments for business facilities	36,457	-
Less: Ending balance of payable on equipment	(24,580)	(3,378)
Cash paid during the year	<u>\$ 71,097</u>	<u>\$ 25,916</u>

B. Financing activities with no cash flow effects:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Issuance of shares	\$ -	\$ 6,624,000
Acquisition of financial assets at fair value through other comprehensive income	-	(6,624,000)
Conversion of bonds payable	113,909	257,948
Capital surplus of bonds payable conversion	190,166	496,449
Conversion of convertible bonds payable	(304,075)	(754,397)
Cash paid during the year	<u>\$ -</u>	<u>\$ -</u>

On April 21, 2020, the Company issued new shares to exchange shares with ASMedia Technology Inc. Please refer to Note 6(18) for more details.

(34) Changes in liabilities from financing activities

	Long-term and short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable (Note)	Lease liability	Liabilities from financing activities - gross
At January 1, 2021	\$ 16,738,058	\$ 649,675	\$ 377,194	\$ 240,686	\$ 18,005,613
Changes in cash flow from financing activities	12,371,965	1,042,872	-	(130,192)	13,284,645
Interest expense from amortisation	-	7,059	3,516	-	10,575
Conversion of convertible bonds	-	-	(304,075)	-	(304,075)
Increase in lease liability for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,940</u>	<u>112,940</u>
At December 31, 2021	<u>\$ 29,110,023</u>	<u>\$ 1,699,606</u>	<u>\$ 76,635</u>	<u>\$ 223,434</u>	<u>\$ 31,109,698</u>
	Long-term and short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable	Lease liability	Liabilities from financing activities - gross
At January 1, 2020	\$ 18,468,417	\$ 398,953	\$ 1,124,091	\$ 281,230	\$ 20,272,691
Changes in cash flow from financing activities	(1,730,359)	245,228	-	(107,309)	(1,592,440)
Interest expense from amortisation	-	5,494	7,500	-	12,994
Conversion of convertible bonds	-	-	(754,397)	-	(754,397)
Increase in lease liability for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,765</u>	<u>66,765</u>
At December 31, 2020	<u>\$ 16,738,058</u>	<u>\$ 649,675</u>	<u>\$ 377,194</u>	<u>\$ 240,686</u>	<u>\$ 18,005,613</u>

Note: Including long-term liabilities-current portion

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Techmosa International Inc.	Subsidiary of the Company
Nuvision Technology Inc.	Subsidiary of the Company
Morrihan International Corp.	Subsidiary of the Company
Maxtek Technology Co., Ltd.	Subsidiary of the Company
WT Microelectronics (Hong Kong) Limited	Indirectly reinvested subsidiary of the Company
WT Solomon QCE Limited	Indirectly reinvested subsidiary of the Company
WT Technology Pte. Ltd.	Indirectly reinvested subsidiary of the Company
WT Microelectronics Singapore Pte. Ltd.	Indirectly reinvested subsidiary of the Company
Wintech Microelectronics Ltd.	Indirectly reinvested subsidiary of the Company
WT Technology Korea Co., Ltd.	Indirectly reinvested subsidiary of the Company
Wonchang Semiconductor Co., Ltd.	Indirectly reinvested subsidiary of the Company
Lacewood International Corp.	Indirectly reinvested subsidiary of the Company
Qwave Technology Co., Ltd.	Indirectly reinvested associate of the Company
WPG Holding Co., Ltd. and Subsidiaries (Note 1)	Entity with significant influence over the Group
ASUSTeK Computer Inc. and Subsidiaries (Note 2)	Entity with significant influence over the Group

Note 1: On January 30, 2020, WPG Holdings Limited acquired 177,110 thousand shares of the Company and became the related party who has significant influence over the Group.

Note 2: On April 21, 2020, ASUSTeK Computer Inc.'s subsidiary, ASMedia Technology Inc., became a related party with significant influence over the Group by exchanging shares with the Company and acquiring 171,000 thousand shares of the Company.

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
- Subsidiaries		
Morrihan International Corp.	\$ 91,898,368	\$ 83,698,499
WT Microelectronics (Hong Kong) Limited	35,768,241	24,213,440
Others	48,945,036	33,605,631
- Entity with significant influence over the Group	<u>2,830,052</u>	<u>1,505,606</u>
	<u>\$ 179,441,697</u>	<u>\$ 143,023,176</u>

The collection terms with related parties were 45 to 120 days and the products were categorised and priced after referring to the inventory cost, market and other transaction conditions.

B. Purchases

	Years ended December 31,	
	2021	2020
Purchases of goods:		
- Subsidiaries	\$ 13,869,170	\$ 11,767,459
- Associates	21,130	30,660
- Entity with significant influence over the Group	<u>1,175,099</u>	<u>702,504</u>
	<u>\$ 15,065,399</u>	<u>\$ 12,500,623</u>

The credit term to related parties is 30 to 90 days and the purchase prices were categorised and priced after referring to market prices and other transaction conditions.

C. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
- Subsidiaries		
Morrihan International Corp.	\$ 12,403,318	\$ 18,487,732
WT Microelectronics (Hong Kong) Limited	5,163,463	1,347,791
Wintech Microelectronics Ltd.	3,227,106	1,099,967
WT Technology Pte. Ltd.	2,744,771	1,172,987
Others	1,719,749	841,387
- Entity with significant influence over the Group	<u>35,993</u>	<u>180,680</u>
	<u>\$ 25,294,400</u>	<u>\$ 23,130,544</u>

D. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
- Subsidiaries		
Nuvision Technology Inc.	\$ 634,566	\$ 551,840
Techmosa International Inc.	194,215	93,945
Others	105,600	109,724
- Entity with significant influence over the Group	<u>85,318</u>	<u>71,142</u>
	<u>\$ 1,019,699</u>	<u>\$ 826,651</u>

E. Contract liabilities and refund liabilities

	December 31, 2021	December 31, 2020
Contract liabilities – current (Advance sales receipts):		
- Subsidiaries	<u>\$ 5,109</u>	<u>\$ 1,665</u>
Refund liabilities (Sales discounts and returns):		
- Entity with significant influence over the Group	<u>\$ 41,708</u>	<u>\$ -</u>

F. Commissions

(a) Commissions expense

	Years ended December 31,	
	2021	2020
-Subsidiaries	\$ 47,126	\$ 43,929

(b) Commissions payable (shown as 'other payables to related parties')

	December 31, 2021	December 31, 2020
- Subsidiaries	\$ 5,569	\$ 2,665

G. Endorsements and guarantees provided to related parties

As of December 31, 2021 and 2020, the balances of provision of endorsements and guarantees to subsidiaries for bank borrowings and purchase guarantees were as follows. The details are provided in Note 13(1)B.

	December 31, 2021	December 31, 2020
- Subsidiaries	\$ 12,161,888	\$ 10,202,902

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 191,193	\$ 87,376
Post-employment benefits	574	499
Share-based payment	11,523	-
	\$ 203,290	\$ 87,875

8. PLEDGED ASSETS

The details of the Group's assets pledged as collateral are as follows:

Pledged asset	Purpose	Bank value	
		December 31, 2021	December 31, 2020
Accounts receivable, net:			
Pledged accounts receivable	Bank loan	\$ 202,594	\$ -

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Operating lease commitments

The amounts of outstanding letters of credit for the purchase of inventories by the Company are as follows:

	December 31, 2021	December 31, 2020
Outstanding letters of credit	\$ 3,588,640	\$ 2,052,880

B. Provision of endorsements and guarantees

Please refer to Note 7(2)G for the provision of endorsements and guarantees to subsidiaries for bank borrowings.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 24, 2022, the Company's Board of Directors resolved to increase capital by issuing common shares to participate in the issuance of the global depository receipts. Please refer to Note 6(18) for details.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the financial debt ratio. This ratio is calculated as total liabilities with interests divided by total net assets. Total liabilities with interest is calculated as total amount of long-term and short-term borrowings, short-term bills payable and corporate bonds payable in the parent company only balance sheet. Total equity is calculated as the 'equity' in the parent company only balance sheet.

In 2021 and 2020, the Company's strategy was to maintain the financial debt ratio below 250%.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>244,933</u>	\$ <u>99,352</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ 18,443,514	\$ 14,245,527
Qualifying debt instruments	<u>8,221,346</u>	<u>8,425,799</u>
	<u>\$ 26,664,860</u>	<u>\$ 22,671,326</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,068,479	\$ 774,053
Accounts receivable	38,777,797	34,881,512
Other receivables	761,994	499,569
Guarantee deposits paid (shown as 'other non-current assets')	<u>51,699</u>	<u>40,997</u>
	<u>\$ 40,659,969</u>	<u>\$ 36,196,131</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ <u>14,838</u>	\$ <u>-</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 21,359,623	\$ 15,938,058
Short-term notes and bills payable	1,699,606	649,675
Accounts payable	51,889,433	44,272,911
Other accounts payable	1,461,957	1,164,286
Corporate bonds payable (including current portion)	76,635	377,194
Long-term borrowings	<u>7,750,400</u>	<u>800,000</u>
	<u>\$ 84,237,654</u>	<u>\$ 63,202,124</u>
Lease liability	\$ <u>223,434</u>	\$ <u>240,686</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts, are used to hedge certain exchange rate risk. In addition, foreign exchange risk is managed by matching the payment periods of foreign currency assets and liabilities.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
 - (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk is provided in Note 6(2).
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
 - Foreign exchange risk
 - i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
 - ii. Management has set up a policy to manage their foreign exchange risk against their functional currency.
 - iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
 - iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 1,702,149	27.68	\$ 47,115,484	1%	\$ 471,155
<u>Foreign operations</u>					
USD:NTD	407,723	27.68	11,290,681		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1,759,285	27.68	48,697,009	1%	486,970
December 31, 2020					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 1,498,689	28.48	\$ 42,682,663	1%	\$ 426,827
<u>Foreign operations</u>					
USD:NTD	387,095	28.48	11,013,757		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1,610,519	28.48	45,867,581	1%	458,676

- v. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to \$127,740 and \$345,873, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is performed in accordance with the limits set by the Company.
- ii. The Company's investments comprise shares and beneficiary certificates issued by the

domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, for the years ended December 31, 2021 and 2020, post-tax profit would have increased/decreased by \$1,956 and \$795, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$147,548 and \$113,964, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from bank borrowings with variable rates and advance receipt of factoring accounts receivable, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in US Dollars.
- ii. The Company's borrowings are measured at amortised cost. According to the contract, the borrowings are periodically reset. Therefore, the Company is exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 25 basis point with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$77,874 and \$41,707, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk from the Company's perspective. For banks and financial institutions, only those approved by the FSC are accepted to be transaction parties. According to the credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Company assesses the credit quality of the customers, taking into account their financial position, past experience and other factors through internal risk control. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. If the contract payments were past due over 90 days based on the terms the Company considers that, there has been a significant increase in credit risk on that instrument since initial recognition. The Company considers that the default occurs when the contract payments are past due over 180 days.

- iv. The ageing analysis of accounts receivable (including overdue receivables) and notes receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 45,986,678	\$ 42,670,027
Up to 90 days	1,123,833	761,217
91 to 180 days	17,588	10,027
Over 180 days	<u>195,476</u>	<u>191,688</u>
	<u>\$ 47,323,575</u>	<u>\$ 43,632,959</u>

- (i) The above ageing analysis was based on days past due.
- (ii) Abovementioned notes receivable are not past due.
- v. The Company assesses the expected credit losses of its accounts receivable as follows:
- (i) Accounts receivable that are significantly past due are assessed individually for their expected credit losses;
- (ii) The remaining receivables are segmented according to the Company's credit ratings of its customers. Different loss rates or provision matrices are applied to the different segments when estimating expected credit losses;
- (iii) Loss rates, calculated from historical and current information, are adjusted according to forward-looking information such as the business indicators published by the National Development Council.
- (iv) As of December 31, 2021 and 2020, loss allowances of accounts receivable and notes receivable calculated from individual assessment or using the loss rate methodology and provision matrix are as follows:

<u>December 31, 2021</u>	<u>Individual</u>	<u>Group A & B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	99.78%	0.03%	0.33%~76.15%	0.27%~6.34%	
Total book value	\$ 142,998	\$ 39,716,386	\$ 6,979,578	\$ 484,613	\$ 47,323,575
Loss allowance	\$ 142,689	\$ 11,915	\$ 158,785	\$ 11,043	\$ 324,432
<u>December 31, 2020</u>	<u>Individual</u>	<u>Group A & B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	97.62%	0.03%	0.46%~42.25%	3.41%~12.57%	
Total book value	\$ 202,293	\$ 37,254,409	\$ 5,927,364	\$ 248,893	\$ 43,632,959
Loss allowance	\$ 197,480	\$ 11,176	\$ 105,510	\$ 11,482	\$ 325,648

Group A: Customers with excellent credit rating and the Company's subsidiaries

Group B: Customers with fine credit rating

Group C: Customers with normal credit rating

Group D: Rated as other than A, B and C

- vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable (including overdue receivables) are as follows:

	Years ended December 31,	
	2021	2020
At January 1	\$ 325,648	\$ 276,209
(Gain on reversal) impairment loss provision	(1,216)	49,439
At December 31	<u>\$ 324,432</u>	<u>\$ 325,648</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(15)) at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internally assessed financial ratio targets and, if applicable, external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. The Company treasury invests surplus cash in interest bearing demand deposits, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and expects to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the due date at the balance sheet date. Non-derivative financial liabilities are analyzed by remaining periods from balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2021</u>	Less than <u>1 year</u>	Between 1 <u>and 5 years</u>	Over <u>5 years</u>	<u>Total</u>
Lease liability	\$ 120,876	\$ 99,438	\$ -	\$ 220,314
Bonds payable	77,100	-	-	77,100
Long-term borrowings (Note)	<u>73,629</u>	<u>8,020,372</u>	-	<u>8,094,001</u>
	<u>\$ 271,605</u>	<u>\$ 8,119,810</u>	<u>\$ -</u>	<u>\$ 8,391,415</u>

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Lease liability	\$ 102,503	\$ 137,997	\$ -	\$ 240,500
Bonds payable	-	384,100	-	384,100
Long-term borrowings (Note)	<u>9,600</u>	<u>807,200</u>	<u>-</u>	<u>816,800</u>
	<u>\$ 112,103</u>	<u>\$ 1,329,297</u>	<u>\$ -</u>	<u>\$ 1,441,400</u>

Note: Including imputed interest payable.

Except for the above, the Company's non-derivative financial liabilities are due in one year.

Derivative financial liabilities

As of December 31, 2021 and 2020, all derivative financial liabilities of the Company are due in one year.

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and Open-end fund is included in level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market and private equity fund is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, accounts payable, other payables, corporate bonds payable and long-term borrowings, are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 49,603	\$ -	\$ 194,875	\$ 244,478
Derivative instruments	-	455	-	455
Financial assets at fair value through other comprehensive income				
Equity securities	18,388,932	-	54,582	18,443,514
Accounts receivable that are expected to be factored	-	8,221,346	-	8,221,346
	<u>\$ 18,438,535</u>	<u>\$ 8,221,801</u>	<u>\$ 249,457</u>	<u>\$ 26,909,793</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 14,838</u>	<u>\$ -</u>	<u>\$ 14,838</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 13,135	\$ -	\$ 86,217	\$ 99,352
Financial assets at fair value through other comprehensive income				
Equity securities	14,201,533	-	43,994	\$ 14,245,527
Accounts receivable that are expected to be factored	-	8,425,799	-	8,425,799
	<u>\$ 14,214,668</u>	<u>\$ 8,425,799</u>	<u>\$ 130,211</u>	<u>\$ 22,770,678</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net assets value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
 - iii. When assessing non-standard and low-complexity financial instruments, for example, cross currency swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	<u>Equity securities and beneficiary certificates</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 130,211	\$ 28,994
Gain (losses) recognised in profit or loss	8,658	(783)
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	10,588	-
Acquired during the year	<u>100,000</u>	<u>102,000</u>
At December 31	<u>\$ 249,457</u>	<u>\$ 130,211</u>

For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 19,574	Market comparable companies	Price to earnings ratio multiple	2.93 ~3.34 (3.19)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	35,008	Net asset value	Not applicable	-	Not applicable
Private equity fund	194,875	Most recent non-active market price	Not applicable	-	Not applicable

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 8,994	Market comparable companies	Price to earnings ratio multiple	1.32 ~2.69 (2.13)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	35,000	Net asset value	Not applicable	-	Not applicable
Private equity fund	86,217	Most recent non-active market price	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

Not applicable.

WT Microelectronics Co., Ltd.
Loans to others
Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party		Ceiling on total loans granted	Footnote
												Item	Value				
1	WT TECHNOLOGY (H.K.) LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	\$ 85,530	\$ 83,040	\$ 83,040	0.75%	Short-term financing	\$ -	Business Operation	\$ -	-	\$ -	\$ 102,655	\$ 102,655	Note 2
2	LACEWOOD INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	199,570	-	-	0.80%	Short-term financing	-	Business Operation	-	-	-	82,114	82,114	Note 2
3	WINTECH MICROELECTRONICS HOLDING LIMITED	BRILLNICS (HK) LIMITED	Other receivables - related parties	Y	107,882	-	-	0.80%	Short-term financing	-	Business Operation	-	-	-	994,770	3,979,080	Note 3
3	WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Other receivables - related parties	Y	741,260	719,680	622,800	0.80%	Short-term financing	-	Business Operation	-	-	-	9,947,701	9,947,701	Note 2
4	BSI SEMICONDUCTOR PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	414,220	274,032	274,032	1.10%	Short-term financing	-	Business Operation	-	-	-	513,144	513,144	Note 2
5	MSD HOLDING PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	79,828	77,504	77,504	1.20%	Short-term financing	-	Business Operation	-	-	-	86,696	86,696	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries and limit on loans granted by an overseas subsidiary to a single overseas subsidiary are the Creditor's net assets.

Note 3: The policy for loans between the Company and subsidiaries is as follows: limit on loans granted by subsidiary to a single party is 10% of the subsidiary's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an subsidiary is 40% of the subsidiary's net assets.

Note 4: The policy for loans between the Company and subsidiaries and companies with short-term capital needs is as follows: limit on loans granted by the Company and subsidiaries to a single party is 30% of the company's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an company is 40% of the company's net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

WT Microelectronics Co., Ltd.
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser / guarantor (Note 2)	Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of December 31, 2021	Outstanding endorsement / guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	2	\$ 43,014,292	\$ 800,000	\$ 800,000	\$ 800,000	-	1.49%	\$ 43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	2	43,014,292	142,550	138,400	138,400	-	0.26%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	2	43,014,292	1,140,400	1,107,200	830,400	-	2.06%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	2	43,014,292	2,138,250	2,076,000	913,440	-	3.86%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	2	43,014,292	59,871	58,128	26,014	-	0.11%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	2	43,014,292	1,426	1,384	67	-	0.00%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN SINGAPORE PTE. LTD.	2	43,014,292	285,100	276,800	-	-	0.51%	43,014,292	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	2	43,014,292	4,699,607	4,681,960	2,029,302	-	8.71%	43,014,292	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	2	43,014,292	1,559,260	1,554,976	651,810	-	2.89%	43,014,292	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	2	43,014,292	1,473,930	1,467,040	1,231,647	-	2.73%	43,014,292	Y	N	N	
1	TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL INC.	1	1,595,239	2,000	-	-	-	0.00%	1,595,239	N	N	N	Note 4
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN INTERNATIONAL CORP.	1	3,489,028	25,000	-	-	-	0.00%	3,489,028	N	N	N	Note 4
3	MAXTEK TECHNOLOGY CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	1	1,660,030	6,000	-	-	-	0.00%	1,660,030	N	N	N	Note 4
4	HONGTECH ELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	1	322,678	9,000	-	-	-	0.00%	322,678	N	N	N	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following three categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: The total endorsements and guarantees of the Company to others or mutually between subsidiaries should not be in excess of 80% of the endorser/ guarantor's net assets, and for a single party the Company and its subsidiaries hold more than 50% of common shares should not be in excess of 80% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

Note 4: The Company's subsidiaries' guarantee for customs duties to itself.

WT Microelectronics Co., Ltd.

Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
WT MICROELECTRONICS CO., LTD.	Common stock	TERAWINS, INC.	None	2	666,248	\$ 16,543	2.19	\$ 16,543	
WT MICROELECTRONICS CO., LTD.	Common stock	AIPTEK INTERNATIONAL INC.	None	2	106,638	-	0.26	-	
WT MICROELECTRONICS CO., LTD.	Common stock	SANJET TECHNOLOGY CORP.	None	2	43,588	-	0.14	-	
WT MICROELECTRONICS CO., LTD.	Common stock	CORERIVER SEMICONDUCTOR CO., LTD.	None	2	28,570	-	0.73	-	
WT MICROELECTRONICS CO., LTD.	Limited Partnership	FORYOU VENTURE CAPITAL LIMITED PARTNERSHIP	None	2	-	35,008	9.62	35,008	
WT MICROELECTRONICS CO., LTD.	Common stock	ASMEDIA TECHNOLOGY INC.	None	2	9,000,000	16,380,000	13.00	16,380,000	
WT MICROELECTRONICS CO., LTD.	Funds	YUANTA GLOBAL NEXGEN COMMUNICATION INNOVATIVE TECHNOLOGY ETF	None	3	350,000	11,743	-	11,743	
WT MICROELECTRONICS CO., LTD.	Private equity	FUH HWA ENERGY - EFFICIENT FUND	None	4	8,700,000	82,563	-	82,563	
WT MICROELECTRONICS CO., LTD.	Funds	FUH HWA TAIWAN GOOD INCOME FUND TWD	None	4	3,000,000	37,860	-	37,860	
WT MICROELECTRONICS CO., LTD.	Common stock	SINO-AMERICAN SILICON PRODUCTS INC.	None	2	7,889,000	1,861,804	1.35	1,861,804	
WT MICROELECTRONICS CO., LTD.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	1,043,000	43,128	0.85	43,128	
WT MICROELECTRONICS CO., LTD.	Private equity	FUH HWA GLOBAL IOT AND TECH FUND	None	4	10,010,010	112,312	-	112,312	
WT MICROELECTRONICS CO., LTD.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	260,000	104,000	0.61	104,000	
NUVISION TECHNOLOGY INC.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	40,000	1,654	0.03	1,654	
NUVISION TECHNOLOGY INC.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	50,000	20,000	0.12	20,000	
MORRIHAN INTERNATIONAL CORP.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	369,000	15,258	0.30	15,258	
MORRIHAN INTERNATIONAL CORP.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	329,000	131,600	0.77	131,600	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	LIFEMAX HEALTHCARE INTERNATIONAL CORPORATION	None	4	2,702,703	23,939	0.83	23,939	
WINTech MICROELECTRONICS HOLDING LTD.	Bonds	EXXON MOBIL CORPORATION	None	4	100	321	-	321	
WINTech MICROELECTRONICS HOLDING LTD.	Private equity	CATHAY PRIVATE EQUITY ECOLOGY LIMITED PARTNERSHIP	None	4	-	23,211	-	23,211	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	AVIVA TECHNOLOGY HOLDING	None	4	659,034	41,520	1.65	41,520	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	3	428,226	9,806	0.22	9,806	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	2	5,950,369	136,264	2.30	136,264	
MAXTEK TECHNOLOGY CO., LTD.	Common stock	FITIPower INTEGRATED TECHNOLOGY INC.	None	2	865,125	243,965	0.46	243,965	

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	

Note 1 : Code of general ledger accounts: 1- Financial assets at fair value through other comprehensive income - current

2- Financial assets at fair value through other comprehensive income - non-current

3- Financial assets at fair value through profit or loss - current

4- Financial assets at fair value through profit or loss - non-current

WT Microelectronics Co., Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2021 (Note 1)		Addition		Disposal			Balance as at December 31, 2021 (Note 2)		
					No. of shares	Amount	No. of shares	Amount	No. of shares	Selling price	Book value	Gain (loss) on disposal	No. of shares	Amount
WT MICROELECTRONICS CO., LTD.	SINO-AMERICAN SILICON PRODUCTS INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	403,000	\$ 65,729	7,486,000	\$1,255,525	-	-	-	-	7,889,000	\$ 1,431,853
MAXTEK TECHNOLOGY CO., LTD.	FITIPOWER INTEGRATED TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	2,967,505	10,179	71,620	18,263	2,174,000	368,137	7,457	360,680	865,125	169,132
HONGTECH ELECTRONICS CO., LTD.	FITIPOWER INTEGRATED TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	759,652	2,606	-	-	759,652	102,553	2,606	99,947	-	-
WINTECH MICROELECTRONICS HOLDING LTD.	AMBARELLA INC.	Financial assets at fair value through other comprehensive income - current	-	-	142,664	9,997	-	-	142,664	429,425	9,997	419,428	-	-

Note 1 : The balance as at January 1, 2021 and addition amount are presented in initial investment amount.

Note 2 : The balance as at December 31, 2021 includes the unrealised gain (loss) from financial assets measured at fair value.

WT Microelectronics Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	\$ 91,898,368	26	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 12,403,318	27
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	35,768,241	10	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	5,163,463	11
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	15,566,735	4	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	2,744,771	6
WT MICROELECTRONICS CO., LTD.	WINTech MICROELECTRONICS LTD.	Affiliates	Sales	14,058,984	4	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	3,227,106	7
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	9,957,065	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	794,997	2
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	5,184,652	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	714,298	2
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	2,432,488	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	177,705	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	807,234	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	622,154	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	22,852	-
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	259,186	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	6,351,901	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	5,696,459	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(634,566)	1
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	1,091,556	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(194,215)	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	523,471	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(31,316)	-
WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Purchases	216,106	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(74,256)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	\$ 3,667,248	16	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 268,459	7
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	3,315,993	14	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	1,139,765	29
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	1,339,442	6	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	70,829	2
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	379,405	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	210,761	5
NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	343,883	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	182,205	5
NUVISION TECHNOLOGY INC.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	136,909	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	81,664	2
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	20,987,822	14	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	2,145,241	10
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,262,966	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	284,780	1
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	871,145	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	9,898	-
MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	927,098	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	77,334	-
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	733,075	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	250,419	1
MORRIHAN INTERNATIONAL CORP.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	117,363	-	Closes its accounts 91 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	25,360	-
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	427,957	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	61,013	-
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	942,979	12	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	114,825	6
TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	391,527	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	92,089	5
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	2,432,719	43	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	120,618	14
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Commission revenue	105,897	2	Closes its accounts 91 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	7,667	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	11,433,608	73	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	3,478,655	75

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	\$ 4,299,477	27	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 1,177,515	25

WT Microelectronics Co., Ltd.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	\$ 12,403,318	5.95	\$ -		\$ 3,721,278	\$ -
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	5,163,463	10.99	-		1,434,329	-
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	2,744,771	9.93	-		305,322	-
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	3,227,106	6.50	-		715,992	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	794,997	10.12	-		457,958	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	714,298	9.28	-		318,522	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	177,705	22.78	-		-	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	634,566	9.60	-		634,566	-
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	268,459	13.90	-		207,639	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	1,139,765	3.43	-		390,881	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	210,761	3.27	-		-	-
NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	182,205	3.30	-		-	-
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	2,145,241	11.20	-		1,467,641	-
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	284,780	3.59	-		69,499	-
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	250,419	3.39	-		-	-
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	194,215	7.71	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	\$ 114,825	4.82	\$ -		\$ -	\$ -
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	120,618	24.45	-		120,618	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	3,478,655	4.46	-		698,760	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	1,177,515	4.27	-		130,299	-

Note: For information on loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd.
 Significant inter-company transactions during the reporting period
 Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)		Transaction terms	Percentage of total operating revenues or total assets (Note 5)
				General ledger account	Amount		
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	\$ 91,898,368	(Note 3)	21
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Accounts receivable	12,403,318	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	35,768,241	(Note 3)	8
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	5,163,463	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	15,566,735	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Accounts receivable	2,744,771	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	14,058,984	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	3,227,106	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	9,957,065	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	794,997	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	5,184,652	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	714,298	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	2,432,488	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Accounts receivable	177,705	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	807,234	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	622,154	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	259,186	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	6,351,901	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	5,696,459	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Accounts payable	634,566	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	1,091,556	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Accounts payable	194,215	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	523,471	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Purchases	216,106	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	3,667,248	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	268,459	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	3,315,993	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	1,139,765	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	1,339,442	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	379,405	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	210,761	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	343,883	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	182,205	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	136,909	(Note 3)	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)			Percentage of total operating revenues or total assets (Note 5)
				General ledger account	Amount	Transaction terms	
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	\$ 20,987,822	(Note 3)	5
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	2,145,241	(Note 3)	1
2	MORRIHAN INTERNATIONAL CORP.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	117,363	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,262,966	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	284,780	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	871,145	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	927,098	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	733,075	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	250,419	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	427,957	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	942,979	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	114,825	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	391,527	(Note 3)	-
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	2,432,719	(Note 3)	1
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Accounts receivable	120,618	(Note 3)	-
5	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Commission revenue	105,897	(Note 3)	-
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	11,433,608	(Note 3)	3
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Accounts receivable	3,478,655	(Note 3)	2
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	4,299,477	(Note 3)	1
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Accounts receivable	1,177,515	(Note 3)	1

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: The prices and terms to related parties were similar to third parties. The credit term is 90 days after the end of each month.

Note 4: For sales, purchases and account receivables, transactions reaching NT\$100 million or 20% of paid-in capital or more should be disclosed.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd.

Names, locations and other information of investee companies (not including investees in Mainland China)

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	\$ 3,644,147	\$ 3,644,147	115,323,691	99.65	\$ 9,900,819	\$ 772,450	\$ 772,450	Subsidiary
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Taiwan	Sale of electronic components	1,781,829	1,781,829	73,949,070	100.00	2,563,293	791,158	791,158	Subsidiary
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Taiwan	Sale of electronic components	3,106,620	3,106,620	283,760,000	100.00	4,361,227	1,362,923	1,362,923	Subsidiary
WT MICROELECTRONICS CO., LTD.	BSI SEMICONDUCTOR PTE. LTD.	Singapore	Sale of electronic components	486,289	486,289	7,544,002	100.00	724,431	22,165	22,165	Subsidiary
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Taiwan	Sale of electronic components	323,030	323,030	28,216,904	99.91	1,171,682	695,023	694,397	Subsidiary
WT MICROELECTRONICS CO., LTD.	MILESTONE INVESTMENT CO., LTD.	Taiwan	General investment	61,985	61,985	4,500,000	100.00	159,643	7,478	7,261	Subsidiary
WT MICROELECTRONICS CO., LTD.	SINYIE INVESTMENT CO., LTD.	Taiwan	General investment	52,000	52,000	2,900,000	100.00	44,819	-	-	Subsidiary
WT MICROELECTRONICS CO., LTD.	MSD HOLDINGS PTE. LTD.	Singapore	Sale of electronic components	215,559	215,559	200,001	100.00	204,083	2,669	2,669	Subsidiary
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	1,895,949	1,895,949	70,220,331	100.00	2,321,340	126,787	126,787	Subsidiary
WT MICROELECTRONICS CO., LTD.	ANALOG WORLD CO., LTD.	South Korea	Sale of electronic components	403,330	397,230	120,000	100.00	414,466	38,074	34,981	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	PROMISING INVESTMENT LIMITED	Mauritius	General investment	1,725,364	1,725,364	62,332,506	100.00	4,435,625	665,565	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH INVESTMENT CO., LTD.	Belize	General investment	581,860	581,860	21,020,957	100.00	1,063,699	42,978	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Belize	Sale of electronic components	83,043	83,043	3,000,100	100.00	52,430	(5,103)	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LIMITED	British Virgin Islands	Holding company	138	138	5,000	100.00	5	-	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
WINTech MICROELECTRONICS HOLDING LIMITED	WT TECHNOLOGY PTE. LTD.	Singapore	Sale of electronic components	\$ 138,400	\$ 138,400	5,000,000	100.00	\$ 1,969,424	\$ 103	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	JCD OPTICAL (CAYMAN) CO., LTD.	Cayman Islands	Holding company	65,710	65,710	5,869,093	19.80	36,522	(21,349)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	ANIUS ENTERPRISE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	MEGA SOURCE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	JOY CAPITAL LTD.	Seychelles	General investment	33,216	33,216	1,200,000	17.65	20,552	(3,269)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	RAINBOW STAR GROUP LIMITED	British Virgin Islands	General investment	27,680	27,680	18,924	24.65	26,581	(2,349)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	BRILLNICS INC.	Cayman Islands	Holding company	1,078,524	791,981	49,336,630	62.03	150,576	(174,789)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Hong Kong	Sale of electronic components	346,765	346,765	12,527,632	100.00	2,423,959	408,675	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	NINO CAPITAL CO., LTD.	Samoa	Holding company	8,608	8,608	311,000	100.00	31,100	(3,930)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	RICH WEB LTD.	British Virgin Islands	Holding company	635,932	635,932	22,974,430	100.00	836,821	55,225	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT TECHNOLOGY (H.K.) LIMITED	Hong Kong	Sale of electronic components	3,549	3,549	1,000,000	100.00	102,655	664	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT SOLOMON QCE LIMITED	Hong Kong	Sale of electronic components	733,031	733,031	110,000,000	100.00	1,041,089	204,931	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	30,690	30,690	1,500,000	100.00	311,536	59,568	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT MICROELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Sale of electronic components	3,318	3,318	500,000	100.00	1,850	(859)	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	503,967	503,967	3,800,000	95.47	749,700	(16,490)	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS (THAILAND) LIMITED.	Thailand	Sale of electronic components	2,490	2,490	300,000	100.00	1,675	(134)	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS INDIA PRIVATE LIMITED	India	Sale of electronic components	2,654	2,654	700,000	100.00	10	(3,828)	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
SINYIE INVESTMENT CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	\$ 69,042	\$ 69,042	407,469	0.35	\$ 46,882	\$ 772,450	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	HOTECH ELECTRONICS CORP.	Taiwan	Sale of electronic components	-	14,770	-	-	-	-	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	ASIA LATEST TECHNOLOGY LIMITED	Mauritius	Holding company	37,771	37,771	1,120,000	100.00	43,438	(720)	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	48,012	48,012	180,472	4.53	25,811	(16,490)	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	South Korea	Sale of electronic components	21,709	21,709	53,505	100.00	203,506	19,805	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	MORRIHAN SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	210,451	210,451	9,500,000	100.00	599,609	267,717	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL HOLDING LTD.	Anguilla	Holding company	-	-	-	0.00	-	(19)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Taiwan	Sale of electronic components	115,000	115,000	11,500,000	100.00	403,348	116,711	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	British Virgin Islands	Sale of electronic components	194,366	194,366	29,500	100.00	82,114	15,456	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	British Virgin Islands	Holding company	-	5,701	6,000	100.00	2,031	(77)	Note 1	Subsidiary
BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	MAXTEK INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of electronic components	-	21,294	6,000,000	100.00	-	(22)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	QWAVE TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components, IC design	40,000	40,000	4,000,000	40.00	34,802	(1,115)	Note 1	Associates
BRILLNICS INC.	BRILLNICS (HK) LIMITED	Hong Kong	Sale and services of technology	1,771,880	1,467,400	64,013,000	100.00	237,940	(164,860)	Note 1	Subsidiary
BRILLNICS INC.	BRILLNICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	969	-	350,002	100.00	5,674	(2,532)	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS JAPAN INC.	Japan	Research and development of electronic components	24,050	24,050	100,000	100.00	19,830	8,580	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS (TAIWAN) INC.	Taiwan	Research and development of electronic components	16,694	11,937	1,669,410	100.00	24,175	5,257	Note 1	Subsidiary

Note 1: Profit (loss) of investee has been included in the investor, and will not be disclosed separately.

WT Microelectronics Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income	Footnote
				Mainland China as of January 1, 2021	Remitted to Mainland China	Remitted back to Taiwan						remitted back to Taiwan as of December 31, 2021	
SHANGHAI WT MICROELECTRONICS CO., LTD.	International trade, entrepot trade and etc.	\$ 8,304	2	\$ 8,304	\$ -	\$ -	\$ 8,304	(\$ 3,929)	100.00	(\$ 3,929)	\$ 31,029	\$ -	Note 5
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	International trade, entrepot trade and etc.	631,722	2	581,992	-	-	581,992	55,227	100.00	55,227	836,724	-	Note 6
WT MICROELECTRONICS (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	972,952	2	530,072	-	-	530,072	184,697	100.00	184,697	1,420,284	-	Note 7
MORRIHAN INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	36,814	3	27,680	-	-	27,680	(720)	100.00	(720)	43,430	-	Note 4
JCD OPTICAL CORPORATION	Production and sale of optoelectronic material and components	141,168	2	18,380	-	-	18,380	(12,162)	19.80	(2,408)	26,527	-	Note 8
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
WT MICROELECTRONICS CO., LTD.	\$ 1,166,428	\$ 1,831,878	\$ 32,316,185										

Note 1: The investment methods are classified into the following three categories:

- (1) Directly investing in Mainland China.
- (2) Through investing in companies in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: Investment gains or losses were recognised based on reviewed financial statements.

Note 3: The amount disclosed was 60% of net assets and based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: This is a China subsidiary which was reinvested through the company in the third area when Morrihan International Corp. was acquired in September 2009.

Note 5: This is a China company which was invested through the company, NINO CAPITAL CO., LTD., in the third area.

Note 6: This is a China company which was invested through the company, RICH WEB LTD., in the third area.

Note 7: This is a China company which was reinvested through the company, WINTECH MICROELECTRONICS HOLDING LIMITED, in the third area.

Note 8: This is a China company which was reinvested through the company, JCD OPTICAL (CAYMAN) CO., LTD., in the third area.

WT Microelectronics Co., Ltd.
Major shareholders information
December 31, 2021

Table 10

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
WPG HOLDING CO., LTD.	201,393,867	21.50%
ASMEDIA TECHNOLOGY INC.	179,000,000	19.11%
SHAO YANG INVESTMENT CO., LTD.	74,739,426	7.97%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Note 3: As of December 31, 2021, the number of shares held by the chairman under his own name and under the names of others was 116,043,962 shares, and the shareholding ratio was 12.39%.
The abovementioned information is provided in the "Market Observation Post System".

WT MICROELECTRONICS CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 1

Items	Summary					Amount
Petty cash and cash on hand						\$ 576
Cash in banks						
Demand deposits						24,913
Checking accounts						5,100
Foreign currency deposits	USD	36,467	Thousand	Exchange	27.68	1,037,890
	SGD	323	Thousand	Exchange	20.46	
	HKD	5,985	Thousand	Exchange	3.549	
	EUR	3	Thousand	Exchange	31.32	
	RMB	112	Thousand	Exchange	4.3450	
	JPY	181	Thousand	Exchange	0.27116	
						<u>\$ 1,068,479</u>

WT MICROELECTRONICS CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 2

Customer name	Summary	Amount	Note
<u>Non-related parties</u>			
A customer		\$ 1,248,100	
Others		20,640,901	The balance of each customer has not exceeded 5% of the accounts receivable.
		<u>21,889,001</u>	
Less: Allowance for bad debts		(184,258)	
		<u>21,704,743</u>	
<u>Related parties</u>			
Morrihan International Corp.		\$ 12,403,318	
WT Microelectronics (Hong Kong) Limited		5,163,463	
Wintech Microelectronics Ltd.		3,227,106	
WT Technology Pte. Ltd.		2,744,771	
Others		<u>1,755,742</u>	
		<u>25,294,400</u>	
		<u>\$ 46,999,143</u>	

WT MICROELECTRONICS CO., LTD.
DETAILS OF INVENTORIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 3

Items	Summary	Amount		Note
		Cost	Net realisable value	
Merchandise inventory		\$ 49,646,005	<u>\$ 58,137,879</u>	
Less: Allowance for inventory obsolescence and market value decline		(<u>716,733</u>)		
		<u>\$ 48,929,272</u>		

WT MICROELECTRONICS CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 4

Name	Opening balance		Addition		Reductions		Ending Balance			Market price or value per share		Pledged to others as collaterals
	Number of shares	Amount	Number of shares	Amount (Note 1)	Number of shares	Amount (Note 2)	Number of shares	Ownership (%)	Amount	Price	Total price	
Wintech Microelectronics Holding Limited	115,323,691	\$ 9,372,697	-	\$ 1,221,982	-	(\$ 693,860)	115,323,691	99.65%	\$ 9,900,819	-	\$ 9,947,701	None
Morrihan International Corp.	283,760,000	3,969,208	-	1,373,297	-	(981,278)	283,760,000	100.00%	4,361,227	-	4,361,285	None
Maxtek Technology Co., Ltd.	70,220,331	1,987,146	-	597,352	-	(263,158)	70,220,331	100.00%	2,321,340	-	2,075,038	None
Techmosa International Inc.	73,949,070	1,945,813	-	793,494	-	(176,014)	73,949,070	100.00%	2,563,293	-	1,994,049	None
Nuvision Technology Inc.	28,216,904	915,805	-	725,150	-	(469,273)	28,216,904	99.91%	1,171,682	-	1,172,723	None
BSI Semiconductor Pte. Ltd.	7,544,002	739,511	-	22,165	-	(37,245)	7,544,002	100.00%	724,431	-	513,144	None
Analog World Co., Ltd.	120,000	411,719	-	41,082	-	(38,335)	120,000	100.00%	414,466	-	325,714	None
MSD Holdings Pte. Ltd.	200,001	209,520	-	2,669	-	(8,106)	200,001	100.00%	204,083	-	86,696	None
Milestone Investment Co., Ltd.	4,500,000	78,993	-	85,740	-	(5,090)	4,500,000	100.00%	159,643	-	162,674	None
Sinyie Investment Co., Ltd.	2,900,000	44,819	-	10,566	-	(10,566)	2,900,000	100.00%	44,819	-	44,819	None
		<u>\$ 19,675,231</u>		<u>\$ 4,873,497</u>		<u>(\$ 2,682,925)</u>			<u>\$ 21,865,803</u>		<u>\$ 20,683,843</u>	

Note 1: It arose from capital increase, gains and other comprehensive income in subsidiaries accounted for using equity method.

Note 2: It arose from cash dividends from subsidiaries, proceeds from capital reduction of subsidiaries and losses and other comprehensive loss in subsidiaries accounted for using equity method.

WT MICROELECTRONICS CO., LTD.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 5

<u>Supplier name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
<u>Non-related parties</u>			
F Company		\$ 17,848,866	
G Company		8,707,211	
H Company		5,009,883	
I Company		3,670,086	
J Company		2,930,752	
Others		12,702,936	The balance of each supplier has not exceeded 5% of the accounts payable.
		<u>50,869,734</u>	
<u>Related parties</u>			
Nuvision Technology Inc.		\$ 634,566	
Techmosa International Inc.		194,215	
Others		<u>190,918</u>	
		<u>1,019,699</u>	
		<u>\$ 51,889,433</u>	

WT MICROELECTRONICS CO., LTD.
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars indicated)

STATEMENT 6

Items	Quantity (in thousands)	Amount
Analog IC (including linear IC)	6,349,487	\$ 153,201,622
Memory IC	2,026,832	36,540,501
Discrete Component	9,706,288	31,217,893
Microcontroller	1,128,990	30,076,165
Application Specific IC	105,384	14,650,812
Microprocessor	155,661	12,007,878
Mixed Signal IC	505,659	10,375,989
Image sensors IC	209,649	7,644,114
Chipset	116,180	5,578,759
Logic IC	778,904	4,068,094
Optical Electronic Components	1,156,789	1,878,273
Optical Components	28,457	1,812,715
Others	2,890,248	44,747,928
		<u>\$ 353,800,743</u>

WT MICROELECTRONICS CO., LTD.
DETAILS OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 7

	<u>Amount</u>
Inventory at the beginning of the year	\$ 30,941,748
Add : Purchased	363,955,705
Less : Inventory at the end of the year	(49,646,005)
Inventory transferred to sample expenses	(14,909)
Inventory transferred to research expenses	<u>(4,437)</u>
Cost of goods sold	345,232,102
Loss on decline in market value	51,469
Loss on disposal of inventory	8,767
Loss on physical inventory	<u>5</u>
Operating costs	<u>\$ 345,292,343</u>

WT MICROELECTRONICS CO., LTD.
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

STATEMENT 8

Items	Selling Expenses	Administrative expenses	Research and development expenses	Impairment loss determined in accordance with IFRS 9	Total	Notes
Wages and salaries	\$ 988,722	\$ 259,052	\$ 219,030	\$ -	\$ 1,466,804	
Freight	318,685	1,202	-	-	319,887	
Depreciation expense	93,814	89,710	9,264	-	192,788	
Entertainment expense	154,999	8,055	1,025	-	164,079	
Insurance expense	65,216	47,798	17,873	-	130,887	
Impairment gain determined in accordance with IFRS 9	-	-	-	(1,216)	(1,216)	
Other expenses	398,207	248,838	65,550	-	712,595	The balance of each expense account has not exceeded 3% of the total operating expenses
	<u>\$ 2,019,643</u>	<u>\$ 654,655</u>	<u>\$ 312,742</u>	<u>(\$ 1,216)</u>	<u>\$ 2,985,824</u>	

VI. The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report
None.

Chapter 7. Review and analysis of the financial status, financial performance, and risk management

I. Financial position

Comparative analysis of financial status

Unit: NT\$ thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Accounts receivable, net	75,462,083	60,850,292	14,611,791	24.01
Inventories	66,524,304	44,314,392	22,209,912	50.12
Financial assets at fair value through other comprehensive income - non-current	18,989,224	14,826,321	4,162,903	28.08
Short-term borrowings	33,497,708	23,314,455	10,183,253	43.68
Accounts payable	69,808,936	54,945,766	14,863,170	27.05
Long-term loans	7,750,400	800,000	6,950,400	868.80
Unappropriated retained	14,531,008	8,070,791	6,460,217	80.04
<p>1. Analysis of changes in ratios (the difference reaches 20% or above and the amount of change reaches 1% of total assets):</p> <p>(1)Accounts receivable, net: In 2021, the accounts receivable increased compared to the previous period. The main reason for the increase was the increased Q4 revenue in 2021 compared to the same period in 2020, leading to the simultaneous increase in accounts receivable.</p> <p>(2)Inventories: The main reasons were the continuous development of the end applications market, good sales of various agents, and the increased stock of the Company due to good sales in Q4 of 2021.</p> <p>(3)Financial assets at fair value through other comprehensive income - non-current: The main reason is changes to the listed equity investments due to changes in fair value.</p> <p>(4)Short-term borrowings: The main reason is the increase in drawdown bank borrowings for the working capital adjusted using other margin trading tools of the group.</p> <p>(5)Accounts payable: The main reason is the increased stock of the Company following the increased revenue, leading to the increase in payables.</p> <p>(6)Long-term loans: The main reason is the increase in drawdown long-term bank loans for the working capital adjusted using other margin trading tools of the group.</p> <p>(7)Unappropriated retained: The increase in net income after taxes this year was mainly due to continued expansion and rising revenue combined with the increase in net profit margin caused by the increase in sales in the market.</p> <p>2. Response plan for major changes: The above deviations had no major impact on the Group's financial status, so response plans did not need to be formulated.</p>				

II. Financial performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$ thousand

Item	Year	2021	2020	Increase (Decrease)	Difference %
Net operating revenue		447,896,117	353,152,195	94,743,922	26.83
Operating costs		(430,909,478)	(342,377,773)	(88,531,705)	25.86
Operating margin		16,986,639	10,774,422	6,212,217	57.66
Operating expenses		(6,429,510)	(5,458,453)	(971,057)	17.79
Operating Profit		10,557,129	5,315,969	5,241,160	98.59
Non-operating income and expenses		(377,304)	(517,200)	139,896	(27.05)
Profit before income tax		10,179,825	4,798,769	5,381,056	112.13
Income tax expense		(2,324,657)	(1,004,193)	(1,320,464)	131.50
Profit for the year		7,855,168	3,794,576	4,060,592	107.01
Analysis of changes in ratios (the difference reaches 20% or above and the amount of change reaches NT\$50 million or above):					
1. Net operating revenue, operating costs, and operating margin: Mainly due to continued expansion and rising revenue combined with the increase in sales in the market.					
2. Non-Operating Income and Expenses The main reasons are the increased dividends due to the acquisition of financial assets at fair value through other comprehensive income and fluctuations in exchange rates in 2021, leading to unrealized rating losses and increased rating losses for derivatives.					
3. Income Tax Expense The increase in income tax expense was mainly due to expanded business scale of the Company leading to increased profit for the year 2021.					

(II) Expected sales volume and its basis, potential impact on the Group's future financial position and business operations, and response plan

The Group is primarily engaged in the sales of various kinds of electronic components. Due to a wide variety of products and different unit selling prices of each product, it is not appropriate to use sales volume as a measurement base. In terms of the Group's overall sales forecast, according to the market and the development of macroeconomics, as well as the needs of major customers, the Group is expecting to continue showing a positive growth trend in the coming year.

III. Cash flows

(I) Analysis of changes in cash flow in the most recent year

Unit: NT\$ thousand

2021 Opening Cash Balance (1)	Net cash flow from operating activities (2)	Net cash flow from non-operating activities (3)	December 31, 2021 ending cash balance (1)+(2)+(3)
3,627,112	(12,980,036)	14,032,500	4,679,576
Analysis of changes:			
<ul style="list-style-type: none"> Operating activities: The net cash flow from operating activities was mainly due to the increase in inventory in 2021. Non-Operating Activities: The net cash flow from operating activities was mainly due to the increase in long- and short-term borrowings in 2021. 			

(II)Improvement plan for insufficient liquidity: There is no liquidity insufficiency.

(III)Cash liquidity analysis for the coming year

Unit: NT\$ thousand

Beginning Cash Balance (A)	Net cash flow from operating activities (B)	Net cash flow from non-operating activities (C)	Cash surplus (deficit) (A)+(B)+(C)	Remedial measures for cash deficit	
				Investment plan	Financial plan
4,679,576	(20,946,418)	21,231,741	4,964,899	0	0

1. Analysis of changes in cash flow in the coming year (2022):

- (1) Net cash flow from operating activities: The Group's revenue is expected to keep organic growth this year. The Cash flow cycle of the Company's distributors is longer accounts receivable collection period and shorter accounts payable payment period. Sales revenue growth would lead to increased demand for funding and cause the net cash outflow from operating activities.
- (2) Net cash flow from non-operating activities: The Company expects that the cash outflow from operation activities in the coming year will be a result of sales revenues growth. The funding resource from operating activities profit as well as bank loan financing, or direct capital raising in the market, will be utilized to turn the cash flows from non-operating activities into net cash inflow for the year.

2. Remedial measures for expected cash shortfalls and liquidity analysis: The Group has no liquidity insufficiency.

IV. Effect of major capital spending on financial position and business operations

The Company did not have any major capital spending in the most recent fiscal year.

V. Investment policy in the most recent fiscal year, profit/loss analysis, improvement plan, and investment plan for the coming year

The Company's reinvestments are, in principle, a part of its long-term strategy. In 2021, the reinvestment profit using the equity method was NT\$3,814,791 thousand. The Company will continue using long-term strategy and will not rule out any investment plans with the group that can develop synergistic and complementary effects.

VI. Risk analysis and assessment

- (I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

The Group's financing activities mainly are in US dollars, and focus on bank loans and proceeds from factored account receivables. The Finance Department observes closely changes in the financial market and interest rate market, modifies loans in response to daily funding needs, shortens the timing difference between funding supply and demand in order

to keep interest rate expenses effectively under control. Revenue grew by 26.83%, and the financial costs were NT\$715,049 thousand in 2021, down from NT\$275,626 thousand in 2020 or by 0.16% of the revenue. The percentage was significantly lower than 0.28% in 2020. The Group's risk of interest rate fluctuations is still controlled within a reasonable range, and it has no significant impact on the overall net income after tax.

In terms of exchange rate, the IC components the Group is agented to purchase are mainly priced in USD, and the sales are also denominated in USD. Therefore, the exchange rate changes will affect the revenue and profit of the Group. However, the purchase and sales in USD will offset, the net exposure position in USD is not high. The net foreign currency exchange gain in 2021 was NT\$196,658 thousand, accounting for 0.04% of the overall revenue, which had no significant impact on the overall net income after tax.

In terms of inflation, the Group pays close attention to fluctuations in market prices and maintains good interaction with suppliers and customers to avoid significant impact on the Group due to inflation.

Overall, the Group will adopt a sound and conservative risk management principle in the future, and immediately assess and respond to changes in interest rates and exchange rates and inflation.

- (II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

The Group only focuses on the operations in the industry, and does not engage in high-risk, highly leveraged investments. All investments are carefully evaluated and executed. The Group's engagement in lending and endorsement guarantees is conducted in accordance with the provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees." The purpose of the Group engaging in derivatives trading is to hedge foreign currency denominated financial assets or financial liabilities.

- (III) Future R&D projects and expected R&D expenses:

The Group is mainly a professional marketing distributor for electronic components. In response to the rapid changes in the semiconductor industry, the only way to create added value of products and business opportunities is through professional division of labor to provide customers with technical support solutions. In the future, the Group will continue to cultivate a high-quality team of field application engineers (FAE) to achieve smooth shipments and enhance industrial competitiveness.

Major R&D projects and expected R&D expenses to be invested in the future

Unit: NT\$

Project name	Current progress	Expected development expenses to be invested	Time of completion	Key impact factors in the future
Utilize machine learning to strengthen self-adaptive real-time positioning and mapping frameworks	Completed the hardware framework and successfully exported the distance and images	NT\$10,000,000	2023/01	1. Machine learning training 2. Response time 3. Precision of motor position

- (IV) Major changes in government policies and laws at home and broad and the impact on the Group's financial position and business activities:

The group's law, finance, accounting and stock affair specialists are responsible for collecting important information regarding domestic and foreign markets and regulatory changes. In addition, in order to appropriately react to domestic and foreign changes and legal reforms, they consult with professionals whenever it is necessary.

- (V) Impacts of technological changes (including information security risks) and industry changes on company financials and response measures:

(1) The R&D units and business units of the Group are constantly monitoring the impact of technology and industry changes on the Group. At the same time, the R&D unit has also strengthened the development of high value-added and high-margin products, which has promoted the Group's products to be more diversified and advanced in order to stabilize the source of profit. As of the present time, no technology changes and industry changes have affected the Group's financial position and business activities.

(2) Information security risks and response measures: The Group has established comprehensive information security protection mechanism. However, it cannot guarantee the complete prevention from third-party attacks to crash critical corporate system. When a severe attack occurs, the system may not be operational, which will lead to operational interruptions due to the inability to ship orders or compensation for customer losses due to shipment delays. Therefore, rapid system recovery is of the utmost importance. Apart from keeping investments in information security devices and software, The Company also continually strengthens system recovery mechanism . These measures include:

1. Local data snapshot, provide the fastest way to restore data when the hardware is not damaged.
2. Offsite replication, replicating data to the backup data center over 30km in real-time, and creating remote data snapshots for double protection.
3. Offsite tape, daily full backup, and store the tape offsite.
4. Regularly rehearsal switch the main data center to the remote backup center to

ensure disaster recovery in the shortest time possible.

- (VI) Impact of corporate image change on risk management and response measures:

The Group's business philosophy is based on the principle of "professional ethics and sustainable management", adhering to a decent corporate image, implementing sound risk control and achieving outstanding performance. Over the years, the Group has been awarded the Import and Export Excellence Award by the Bureau of Foreign Trade, ranked among large-scale enterprises in Taiwan by the China Credit Information Service, awarded the Benchmarking Award by the Commonwealth Magazine, ranked among the top 1000 Business Survey in Revenue and the Revenue Growth Award by the Business Weekly, etc. At present, due to the Company's good corporate image, there have been no corporate crisis management matters due to change in corporate image.

- (VII) Expected benefits and potential risks of merger and acquisition: None.

- (VIII) Expected benefits and potential risks of capacity expansion: The Group is mainly engaged in the semiconductor distributors industry and has no plants and equipment.

- (IX) Risks associated with over-concentration in purchase or sale and response measures:

The Group is primarily engaged in the distribution of semiconductors components. Customers and suppliers are mainly world renowned companies. In order to increase the diversity of customers and suppliers, the Group not only maintains good relationships with both sides, but also aggressively seeks new customers and develops new product lines, in order to distribute customers and supplier customers.

- (X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures:

The Company's directors (no supervisors) and major shareholders with more than 10% shares are very optimistic about the Group's prospects based on the Group's business philosophy and stable profit base. Each shareholder may make appropriate shareholding planning based on personal investment and tax considerations. However, based on the needs to keep the investing public's confidence, if directors or major shareholders have a large amount of share transfer or change of shareholding, they will fully communicate with the Board of Directors or the management team before they execute the transactions at the appropriate time. Thus, it shall not have adverse effects and risks on the Company's operations and shareholders' equity.

In addition, the Company has not had any a large amount of share transfer or change of the Company's shareholdings from directors and major shareholders with more than 10% shares in the most recent year and as of the printing date of the annual report.

- (XI) The effects that changes in management has on the Company as well as risk and responding measures:

The Group has a strong team of professional executive officers, and changes in management rights do not affect the operations of the Group.

- (XII) For litigious or non-litigious matters, state the major litigation, non-litigation or administrative litigation proceedings that has been determined or is still in litigation of the

Company and the Company's directors, supervisors, presidents, de facto responsible person, major shareholders with more than 10% shares, and subordinate companies. If the result may have material impacts on shareholders' equity or stock price, disclose the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report: None.

(XIII) Other major risks and response measures:

The COVID-19 pandemic impacted the supply chains of IT products, and may accelerate the transfer and distribution of supply chains. It will also cause forecasts of global long term economic growth to be revised downward. The Group will continue to closely monitor changes in the macroenvironment, and flexible adjust the organization and business activities, as well as increase working capital, to respond to various changes.

VII. Other important matters

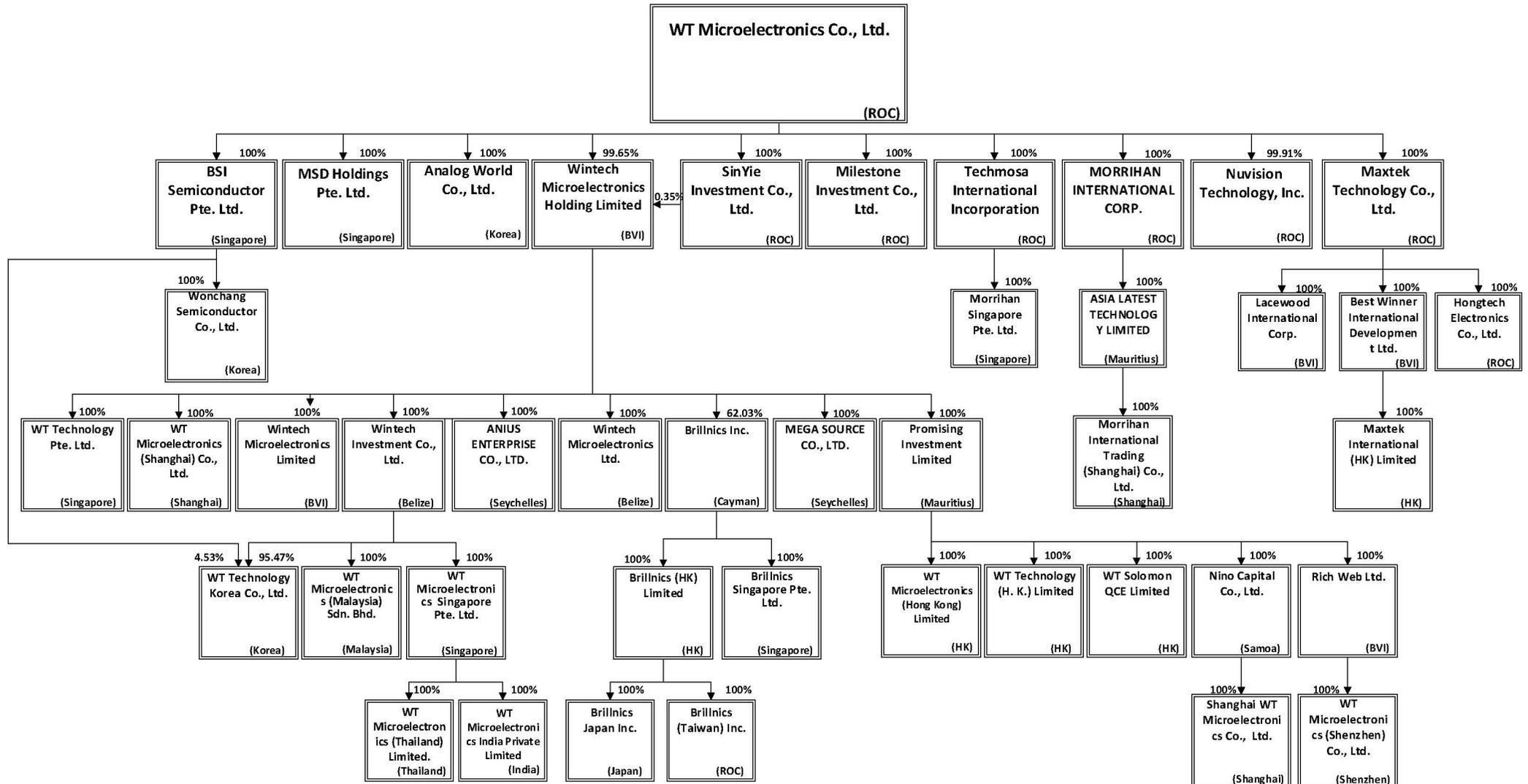
None.

Chapter 8. Special Items

I. Profiles of affiliates enterprises

(I) Organization chart of affiliated enterprises

December 31, 2021



(II) Information on affiliated enterprises

December 31, 2021

Name of enterprise	Date of Establishment	Address	Paid-in capital	Main business and products
Wintech Microelectronics Holding Limited	1998.01.08	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD115,731,160	Holding
SinYie Investment Co., Ltd.	2004.08.20	12F.-3, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 29,000,000	Investment
Milestone Investment Co., Ltd.	2000.10.06	12F.-3, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 45,000,000	Investment
Nuvision Technology Inc.	1998.03.30	4F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD 282,424,180	Trading of electronic components
Morrihan International Corp.	1981.07.15	4F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD 2,837,600,000	Trading of electronic components
Maxtek Technology Co., Ltd.	1991.12.16	6F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD702,203,310	Trading of electronic components
Hongtech Electronics Co., Ltd.	2005.09.07	14F-1, No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD115,000,000	Trading of electronic components
Techmosa International Inc.	1989.04.14	8F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD 739,490,700	Trading of electronic components
Asia Latest Technology Limited	2000.09.06	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 1,120,000	Holding
Morrihan International Trading(Shanghai)Co., Ltd.	2003.07.17	Room 702, 7F., No. 20, Lane 1188, Shenhong Road, Minhang District, Shanghai, China	USD 1,330,000	Trading of electronic components
WT Microelectronics(Shanghai)Co.,Ltd.	2005.10.10	Room 801, 7F., No. 20, Lane 1188, Shenhong Road, Minhang District, Shanghai, China	USD 35,150,000	Trading of electronic components
Promising Investment Limited	1999.09.27	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 62,332,506	Investment
WT Technology Pte. Ltd.	2006.12.29	111 Somerset Road,#13-33, 111 Somerset, Singapore(238164)	USD 5,000,000	Trading of electronic components
Wintech Microelectronics Ltd.	2000.09.07	60 Market Square, P.O. Box 364, Belize City, Belize	USD 3,000,100	Holding
Wintech Microelectronics Limited	2003.03.18	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 5,000	Holding
Wintech Investment Co., Ltd.	2000.09.07	60 Market Square, P.O. Box 364, Belize City, Belize	USD 21,020,957	Holding
Anius Enterprise Co., Ltd. [Undergoing liquidation]	2014.3.18	1st Floor,#5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahé, Republic of Seychelles	US\$1	Trading of electronic components
Mega Source Co., Ltd. [Undergoing liquidation]	2014.3.18	1st Floor,#5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahé, Republic of Seychelles	US\$1	Trading of electronic components
WT Microelectronics(Hong Kong)Limited	1999.11.24	Room 2001E, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, N.T. Hong Kong	USD 12,527,632	Trading of electronic components
WT Technology(H.K.)Limited	2001.01.10	Unit 103, 1 st Floor, Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, New Territories, Hong Kong	HKD 1,000,000	Trading of electronic components
Nino Capital Co., Ltd.	2000.09.11	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 311,000	Holding

Name of enterprise	Date of Establishment	Address	Paid-in capital	Main business and products
Rich Web Ltd.	2001.07.03	Jipfa Building, 3rd Floor, Main Street,Road Town, Tortola, British Virgin Islands	USD 22,974,430	Holding
WT Solomon QCE Limited	1984.10.12	Room 2001E, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, N.T. Hong Kong	HKD 110,000,000	Trading of electronic components
Shanghai WT Microelectronics Co., Ltd.	2001.01.08	Room 1612, No.118 Xinlin Road, Waigaoqiao Free Trade Zone, Shanghai, China	USD 300,000 RMB2,483,040	Trading of electronic components
WT Microelectronics(Shenzhen)Co., Ltd.	2002.04.19	11-12F, Global Digital Building, No. 9 Gaoxin Central Avenue 3rd, Science & Industry Park, Nanshan District, Shenzhen, China	HKD 178,000,000	Trading of electronic components
WT Microelectronics Singapore Pte. Ltd.	2001.10.03	2 Serangoon North Avenue 5#05-01 Singapore(554911)	SGD 1,500,000	Trading of electronic components
WT Microelectronics(Thailand)Limited.	2004.01.15	No. 202, Le Concord Building, Room 1002, 10th Floor, Road Rajdapisek Sub-district Huaykwang District Huaykwang Province Bangkok	Baht 3,000,000	Trading of electronic components
WT Microelectronics India Private Limited	2019.06.03	10, 2nd and 3d floor,100Ft Road,JP Nagar, 4th Phase, Ward no. 57, BANGALORE, Bangalore, Karnataka, India, 560078	INR7,000,000	Trading of electronic components
WT Microelectronics(Malaysia)Sdn. Bhd.	2003.02.20	No. 60, Sri Bahari Road, 10050, Georgetown, Pulau Pinang, Malaysia	MYR 500,000	Trading of electronic components
BSI Semiconductor Pte. Ltd.	2004.04.28	111 Somerset Road,#13-33, 111 Somerset, Singapore(238164)	SGD 7,544,002	Trading of electronic components
Morrihan Singapore Pte. Ltd.	1992.07.04	2 Serangoon North Avenue 5#05-01 Singapore(554911)	SGD 9,500,000	Trading of electronic components
Wonchang Semiconductor Co., Ltd.	1991.10.01	4416/4503-ho, Ra-dong, Chuangang Circulation Complex, 15, Gyeongin-ro 53-gil, Guro-gu, Seoul, Korea	KRW 535,050,000	Trading of electronic components
WT Technology Korea Co., Ltd.	2007.03.01	3F, Hanwon Bldg., 19, Hwangsaoul-Ro 258 Beon-Gil, Bundang-Gu, Seongnam-Si, Gyeonggi-Do, Korea	KRW 1,990,236,000	Trading of electronic components
MSD Holdings Pte. Ltd.	2008.06.18	140 Paya Lebar Road#10-09 AZ@Paya Lebar Singapore(409015)	USD 200,000 SGD 1	Trading of electronic components
Lacewood International Corp.	1995.11.27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD2,950,000	Trading of electronic components
Best Winner International Development Ltd. [Undergoing liquidation]	2003.09.09	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD600,000	Holding
Maxtek International(HK)Limited [Undergoing liquidation]	2003.10.20	Room 103, 1/F., Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, N.T., Hong Kong	HKD6,000,000	Trading of electronic components
Analog World Co., Ltd.	1993.07.01	7F, Hanwon Bldg., 19, Hwangsaoul-Ro 258 Beon-Gil, Bundang-Gu, Seongnam-Si, Gyeonggi-Do, Korea	KRW 600,000,000	Trading of electronic components
Brillnics(Taiwan)Inc.	2014.05.15	4F., No. 49, Guangming 6th Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)	NTD 16,694,100	Trading of electronic components
Brillnics Inc	2014.04.25	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD 57,962,178.56	Holding

Name of enterprise	Date of Establishment	Address	Paid-in capital	Main business and products
Brillnics Singapore Pte. Ltd.	2019.01.11	111 Somerset Road, #13-33, 111 Somerset, Singapore (238164)	SGD 2 USD 350,000	Trading of electronic components
Brillnics(HK)Limited	2014.03.10	Room 712, Wellborne Commercial Centre, No.8 Java Road, North Point Hong kong	USD 64,013,000	Trading of electronic components
Brillnics Japan Inc.	2014.02.28	Omori Prime Bldg, 7F 6-21-12 Minami-Oi, Shinagawa-Ku, Tokyo,140-0013 Japan	JPY 100,000,000	Trading of electronic components

(III) Information on the shareholders of the companies shall be concluded as the existence of the controlling and subordinate relation in accordance with Article 369-3 of the Company Act: None.

(IV) Industries covered by the operations of all affiliates:

The Group's business is mainly engaged in the trading of electronic components of computer peripherals and the holding business. Please refer to item 2.

(V) Information on Directors, Supervisors, and Presidents of affiliates:

Unit: shares; %

Name of enterprise	Title	Name or Representative	Shares held	
			Number of shares	Shareholding percentage
Wintech Microelectronics Holding Limited	Director	Cheng, Wen-Tsung	—	—
Maxtek Technology Co., Ltd.	Chairperson	Legal Person Representative of WT Microelectronics Co., Ltd.: Cheng, Wen-Tsung	70,220,331	100.00
Hongtech Electronics Co., Ltd.	Chairperson	Legal person representative of Maxtek Technology Co., Ltd. : Cheng, Wen-Tsung	11,500,000	100.00
SinYie Investment Co., Ltd.	Chairperson	Legal Person Representative of WT Microelectronics Co., Ltd.: Cheng, Wen-Tsung	2,900,000	100.00
Milestone Investment Co., Ltd.	Chairperson	Legal Person Representative of WT Microelectronics Co., Ltd.: Cheng, Wen-Tsung	4,500,000	100.00
Nuvision Technology Inc.	Chairperson	Legal Person Representative of WT Microelectronics Co., Ltd.: Cheng, Wen-Tsung	28,216,904	99.91
	Supervisor	Yang, Hsing-Yu	—	—
Morrihan International Corp.	Chairperson	Legal Person Representative of WT Microelectronics Co., Ltd.: Cheng, Wen-Tsung	283,760,000	100.00
Techmosa International Inc.	Chairperson	Legal Person Representative of WT Microelectronics Co., Ltd.: Cheng, Wen-Tsung	73,949,070	100.00
Asia Latest Technology Limited	Director	Cheng, Wen-Tsung	—	—
Nino Capital Co., Ltd.	Director	Cheng, Wen-Tsung	—	—
Anius Enterprise Co., Ltd. [Undergoing liquidation]	Director	Cheng, Wen-Tsung	—	—
Mega Source Co., Ltd. [Undergoing liquidation]	Director	Cheng, Wen-Tsung	—	—
Rich Web Ltd.	Director	Cheng, Wen-Tsung	—	—
Morrihan International Trading(Shanghai) Co., Ltd.	Executive Director	Jerry Chang	—	—
	Supervisor	Ming Wang		
WT Microelectronics(Shanghai) Co., Ltd.	Chairperson	Cherry Hsu	—	—
	Director	Alvin Hsu	—	—
	Director	Li-Fen Chiang	—	—
	Supervisor	Ming Wang	—	—

Name of enterprise	Title	Name or Representative	Shares held	
			Number of shares	Shareholding percentage
Promising Investment Limited	Director	Cheng, Wen-Tsung	—	—
WT Technology Pte. Ltd.	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
Wintech Microelectronics Ltd.	Director	Cheng, Wen-Tsung	—	—
Wintech Microelectronics Limited	Director	Cheng, Wen-Tsung	—	—
Wintech Investment Co., Ltd.	Director	Cheng, Wen-Tsung	—	—
WT Microelectronics India Private Limited	Director	Ghee Teik Hoe	—	—
	Director	MILIND NIVRUTTY SAHANIE		
WT Microelectronics (Hong Kong) Limited	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
	Director	Chen, Hung-Shi	—	—
WT Technology(H.K.)Limited	Directors	Cheng, Wen-Tsung	—	—
	Directors	Hsu, Wen-Hung	—	—
WT Solomon QCE Limited	Directors	Cheng, Wen-Tsung	—	—
	Directors	Hsu, Wen-Hung	—	—
	Directors	Chen, Hung-Shi	—	—
Shanghai WT Microelectronics Co., Ltd.	Executive Director	Cherry Hsu	—	—
	Supervisor	Ming Wang		
WT Microelectronics (Shenzhen) Co., Ltd.	Executive Director	Cherry Hsu	—	—
WT Microelectronics Singapore Pte. Ltd.	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
WT Microelectronics (Thailand) Limited.	Director	Ghee Teik Hoe	—	—
	Director	PREECHA CHITVATANAWONG	—	—
WT Microelectronics (Malaysia) Sdn. Bhd.	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
	Director	LIM SAW IM	—	—
BSI Semiconductor Pte. Ltd.	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
Morrihan Singapore Pte. Ltd.	Director	Cheng, Wen-Tsung	—	—
	Director	Alan Hsu	—	—
Wonchang Semiconductor Co.,Ltd.	Representative Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
	Director	Yoo, Hyung-Jin	—	—
	Supervisor	Yang, Hsing-Yu	—	—

Name of enterprise	Title	Name or Representative	Shares held	
			Number of shares	Shareholding percentage
WT Technology Korea Co., Ltd.	Representative Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
	Director	Yoo, Hyung-Jin	—	—
	Supervisor	Yang, Hsing-Yu	—	—
MSD Holdings Pte. Ltd.	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
Lacewood International Corp.	Director	Cheng, Wen-Tsung	—	—
Best Winner International Development Ltd. [Undergoing liquidation]	Director	Cheng, Wen-Tsung	—	—
Maxtek International(HK)Limited [Undergoing liquidation]	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
Analog World Co., Ltd.	Representative Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
	Director	Yoo, Hyung-Jin	—	—
	Supervisor	Yang, Hsing-Yu	—	—
Brillnics (Taiwan) Inc.	Chairperson	Legal person representative of Brillnics (HK) Limited : Cheng, Wen-Tsung	—	—
	Director	Legal person representative of Brillnics (HK) Limited: Hsu, Wen-Hung	—	—
	Director	Legal person representative of Brillnics (HK) Limited: Wu, Shou-Guo	—	—
Brillnics Inc.	Director	Cheng, Wen-Tsung	—	—
	Director	Hsu, Wen-Hung	—	—
	Director	Wuu, Shou-Guo	—	—
Brillnics Singapore Pte. Ltd.	Director	Cheng, Wen-Tsung	—	—
Brillnics(HK)Limited	Director	Cheng, Wen-Tsung	—	—
Brillnics Japan Inc.	Representative Director	Isao Takayanagi	—	—
	Director	Cheng, Wen-Tsung	—	—
	Director	Wuu, Shou-Guo	—	—
	Supervisor	Yang, Hsing-Yu	—	—

(VI)Affiliated enterprises' operational review:

Unit: NT\$ thousand

Name of enterprise	Capital	Total Assets	Total liabilities	Net worth	Operating Revenue	Operating Profit	Current profit and loss (after tax)	EPS (NT\$) (after tax)
Wintech Microelectronics Holding Limited	3,203,439	9,947,701	0	9,947,701	0	(771)	772,450	7
WT Microelectronics Singapore Pte. Ltd.	30,690	1,657,126	1,345,590	311,536	5,991,521	64,416	59,568	40
Milestone Investment Co., Ltd.	45,000	162,684	10	162,674	0	(33)	7,478	2
Promising Investment Limited	1,725,364	4,435,625	0	4,435,625	0	0	665,565	11
Wintech Microelectronics Ltd.	83,043	4,661,657	4,609,227	52,430	15,733,085	(76)	(5,103)	(2)
Wintech Investment Co., Ltd.	581,860	1,063,699	0	1,063,699	0	(70)	42,978	2
WT Microelectronics(Hong Kong)Limited	346,765	10,322,939	7,898,980	2,423,959	42,901,433	507,238	408,675	33
Nino Capital Co., Ltd.	8,608	31,100	0	31,100	0	0	(3,930)	(13)
Rich Web Ltd.	635,932	836,821	0	836,821	0	0	55,225	2
WT Technology(H.K.)Limited	3,549	102,503	(152)	102,655	0	(79)	664	1
Shanghai WT Microelectronics Co., Ltd.	8,304	45,730	14,702	31,028	64,787	(3,399)	(3,929)	0
WT Microelectronics(Shenzhen)Co., Ltd.	631,722	2,838,590	2,001,882	836,708	5,330,258	109,779	55,227	0
WT Microelectronics(Malaysia)Sdn., Bhd.	3,318	2,847	997	1,850	6,766	(798)	(859)	(2)
Wintech Microelectronics Limited	138	5	0	5	0	0	0	0
WT Microelectronics(Thailand)Limited.	2,490	2,394	719	1,675	10,362	(201)	(134)	0
WT Microelectronics India Private Limited.	2,654	4,024	4,014	10	21,012	(3,373)	(3,828)	(5)
SinYie Investment Co., Ltd.	29,000	46,895	2,077	44,818	0	0	0	0
Nuvision Technology Inc.	282,424	7,831,471	6,658,748	1,172,723	23,577,705	861,862	695,023	25
WT Microelectronics(Shanghai)Co., Ltd.	972,952	7,487,342	6,067,085	1,420,257	12,990,743	278,007	184,697	0
WT Technology Pte. Ltd.	138,400	3,112,526	1,143,102	1,969,424	14,293,149	4,664	103	0
Maxtek Technology Co., Ltd.	702,203	2,779,093	704,055	2,075,038	5,886,921	37,589	126,787	2
Hongtech Electronics Co., Ltd.	115,000	1,804,018	1,400,670	403,348	5,715,104	150,918	116,711	10
Best Winner International Development Ltd.	16,608	2,031	0	2,031	0	(46)	(77)	(13)
Lacewood International Corp.	81,656	82,127	13	82,114	(8)	6,551	15,456	524
Maxtek International (HK)Limited	21,294	0	0	0	0	(10)	(22)	0
WT Solomon QCE Limited	390,390	4,535,425	3,696,040	839,385	18,216,466	246,694	204,931	2
Morrihan International Corp.	2,837,600	32,656,082	28,294,797	4,361,285	155,219,694	1,763,485	1,362,923	5
Asia Latest Technology Limited	31,002	43,438	0	43,438	0	0	(720)	(1)
Morrihan International Trading(Shanghai)Co., Ltd.	36,814	32,335	(11,094)	43,429	0	(466)	(720)	0
BSI Semiconductor Pte. Ltd.	154,350	513,440	296	513,144	0	(132)	22,165	3

Name of enterprise	Capital	Total Assets	Total liabilities	Net worth	Operating Revenue	Operating Profit	Current profit and loss (after tax)	EPS (NT\$) (after tax)
Morrihan Singapore Pte. Ltd.	194,370	2,814,209	2,214,600	599,609	21,719,455	328,144	267,717	28
Wonchang Semiconductor Co., Ltd.	12,483	335,539	132,662	202,877	691,941	29,569	19,805	370
WT Technology Korea Co., Ltd.	46,432	960,650	424,446	536,204	3,010,783	(7,618)	(16,490)	(4)
Techmosa International Inc.	739,491	5,109,177	3,115,128	1,994,049	7,799,342	760,586	791,158	11
Techmosa International Holding Ltd.	0	0	0	0	0	(18)	(19)	0
MSD Holdings Pte. Ltd.	5,536	86,868	172	86,696	0	(76)	2,669	13
Anius Enterprise Co., Ltd.	0	0	0	0	0	0	0	0
Mega Source Co., Ltd.	0	0	0	0	0	0	0	0
Analog World Co., Ltd.	13,998	469,440	143,726	325,714	1,096,065	54,136	38,074	317
Brillnics Inc.	1,604,404	456,328	213,580	242,748	437,083	(168,119)	(174,789)	(4)
Brillnics (HK) Limited	1,771,880	257,350	19,427	237,923	436,869	(176,569)	(164,860)	(3)
Brillnics Singapore Pte. Ltd.	9,688	7,807	2,133	5,674	0	(2,520)	(2,532)	(7)
Brillnics Japan Inc.	24,050	63,985	44,491	19,494	260,894	12,536	8,580	86
Brillnics (Taiwan) Inc.	16,694	59,945	35,426	24,519	138,502	6,595	5,257	3

Note: The financial statements have been audited or reviewed by an independent auditor in 2021; the balance sheet is translated using the spot exchange rate at year-end, while P&L is translated using the YTD average spot exchange rate.

(VII) Consolidated financial declaration statement of affiliated enterprises and consolidated financial statement: Please refer to page 184 to page 290.

(VII) Affiliation report: N/A.

II. Private placement of securities in the most recent fiscal year and as of the printing date of the annual report

None.

III. Holding or disposal of stocks of the Company by subsidiaries in the most recent fiscal year and up to the date of report

None.

IV. Other matters that require additional description

None.

V. Supplementary information disclosure

The Group's Key Performance Indicators:

(I) Financial indicators:

Indicator	Formula	Target KPI	2020	2021
Debts Ratio	Total Liabilities / Total Equity	<275%	184%	222%
Current Ratio	Current Assets / Current Liabilities	>110%	134%	135%

(II) Performance indicators:

Indicator	Formula	Target KPI	2020	2021
Average days of collection	365 / Average Collection Turnover	90	56	56
Average days of sales	365 / Average Inventory Turnover	60	48	47

Chapter 9. Matters, if any, that may affect shareholders' equity or securities price as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report

Please refer to the important resolutions of the shareholders' meeting and the Board of Directors meeting in the most recent year up to the printing date of the annual report.

WT Microelectronics Co., Ltd.

Chairman: Cheng, Wen-Tsung