# Winstek Semiconductor Co., Ltd. and Subsidiaries

# Consolidated Financial Statements and Independent Auditors' Report

# 2021 and 2020

(stock code 3265)

Company Address: No. 176-5, Luyi Pit, 6th Floor, Hualong Village,
Yulin Township, Hsinchu County 307, Taiwan (R.O.C.)
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# Winstek Semiconductor Co., Ltd. and Subsidiaries

## Consolidated Financial Statements and Independent Auditors' Report for 2021 and 2020

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Winstek Semiconductor Co., Ltd.

Consolidated Financial Statements for Affiliated Companies

In year of 2021(from January 1, 2021 to December 31, 2021), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 "Consolidated Financial Statements." In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

As hereby declared

Company Name: Winstek Semiconductor Co., Ltd.

Person in Charge: Huang Hsing-Yang

March 7, 2022

Independent Auditors' Report

(111) PWCR 21003250

To Winstek Semiconductor Co., Ltd.:

## Audit Opinion

The consolidated balance sheet on December 31, 2021 and December 31, 2020 consolidated composite income sheet, consolidated statement of changes in equity, combined statement of cash flows from January 1, 2021 to December 31, 2020, and the notes to the consolidated financial statements (including the summary of material accounting policies) of Winstek Semiconductor Co., Ltd. and Subsidiaries (hereinafter referred to as "Winstek Group"), have been audited by CPA.

In our opinion, all the material items prepared in these consolidated financial statements are in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized by the Financial Supervisory Commission (FSC). Therefore, they are able to properly express the consolidated financial status of Winstek Group as of December 31, 2021 and December 31, 2020 and consolidated financial performance and consolidated cash flows from January 1, 2020 to December 31, 2021.

## Basis of Opinion

We have performed the auditing work in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the ROC. Below, our CPAs will further explain the responsibilities auditors shall execute during the audit of consolidated financial statements under the above principles. The personnel of our accounting firm who are subject to independent regulations have acted in accordance with the ROC CPA Code of Professional Ethics to remain highly neutral from Winstek Group, while fulfilling other duties set forth in the said Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of the auditor's opinion.

## Key Audit Matters

The key audit matters refer to those most material items when auditing the combined financial statements of the year 2021 of Winstek Group, based on the professional judgment of the CPA. The said matters have been expressed when we audited the consolidated financial statements and when we established the auditor's opinion. We will not express any personal opinion on any of the matters.

The key audit matters of the consolidated financial statements of the year 2021 of Winstek Group are as follows:

**Audits of Real Estate, Plant, and Equipment Capitalization**

Matter description

Winstek Semiconductor Co., Ltd. and Subsidiaries increase capital expenditures along with their operations. Please refer to Note 4 (XIII) of the consolidated balance sheet for accounting polices related to items of real estate, plants, and equipment and Note 6(V) for description of items related to real estate, plants, and equipment. The amount of capital expenditure of real estate, plants, and equipment in this year is significant, and therefore, the CPA listed audits of real estate, plant, and equipment capitalization as key matters.

Corresponding auditing procedures

The auditor conducted main audit procedures towards the said key audit matters including:

Evaluation and testing of effectiveness time points of relevant control of additional procurement and depreciation of real estate, plant, and equipment and audit relevant procurement orders and invoices to confirm proper approval of transactions and accuracy of account amounts; audit and accept relevant forms to confirm time appropriation of availability of asset utilization and property inventory and accuracy of depreciation allocated.

## Other matters- Individual financial report

Winstek Semiconductor Co., Ltd. has prepared the individual financial report of the year 2021 and 2020, and the CPA has issued the unqualified audit report with other matters for future reference.

## The responsibility of the management and governance units for the consolidated financial statements

The responsibility of the management was to establish financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and IFRS, IAS, interpretations and interpretation announcements recognized by the FSC, to properly indicate the company's financial status and also to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When preparing the consolidated financial statements, the management is also responsible for the assessment of Winstek Group's ability on going concern, the disclosure of relevant matters, the adoption of the accounting base for going concern, unless the management intends to proceed with the liquidation to Winstek Group or to discontinue its operations or has no other practical alternative solutions except for liquidation or closure.

The governing body of Winstek Group (including the Audit Committee) had the responsibility to supervise the financial reporting process.

## The responsibility of CPAs when auditing Consolidated Financial Statements

Our objective when auditing the consolidated financial statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and issue the auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with commonly accepted ROC audit guidelines cannot guarantee detection of significant false contents in parent company only financial statements. Misstatements could be caused by fraud or error. If the individual amounts or sums that false contents involved could be reasonably expected to affect the financial decision making of users of consolidated financial statements such false contents would be considered significant.

We conducted the auditing work according to audit standards generally accepted in the ROC and also exercised our profession judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identifying and evaluating likely risks from significant false contents in the consolidated financial statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditor's report. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than the risk of failing to identify those coming from errors.

2. Obtaining necessary understanding of internal controls relevant to the audit, in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of Winstek Group.

3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly.

4. Based on the audit evidence obtained, conclusions are drawn on the appropriateness of the management's continuing adoption of the going concern accounting foundation and whether there was any significant doubt (in the events or circumstances) about the capacity of Winstek Group to remain in operation or whether any significant uncertainty existed. If we thought such doubt or significant uncertainty existed, we had to point it out in the auditor's report to remind users of the consolidated financial statements to look out for related disclosures in the consolidated financial statements to revise out audit opinion if such disclosures were considered inappropriate. Our conclusion was established according to the audit evidence obtained before the deadline for the auditor's report. However, future events or circumstances may result in

Winstek Group no longer being able for going concern.

5. Evaluating the overall expression, structure and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events.

6. Obtaining sufficient and appropriate audit evidence with regard to the finance of the individual entities in the group to establish our opinion about the consolidated financial statements. We were responsible for guiding, supervising, and executing the audit work for the group and also establishing the auditor's opinion.

We communicated with governance units about the planned audit range and time and important audit discoveries (including significant internal control defects found during the audit process).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and also communicate with them about the all relations and other matters (including related preventive measures) that could affect the independence of CPAs.

Based on the result of our discussion with the governance body, we decided the key audit matters when auditing the 2021 consolidated financial statement of Winstek Group. We have clearly described the said matters in the auditor's report except certain matters whose public disclosure is prohibited by law or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to lead negative effects that would be greater than public good they might benefit.

PwC Taiwan

Hsieh Chih-Cheng

Certified public accountant

Tsai-Yen Chiang

Financial Supervisory Commission (FSC)
Approved certificate No. 0990042599
FSC Approved Certificate No. 1060025097

March 7, 2022

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2021 and 2020

Unit: NT$ thousand

| | Assets | Notes | December 31, 2021 Amount | % | December 31, 2020 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and Cash Equivalents | 6 (1) | $ 1,603,413 | 25 | $ 1,065,623 | 19 |
| 1136 | Financial assets on the basis of amortized cost – current | 6 (2) | 800,040 | 13 | 1,980,960 | 35 |
| 1140 | Contracts Assets – current | 6 (15) | 22,510 | - | 20,529 | - |
| 1170 | Net account receivables | 6 (3) | 761,947 | 12 | 627,438 | 11 |
| 1180 | Account receivables – related parties - net | 6 (3) | 991 | - | 1,662 | - |
| 1200 | Other receivables | | 1,913 | - | 4,538 | - |
| 1210 | Other receivables– related parties | 7 | 2,097 | - | | - |
| 1220 | Income tax assets in the current period | | 32,791 | - | 12,523 | - |
| 130X | Inventory | 6 (4) | 104,848 | 2 | 68,448 | 1 |
| 1410 | Prepayments | | 40,593 | 1 | 28,242 | 1 |
| 1470 | Other current assets | | 7,287 | - | 3,933 | - |
| 11XX | **Total current assets** | | 3,378,430 | 53 | 3,813,896 | 67 |
| | **Non-current assets** | | | | | |
| 1535 | Financial assets on the basis of amortized cost –noncurrent | 6 (2) and 8 | 21,700 | 1 | 21,700 | - |
| 1600 | Property, plant, and equipment | 6 (5) | 2,667,119 | 42 | 1,768,742 | 31 |
| 1755 | Right of use assets | 6 (6) | 7,883 | - | 8,296 | - |
| 1780 | Intangible assets | 6 (8) | 121,992 | 2 | 52,115 | 1 |
| 1840 | Deferred income tax assets | 6 (22) | 21,554 | - | 24,360 | 1 |
| 1900 | Other non-current assets | | 119,573 | 2 | 3,851 | - |
| 15XX | **Total non-current assets** | | 2,959,821 | 33 | 1,879,064 | 33 |
| 1XXX | **Total assets** | | $ 6,338,251 | 100 | $ 5,692,960 | 100 |

(To be continued on next page)

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2021 and 2020

Unit: NT$ thousand

| | Liability and shareholder's equity | Notes | December 31, 2021 Amount | % | December 31, 2020 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2130 | Contract liabilities -current | 6 (15) | $ , | - | $ 396 | - |
| 2170 | Account payables | | 99,450 | 2 | 82,789 | 1 |
| 2180 | Account payables –related parties | 7 | 646 | - | 257 | - |
| 2200 | Other payables | 6 (9) | 497,744 | 8 | 393,311 | 7 |
| 2220 | Other payables –related parties | 7 | 93 | - | - | - |
| 2230 | Income tax liabilities in the current period | | 68,585 | 1 | - | - |
| 2250 | Provision for liabilities – current | | 9,144 | - | 10,816 | - |
| 2280 | Leasehold liabilities – current | 6 (25) | 2,561 | - | 1,947 | - |
| 2320 | Current portion of long-term liabilities | 6 (10) | - | | 145,000 | 3 |
| 2399 | Other current liabilities – others | | 5,358 | - | 5,159 | - |
| 21XX | **Total current liabilities** | | 683,581 | 11 | 639,675 | 11 |
| | **Non-current liability** | | | | | |
| 2540 | Long-term loans | 6 (10) | 746,000 | 12 | 285,500 | 5 |
| 2570 | Deferred income tax liabilities | 6 (22) | 338 | - | 1,616 | - |
| 2580 | Leasehold liabilities –non-current | 6 (25) | 5,517 | - | 6,397 | - |
| 2640 | Defined benefit liabilities – non-current | 6 (11) | 26,638 | - | 26,816 | 1 |
| 2670 | Other non-current liabilities – others | | 266 | - | 3,563 | - |
| 25XX | **Total non-current liabilities** | | 778,759 | 12 | 323,892 | 6 |
| 2XXX | **Total liabilities** | | 1,462,340 | 23 | 963,567 | 17 |
| | **Equity** | | | | | |
| | **Capital** | 6(12) | | | | |
| 3110 | Capital from ordinary share | | 1,362,617 | 21 | 1,362,617 | 24 |
| | **Capital reserve** | 6(13) | | | | |
| 3200 | Capital surplus | | 366,243 | 6 | 366,243 | 7 |
| | **Retained earnings** | 6(14) | | | | |
| 3310 | Legal reserve | | 713,519 | 11 | 693,278 | 12 |
| 3320 | Special reserve | | 203,472 | 3 | 45,854 | 1 |
| 3350 | Undistributed earnings | | 2,512,130 | 40 | 2,464,874 | 43 |
| | **Other equity** | | | | | |
| 3400 | Other equity | | ( 282,070) | ( 4) | ( 203,473) | ( 4 |
| 3XXX | **Total equity** | | 4,875,911 | 83 | 4,729,393 | 83 |
| | **Material commitments and contingencies** | 9 | | | | |
| | **Significant subsequent events** | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 6,338,251 | 100 | $ 5,692,960 | 100 |

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

<u>Winstek Semiconductor Co., Ltd. and Subsidiaries</u>

<u>Consolidated Statement of Comprehensive Income</u>

<u>January 1 to December 31 of 2021 and 2020</u>

Unit: NT$ thousand

(except for unit of earnings per share which is NTD)

| | | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | Items | Notes | Amount | % | Amount | % |
| 4000 | Revenue | 6(15) and 7 | $ 3,086,392 | 100 | $ 2,613,534 | 100 |
| 5000 | Operating cost | 6(4) | ( 2,374,827) | ( 77) | ( 2,180,206) | ( 83) |
| 5950 | Net gross profit | | 711,565 | 23 | 433,328 | 17 |
| | Operating expenses | 6(20)(21) | | | | |
| 6100 | Selling expenses | | ( 23,265) | ( 1) | ( 25,018) | ( 1) |
| 6200 | General and administrative expenses | | ( 194,172) | ( 6) | ( 167,145) | ( 6) |
| 6300 | Research and development expenses | | ( 13,737) | ( 1) | ( 14,134) | ( 1) |
| 6000 | Total operating expenses | | ( 231,174) | ( 8) | ( 206,297) | ( 8) |
| 6900 | Operating profit | | ( 480,391 | 15 | 227,031 | 9 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(16) | 7,369 | - | 23,708 | 1 |
| 7010 | Other income | 6(17) | 2,091 | - | 463 | - |
| 7020 | Other gains and losses | 6(18) and 7 | 13,963) | - | 15,786) | ( 1) |
| 7050 | Financing cost | 6(19) | ( 4,748) | - | ( 7,670) | - |
| 7000 | Total non-operating income and expenses | | 9,251) | - | 715 | - |
| 7900 | **Profit before tax** | | 471,140 | 15 | 227,746 | 9 |
| 7950 | Income tax expense | 6(22) | ( 77,209) | ( 2) | ( 18,348) | ( 1) |
| 8200 | **Net profit of this period** | | $ 393,931 | 13 | $ 209,398 | 8 |

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Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31 of 2021 and 2020

Unit: NT$ thousand

(except for unit of earnings per share which is NTD)

| | Items | Notes | 2021 Amount | 2021 % | 2020 Amount | 2020 % |
|---|---|---|---|---|---|---|
| | **Other comprehensive gain or loss** | | | | | |
| 8311 | Remeasurements of defined benefit plans | 6(11) | ($ 1,298) | - | ($ 6,990) | - |
| 8310 | **Total amount of items that will not be reclassified subsequently to profit or income** | | ( 1,298) | - | ( 6,990) | - |
| | **Items that may be reclassified to profit or loss** | | | | | |
| 8361 | Foreign currency translation difference of financial statements of overseas business units | | ( 78,597) | ( 3) | ( 157,619) | ( 6 |
| 8360 | Total amount of items that may be reclassified subsequently to profit of loss | | ( 78,597) | ( 3) | ( 157,619) | ( 6 |
| 8500 | **Total consolidated profit/loss for the current period** | | $ 314,036 | 10 | $ 44,789 | 2 |
| | Profit attributable to: | | | | | |
| 8610 | Owners of parent | | $ 393,931 | 13 | $ 209,398 | 8 |
| | Total comprehensive income attributable to: | | | | | |
| 8710 | Proprietors of parent company | | $ 314,036 | 10 | $ 44,789 | 2 |
| | Earnings per share | 6(23) | | | | |
| 9750 | Basic earnings per share | | $ 2.89 | | $ 1.54 | |
| 9850 | Diluted earnings per share | | $ 2.87 | | $ 1.52 | |

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

# Winstek Semiconductor Co., Ltd. and Subsidiaries
## Consolidated Statement of Changes in Equity
## January 1 to December 31 of 2021 and 2020

Unit: NT$ thousand

| | | Equity attributable to owners of parent company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Retained earnings | | | | |
| | Notes | Share | Capital surplus | Legal capital reserve | Special capital reserve | Retained earnings | The balance of translation of the financial statements of foreign operating institutions | Total equity |
| January 1, 2021 to December 31, 2020 | | | | | | | | |
| Balance as of January 1, 2020 | | 1,362,617 | 366,243 | 637,091 | - | 2,568,899 | (45,854) | 4,888,996 |
| Net income in current period | | - | - | - | - | 209,398 | - | 209,398 |
| Other comprehensive profit and loss in current period | | - | - | - | - | (6,990) | (157,619) | (164,609) |
| Total comprehensive gain or loss in current period | | - | - | - | - | 202,408 | (157,619) | 44,789 |
| Annual appropriation of net income and allocation of the year 2019 | 6(14) | | | | - | | | |
| Appropriated as Legal reserve | | | | 56,187 | | (56,187) | | |
| Appropriated as special surplus reserve | | - | - | - | 45,854 | (45,854) | - | - |
| Cash dividend | | - | - | - | - | (204,392) | - | (204,392 |
| Balance as of December 31, 2020 | | 1,362,617 | 366,243 | 693,278 | 45,854 | 2,464,874 | (203,473) | 4,729,393) |

# Winstek Semiconductor Co., Ltd. and Subsidiaries
## Consolidated Statement of Changes in Equity
## January 1 to December 31 of 2021 and 2020

Unit: NT$ thousand

| | Notes | Equity attributable to owners of parent company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Retained earnings | | | | |
| | Notes | Share | Capital surplus | Legal capital reserve | Special capital reserve | Retained earnings | The balance of translation of the financial statements of foreign operating institutions | Total equity |
| January 1, 2021 to December 31, 2021 | | | | | | | | |
| Balance as of January 1, 2021 | | 1,362,617 | 366,243 | 693,278 | 45,854 | 2,464,874 | ( 203,473 ) | 4,729,393 |
| Net income in current period | | - | - | - | - | 393,931 | - | 393,931 |
| Other comprehensive profit and loss in current period | 6(11) | - | - | - | - | ( 1,298 ) | ( 78,597 ) | ( 79,895 ) |
| Total comprehensive gain or loss in current period | | - | - | - | - | 392,633 | ( 78,597 ) | 314,036 |
| Annual appropriation of net income and allocation of the year 2020 | | | | | | | | |
| Appropriated as Legal reserve | | - | - | 20,241 | - | ( 20,241 ) | - | - |
| Appropriated as special surplus reserve | | - | - | - | 157,618 | ( 157,618 ) | - | - |
| Cash dividend | 6(14) | - | - | - | - | ( 167,518 ) | - | ( 167,518 ) |
| Balance as of December 31, 2021 | | 1,362,617 | 366,243 | 713,519 | 203,472 | 2,512,130 | ( 282,070 ) | 4,875,911 |

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang Manager: Weng Chih-Li Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31 of 2021 and 2020

Unit: NT$ thousand

| | Note | January 1 To December 31, 2021 | January 1 To December 31, 2020 |
|---|---|---|---|
| Cash flow from operating activities | | | |
| Current net profit before tax | | $ 471,140 | $ 227,746 |
| Adjusted items | | | |
| Income and expense items | | | |
| Depreciation expenses | 6(5), 6(6), and 6(20) | 604,942 | 660,041 |
| Amortization expenses | 6 (8) (20) | 24,825 | 10,941 |
| Interest expense | 6 (6) (19) | 4,748 | 7,670 |
| Interest income | 6 (16) | ( 7,369 ) | ( 23,708 ) |
| Government subsidy income | 6 (10) (17) | 1,628 ) | |
| Disposition of plant, property, and equipment | 6 (18) | ( 4,209 ) | ( 7,468 ) |
| Changes in assets and liabilities relating to operating activities | | | |
| Net change in assets relating to operating activities | | | |
| Contract assets | | ( 2,317 ) | ( 781 ) |
| Accounts receivable | | ( 150,406 ) | 496,496 |
| Accounts receivable - related parties | | 661 | ( 1,545 ) |
| Other receivables | | ( 557 | 1,710 |
| Other receivables - related parties | | 2,152 ) | - |
| Inventory | | ( 38,778 ) | 6,748 |
| Prepayment | | 12,350 ) | 4,897 |
| Other current assets | | 3,388 | 2,404 ) |
| Net change in liabilities relating to operating activities | | | |
| Contract liabilities | | ( 389 ) | 411 |
| Accounts payable | | 19,152 | 15,047 |
| Account payable-related parties | | 1,318 | 2,037 |
| Other payables | | 81,341 | ( 74,931 ) |
| Other payables - related parties | | 958 | 2,289 |
| Provisions | | ( 1,387 ) | 8,444 |
| Other current liabilities | | 202 | ( 155 ) |
| Net defined benefit liabilities | | ( 1,478 ) | ( 1,389 ) |
| Other noncurrent liabilities | | ( 3,336 ) | - |
| Cash flow from operating activities | | 987,433 | 1,336,904 |
| Interest income received | | 8,141 | 26,822 |
| Interest paid | | ( 4,751 ) | 7,740 |
| Income tax paid | | ( 27,248 ) | ( 158,555 ) |
| Net cash flow from operating activities | | 963,575 | 1,197,431 |

(To be continued on next page)

<u>Winstek Semiconductor Co., Ltd. and Subsidiaries</u>

<u>Consolidated Statement of Cash Flow</u>

<u>January 1 to December 31 of 2021 and 2020</u>

Unit: NT$ thousand

| | Notes | January 1 To December 31, 2021 | January 1 To December 31, 2020 |
|---|---|---|---|
| Cash flow from investment activities | | | |
| Financial assets measured at amortized cost | | ( $ 1,530,475 ) | ( $ 4,372,379 ) |
| Disposal of financial assets measured at amortized cost | | 2,671,394 | 4,769,155 |
| Acquisition of property, plant, and equipment | 6 (24) | ( 1,613,386 ) | ( 441,079 ) |
| Intangible assets acquired | 6 (8) | ( 95,009 ) | ( 31,488 ) |
| Disposal of property, plant, and equipment | | 8,608 | 9,300 |
| Increases in refundable deposits | | ( 1,013 ) | ( 77 |
| Decreases in refundable deposits | | 361 | 14 |
| Net cash flow from investing activities (out) | | ( 559,520 ) | ( 66,554 ) |
| Cash from financing activities | | | |
| Short-term loans borrowed | 6(25) | 743,000 | 3,000 |
| Repayment of short term loans | 6(25) | ( 427,500 ) | ( 262,500 ) |
| Release principal repayment | 6(24) | ( 2,186 ) | ( 25,968 |
| Increases in guarantee deposits | 6(25) | 128 | 111 |
| Decreases in guarantee deposits | 6(25) | ( 89 ) | ( 89 ) |
| Cash dividends paid | 6(14) | ( 167,518 ) | ( 204,392 ) |
| Net cash outflow from financing | | ( 145,835 ) | ( 489,838 ) |
| Impacts on exchange rates | | ( 12,100 ) | ( 6,835 |
| Amount of cash and cash equivalents(decrease) increase | | ( 537,790 | 634,204 |
| Cash and cash equivalents at beginning of year | 6(1) | 1,065,623 | 431,419 |
| Cash and cash equivalents at end of year | 6(1) | $ 1,603,413 | $ 1,065,623 |

The notes to the combined financial statements attached is part of the combined financial report for your reference.

Chairman of the Board: Huang Hsing-Yang    Manager: Weng Chih-Li    Accounting Officer: Liu Kui-Chu

Winstek Semiconductor Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

2021 and 2020

Unit: NT$ thousand

## I. Company History

Winstek Semiconductor Co., Ltd. (hereinafter referred to as "the Company") was established in April 26, 2000 in the ROC. The Company's shares were listed and traded at GreTai Securities Market in August 2005. The Company and its subsidiaries (hereinafter referred to as "the Group") are mainly engaged in the R&D and testing of integrated circuits, services of turnkey wafer bumping and wafer level packaging, and other related businesses.

The ultimate parent company of the Company was originally Temasek Holding Limited, and Silicon Microelectronics Corporation (hereinafter referred to as "Sigurd Corporation") took control of the parent company Bloomeria Limited on October 13, 2017, and indirectly acquired 51.88% equity of the Company, becoming the ultimate parent company of the Company.

In consideration of the overall operation of the group, our parent company, Bloomeria Limited, transferred all its shares of the Company to the Ge-Shing Corporation, a wholly-owned subsidiary of the ultimate parent on July 6 2020. As such Ge-Shing Corporation becomes the parent of the Company.

## II. Approval date and procedures of the financial statements

This consolidated financial statements were issued by the board of directors on March 7, 2022.

## III. Application of New and Amended International Financial Reporting Standards (IFRS) and Interpretations

### (I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission (FSC):

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2021:

| The Standard, Interpretations and Amendments | Effective date issued by IASB |
|---|---|
| Amendment to IFRS4, "temporary exemption of the application of the extended use of IFRS 9". | January 1, 2021 |
| Amendment to amendment to IFRS 9, IFRS 39, IFRS 7, IFRS 4, and IFRS 16 in phase II, "interest indicator change". | January 1, 2021 |
| Amendment to IFRS 16, "Deduction of rent pertinent to the influence of COVID-19 after June 30 2021.". | April 1, 2021(Note) |

Note: the FSC permitted the application of these rules prior to 2021 January 1.

After evaluating the said principles and interpretation, there has been no significant impacts on the Group's financial status and performance.

### (II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by the FSC:

The following table compiles principles and interpretation of new announcement, amendment, and modification of IFRSs applicable in 2022 ratified by the FSC:

| The Standard, Interpretations and Amendments | Effective date issued by IASB |
|---|---|
| Amendment to IFRS 3, "guide of conceptual framework". | January 1, 2022 |
| Amendment to IAS 16, "Property, plant and equipment: price before the expected state of use" | January 1, 2022 |
| Amendment to IAS 37, "Contract of financial liabilities - the cost of the contractual performance". | January 1, 2022 |
| Improvement in the period of 2018-2020 | January 1, 2022 |

After evaluating the said principles and interpretation, there has been no significant impacts on the Group's financial status and performance.

### (III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC:

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

| The Standard, Interpretations and Amendments | Effective date issued by IASB |
|---|---|
| Amendment to IFRS 10 and IAS 28, “the disposal or investment in assets between Investors and its associates or joint ventures”. | Pending on the decision of IASB |
| IFRS 17, “Insurance Contracts” | January 1, 2023 |
| Amendment 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 |
| Amendment to IAS 1, “Classification of current and noncurrent liabilities” | January 1, 2023 |
| Amendment to IAS 1 “Disclosure of Accounting Policy”. | January 1, 2023 |
| Amendment to IAS 8 “Definition of accounting estimate” | January 1, 2023 |
| Amendment to IFRS 12, “Deferred income tax relating to assets and liabilities arising from a single transaction”. | January 1, 2023 |

After evaluating the said principles and interpretation, there has been no significant impacts on the Group’s financial status and performance.

IV. Summary of significant accounting policies

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

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as IFRS, IAS, IFRIC interpretations and SIC interpretations (collectively referred to as “IFRSs” hereinafter) endorsed by the FSC.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:

   Defined benefit liabilities recognized based on the amount of pension fund assets less net present value of defined benefit obligations.

2. Critical accounting estimates are required when preparing financial statements in compliance with IFRSs. When the Group adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regards to this consolidated financial reports. Please refer to Note 5 for details.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

   (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved 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. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.

   (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.

   (3) The components of profits and loss and other comprehensive income attributable to the owners of the parent company and uncontrolled equity. Comprehensive loss is also attributable to the owners of the parent company and uncontrolled equity even if a loss of the balance of the uncontrolled equity occurs.

   (4) If the changes in the shares held by subsidiaries do not result in a loss of control (transactions with uncontrolled equities), accounted for as equity transactions, which means that it is the transactions with the owners. The difference deriving from the adjustment of the amount in uncontrolled equities and payment or the fair value in consideration shall be directly recognized as equity.

   (5) If the Group loses its control over the subsidiaries, the residual investment of the former subsidiaries will be remeasured at fair value and recognized as the fair value of the financial assets at initial recognition or the cost of the initial investment in associates or joint ventures. The difference between fair value and book value shall be recognized as income in the current period. Amount previously recognized as other comprehensive incomes and amount related to the subsidiary shall be accounted for shall be the same as the direct disposal of assets or liabilities by the Group. In other words, if previously recognized as profit or loss under other comprehensive income, reclassify as income at the time of disposal of related assets or liabilities. If the control over the subsidiary extinct, the profit or loss will be reclassified as income under the reclassification.

2. Subsidiaries included in the consolidated financial statements:

| Name of investment company | Name of subsidiaries | Nature of business | Percentage of equity held December 31, 2021 | Percentage of equity held December 31, 2020 | Details |
|---|---|---|---|---|---|
| The Company | Winstek Semiconductor Technology | Services of turnkey wafer bumping and wafer level packaging | 100% | 100% | |

3. Subsidiaries not absorbed into the consolidated financial reports: none.

4. Adjustment for subsidiaries with different balance sheet date: none.

5. Significant restrictions: none.

6. Subsidiaries with material non-controlling interest to the Group: none.

(IV) Foreign currency translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The consolidated financial statements are presented in NT$, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transaction and balance

(1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.

(2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.

(3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

(4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.

2. Translation from Foreign Operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) The assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Assets held primarily for trading purposes;

(3) Assets that are expected to be realized within 12 months after the balance sheet date;

(4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

The Group classifies assets not meet the aforesaid criteria into non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) The liability is held mainly for transaction purposes.

(3) Liabilities that are expected to be settled within 12 months after the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

The Group classifies liabilities not meet the aforesaid criteria into non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to known amount of cash. Time deposits satisfying the afore-mentioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VII) Financial assets measured at amortized cost

1. Refer to those comply with all the following conditions:

(1) The financial asset is held under a business model for the purpose of collecting contractual cash flow.

(2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.

2. The Group uses the trade day accounting for financial assets measured at amortized cost and complied with trade practices.

3. The Group originally recognized the financial assets measured at its fair value plus transaction costs. Subsequently, the Group recognized interest income and impairment loss within the period of circulation by adopting the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

4. The time deposits which are not complied with the definitions of cash equivalents held by the Group are measured by the amount of investment due to the short holding period and the immaterial influence of the discounting.

(VIII) Accounts receivable

1. Refers to the accounts which, as agreed in the contract, are entitled to unconditionally receive the amount of consideration for the transfer of commodity or services.

2. For the short-term accounts receivable with unpaid interest, the Group measures at the original invoice amount due to the immaterial influence of discounting.

(IX) Impairment of financial assets

The Group measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of financial assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XI) Operating lease (lessor)

Rental income from operating lease deducted any incentives given to the lessor was recognized as current profit and loss according to straight line method of amortization during the lease term.

(XII) Inventory

Inventory, as the accounting foundation of acquisition cost, is mainly consumed and transferred to cost of sales in the process of providing services. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(XIII) Property, plant, and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. In the end of each financial year, the Group reviews the residual value, useful life and depreciation method of each asset; if the expected values of the residual value and useful life are different from previous estimates, or the consumption patterns of the 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 change. The estimated useful lives of property, plant, and equipment are as follows:

| | |
|---|---|
| Housing and construction equipment | 5 ~ 25 years |
| Machinery equipment | 3 ~ 8 years |
| Office and other equipment | 3 ~ 8 years |

(XIV) Lease transactions of the lessee－use-of-right asset/lease obligations

1. Lease asset on the available day to the Group is recognized as use-of-right asset and lease obligations. When a lease contract belongs to short-term lease or low-value asset, it is recognized as expense according to straight-line method during the lease term.

2. Current value of lease obligations that are not paid on the beginning day of lease was converted into cash and recognized according to the Group's incremental borrowing rate of interest. Rental payment is fixed deducted any rental incentive collectable.

   The future interest method adopts the measurement of amortized cost method and recognized as interest expense during the leasing term. When there is a lease term or rental payment change resulting not from contract revision, lease obligations shall be re-evaluated and use-of-right asset shall be measured and adjusted accordingly.

3. Use-of-right asset shall be recognized according to the costs on the beginning day of lease and the costs include:

   (1) Initial measurement amount of lease obligations; and

   (2) Any initial direct costs arising.

   The cost model measurement is continuously adopted depending on the maturity of service life of right-of-use asset or termination of lease, which comes first, to amortize the depreciation amount. When lease obligations are re-evaluated, use-of-right asset shall adjust any re-measured amount of lease obligations.

(XV) Intangible asset

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years.

(XVI) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets for which there is an indication that they are impaired. An impairment loss is recognized for the amount when 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. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XVII) Loan

1. Refers to the long-term or short-term funds borrowed from a bank. Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowing expenses are recognized in profit or loss based on the difference amounts between the proceeds (net of any transaction costs) and the redemption value that are amortized over the lives of borrowings using the effective interest method.

2. Fees paid on the establishment of loan facilities are recognized 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. When there is no evidence of the possibility that some or all the facility will be drawn down, the fee is recognized as a pre-payment and amortized over the period of the facility to which it relates.

(XVIII) Accounts payable

1. Refers to the debts that incurred for the purchase of raw materials, commodity or services and notes payable that incurred by both operating and non-operating activities.
2. For the short-term accounts payable without paid interest, the Group measures them by the original invoice amount due to the immaterial influence of discount.

(XIX) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(XX) Liability reserve

Liability reserve is a current statutory or constructive obligation generated from a past event. It is likely that outflow of resources with economic benefit will be required to settle the obligation and the amount of the obligation shall be recognized when it can be estimated reliably. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used is a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the liability. The discounted amortization amount is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

   (1) Defined contribution plan

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

   (2) Defined benefit plans

   A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized 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 computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date).

B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

3. Other long-term employee benefits

The Group has long-term employee benefits in addition to pension plans. Its net obligation is calculated by projected unit credit method. It is measured by discounting the amount of future benefits earned by the employee from the current or past services less the fair value of any relevant assets. The discounting rate adopts the yield-to-maturity on the reporting date of government bonds, the due date which is close to the Group's obligations deadline. All actuarial gains and losses are recognized as profit and loss in the current period.

4. Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations 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.

(XXII) Income Tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The income tax expenses are calculated on tax rates on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. For the income tax levied on retained earnings in accordance with the income tax law, it shall be recognized as retained earnings income tax expenses, based on the actual allocation status of surplus, after the surplus allocation plan has been approved in the shareholders' meeting in the following year

of the year in which the surplus is generated.

3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet at the reporting date. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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 income 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 income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. If tax rate changes occur in the interim, the Group recognizes all effects of changes to the period when such changes accrue; for income tax attributable to items not included in profit or loss, effects of changes are recognized in other comprehensive income or equity; and for income tax related to items included in profit or loss, effects of changes are recognized in profit or loss.

(XXIII) Share capital

Ordinary shares are classified as equity. The net amount of increased cost (directly attributed to the issue or warrant of new shares) less income tax, will be recognized as price reduction in equity.

(XXIV) Dividend distribution

The dividend allocated to the shareholders of the Company shall be recognized in the financial report during the resolution of the shareholders' meeting to distribute dividend, while cash dividends shall be recognized as liabilities.

(XXV) Revenue recognition

1. Income from labor services

   The Group engages in R&D and testing of integrated circuits, and services of turnkey wafer bumping and wafer level packaging and other related businesses. If the following conditions are complied with: (a) with the performance of contract by enterprises, customers acquire and consume the benefits provided by enterprises; (b) the performance of contract by enterprises creates or strengthens the assets which are controlled by the customer during the performance process; (c) the performance of contract by enterprises does not create assets which are useful for other purposes, in addition to the presence of executable rights on the currently completed performance items, then the enterprise will gradually transfer control of the commodity or services over time, thus the performance obligations are gradually fulfilled and are recognized as income. The testing and packaging services provided by the Group meet the condition (b) above, hence they shall be recognized as revenue gradually over time by following the procedure of completion measurement on the performance obligations.

The Group has not adjusted the transaction price to reflect the time value of the currency, because the time interval between the transfer of the promised commodity or services to the customer and the customer's payment time has not exceeded one year.

2. Consideration income

The Group retains production capacity to provide semiconductor testing and packaging services to customers. During the term of the contract, if the purchase quantity of customer less than the minimum purchase amount agreed in the contract each year, the Group may claim the balance consideration for the part of the reserved production capacity not exceeding the purchase amount in accordance with the procedures stipulated in the contract. The income from the balance consideration shall meet the performance obligations upon the transfer of control of each performance obligation and shall be recognized as income.

### (XXVI) Government subsidy

Government subsidy are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and will receive the grant. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant shall be recognized as the current profit or loss on a systematic basis during the period in which the relevant expenses are incurred.

### (XXVII) Operating segment

The information on the operating segment of the Group and the internal management report presented to the key corporate decision-maker of the Group are presented in a consistent manner. Key corporate decision-makers are responsible for the allocation of resources to the operating segments and the evaluation of their performance.

## V. The primary sources of uncertainties in major accounting judgments, estimates, and assumptions

When preparing the consolidated financial statements, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. Such estimates and assumptions may result in a risk of a material adjustment to the carrying amount of assets and liabilities in the next year. The related information is addressed below:

(I) Major judgments in adopting the accounting policies

None.

(II) Critical accounting estimates and assumptions

None.

## VI. Descriptions of major accounting subjects

### (I) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash on hand | $ 100 | $ 100 |
| Demand deposit | 1,243,473 | 1,065,523 |
| Time deposits | 359,840 | - |
| Total | $ 1,603,413 | $ 1,065,523 |

1. The Group deals with financial institutions with good credit quality. The Group also deals with various financial institutions to diversify credit risks. Therefore, the expected risk of default is pretty low.
2. The Group has not pledged any cash or cash equivalents.

### (II) Financial assets measured at amortized cost

| Items | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current items: | | |
| Time deposits | $ 775,040 | $ 1,980,960 |
| Pledged Time deposit | 25,000 | - |
| Total | 800,400 | 1,980,960 |
| Non-current items: | | |
| Pledged Time deposit | $ 21,700 | $ 21,700 |

1. The details of recognition of financial assets measured by amortized cost as gains or losses are as follows:

| | 2021 | 2020 |
|---|---|---|
| Interest income | $ 6,474 | $ 21,616 |

2. The fixed deposits of amount of $46,000 and $21,700, the purpose of which is limited by the customs guarantee are accounted in "financial assets measured at amortized cost - current" and "financial assets measured at amortized cost - non-current". Please refer to Note VIII for details.

3. For credit risk information, please refer to Note 12 (2).

## (III) Accounts receivable

| Items | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable | $ 761,947 | $ 627,438 |
| Accounts receivable - related parties | 991 | 1,662 |
| | 762,938 | 629,100 |
| Less: allowance for losses and bad debts | - | - |
| | $ 762,938 | $ 629,100 |

The Group does not have accounts provided as hypothecation security.

1. Aging analysis of accounts receivable is stated as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Not overdue | $ 688,974 | $ 580,727 |
| ≤30 days | 69,981 | 46,146 |
| 31-90 days | 3,978 | 1,729 |
| 91-180 days | 5 | 498 |
| More than 181 days | - | - |
| | $ 762,938 | $ 629,100 |

The aging analysis above was based on the number of days overdue.

2. The account receivable balance as of December 31 2021 and December 31 2020 were generated from customer contracts, and the account receivable balance from customer contracts as of January 1 2020 amounted to $1,156,831.

3. The maximum exposure of credit risk of the group deriving from account receivables let alone the collaterals held or other enhanced credit amounted to $762,938 and $629,100 as of December 31 2021 and December 31 2020, respectively. For credit risk information, please refer to Note 12(2).

## (IV) Inventory

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Raw materials | $ 109,537 | $ 73,113 |
| Allowance for price decline of inventories | ( 4,689 ) | ( 4,665 ) |
| Carrying amount | $ 104,848 | $ 68,448 |

The cost of inventories recognized as expense for the period:

| | 2021 | 2020 |
|---|---|---|
| Inventory cost and labor cost | $ 2,374,803 | $ 2,178,123 |
| Loss from falling price | 24 | 2,252 |
| Exchange Influence | - | ( 169 ) |
| | $ 2,374,827 | $ 2,180,206 |

(V) Property, plant, and equipment

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Machinery equipment | Office equipment and other equipment | Equipment awaiting examination | Total |
| Cost | $ 194,924 | $ 852,402 | $ 10,842,170 | $ 1,325,142 | $ 15,231 | $ 13,229,869 |
| Accumulated depreciation | - | ( 795,275 ) | ( 9,564,292 ) | ( 1,101,560 ) | - | ( 11,461,127 ) |
| | $ 194,924 | $ 57,127 | $ 1,277,878 | $ 223,582 | $ 15,231 | $ 1,768,742 |
| January 1 | $ 194,924 | $ 57,127 | $ 1,277,878 | $ 223,582 | 15,231 | $ 1,768,742 |
| Additions | - | 13,310 | 1,258,032 | 221,552 | 40,010 | 1,532,904 |
| Disposals | - | - | ( 249 ) | ( 4,150 ) | - | ( 4,399 ) |
| Reclassification | - | - | 2,673 | 12,554 | ( 15,227 ) | - |
| Depreciation expenses | - | ( 10,315 ) | ( 496,931 ) | ( 95,597 ) | - | ( 602,843 ) |
| Net exchange differences | - | - | ( 23,521 ) | ( 3,760 ) | ( 4 ) | ( 27,285 ) |
| December 31 | $ 194,924 | $ 60,122 | $ 2,017,882 | $ 354,181 | $ 40,010 | $ 2,667,119 |
| December 31 | | | | | | |
| Cost | $ 194,924 | $ 855,179 | $ 11,532,717 | $ 1,460,234 | $ 40,010 | $ 14,083,064 |
| Accumulated depreciation | - | ( 795,057 ) | ( 9,514,835 ) | ( 1,106,053 ) | - | ( 11,415,945 ) |
| | $ 194,924 | $ 60,122 | $ 2,017,882 | $ 354,181 | $ 40,010 | $ 2,667,119 |

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Machinery equipment | Office equipment and other equipment | Equipment awaiting examination | Total |
| Cost | $ 194,924 | $ 851,293 | $ 10,957,684 | $ 1,310,031 | $ 121,437 | $ 13,435,369 |
| Accumulated depreciation | - | ( 784,517 ) | ( 9,479,013 ) | ( 1,070,155 ) | - | ( 11,333,685 ) |
| | $ 194,924 | $ 66,776 | $ 1,478,671 | $ 239,876 | $ 121,437 | $ 2,101,684 |
| January 1 | $ 194,924 | $ 66,776 | $ 1,478,671 | $ 239,876 | $ 121,437 | $ 2,101,684 |
| Additions | - | 1,110 | 282,181 | 60,164 | 15,242 | 358,697 |
| Disposals | - | - | ( 1,832 ) | - | - | ( 1,832 ) |
| Reclassification | - | - | 120,190 | 1,433 | ( 121,623 ) | - |
| Depreciation expenses | - | ( 10,759 ) | ( 549,662 ) | ( 71,475 ) | - | ( 631,896 ) |
| Net exchange differences | - | - | ( 51,670 ) | ( 6,415 ) | ( 175 ) | ( 57,911 ) |
| December 31 | $ 194,924 | $ 57,127 | $ 1,227,878 | $ 223,582 | $ 15,231 | $ 1,768,742 |
| December 31 | | | | | | |
| Cost | $ 194,924 | $ 852,402 | $ 10,852,487 | $ 1,325,142 | $ 15,231 | $ 13,240,186 |
| Accumulated depreciation | - | ( 795,275 ) | ( 9,574,609 ) | ( 1,101,560 ) | - | ( 11,471,444 ) |
| | $ 194,924 | $ 57,127 | $ 1,277,878 | $ 223,582 | $ 15,231 | $ 1,768,742 |

Amount of capitalization and interest rate range of real estate, plants, and equipment borrowing costs:

| | 2021 | 2020 |
|---|---|---|
| Amount of capitalization | $ 46 | $ 503 |
| Interest rate range | 0.98%~1.08% | 0.55%~1.12% |

(VI) Lease transactions－Lessee

1. Underlying assets of leased by the Group include any building, machinery equipment, and company vehicles. Normally, the lease term is between two to ten years. All lease contracts are negotiated individually and include various terms and conditions. Except for pledge and guarantee purposes, no other restrictions have been imposed.
2. The lease term of the Group for the leasing of building and machinery equipment is limited to 12 months. The low value subject matters of lease are buildings and machinery equipment.
3. Information of book value and depreciation expense of right-of-use asset is described below:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | Book Value | Book Value |
| Building | $ 4,478 | $ 5,124 |
| Transportation Equipment (Company Vehicle) | 3,405 | 3,172 |
| | $ 7,883 | $ 8,296 |

| | 2021 | 2020 |
|---|---|---|
| | Depreciation Expense | Depreciation Expense |
| Building | $ 508 | $ 562 |
| Machinery Equipment | - | 25,828 |
| Transportation Equipment (Company Vehicle) | 1,591 | 1,755 |
| | $ 2,099 | $ 28,145 |

4. The addition of right of use assets in 2021 and 2020 amounted to $1,836 and $7,084, respectively.

5. Information of profit and loss items related to lease contracts is shown below:

| | 2021 | 2020 |
|---|---|---|
| Items of influence of current profit and loss | | |
| Interest expense of lease obligations | $ 83 | $ 127 |
| Expense of short-term lease | 43,126 | 30,972 |
| Expense of low-value asset lease | 6,893 | 9,082 |

6. The total amount in cash outflow to rental expense of the Group in 2021 and 2020 amounted to $52,288 and $66,149, respectively.

(VII) Lease transactions－Lessor

1. Underlying assets of leased out by the Group include any buildings and generally, the lease term is five years. Lease contracts are negotiated individually and include various terms and conditions. Requirements are usually made for uses of asset rented for security purpose.
2. In 2021 and 2020, rental income has been recognized as $463and $463 respectively according to operating lease contracts and there has been no change of lease payment change.
3. Analyses of maturity date of lease payment of operating lease of the Company is shown below:

| | 20211231 | | 20201231 |
|---|---|---|---|
| 2022 | $ 453 | 2021 | $ 288 |
| 2023 | 349 | 2022 | 219 |
| 2024 | 349 | 2023 | 114 |
| 2025 | 320 | 2024 | 114 |
| 2026 | 117 | 2025 | 86 |
| Total | $ 1,588 | Total | $ 821 |

## (VIII) Intangible asset

| | 2021 |
|---|---|
| | Computer software |
| January 1 | |
| Cost | 197,793 |
| Accumulated amortization and impairment | ( 145,678 ) |
| | 52,115 |
| January 1 | 52,115 |
| Add - derived from separate gain | 95,009 |
| Amortization | ( 24,825 ) |
| Net exchange differences | ( 307 ) |
| December 31 | 121,992 |
| December 31 | |
| Cost | 289,606 |
| Accumulated amortization and impairment | ( 167,614 ) |
| | 121,992 |

| | 2020 | | |
|---|---|---|---|
| | Technical royalties | Computer software | Total |
| January 1 | | | |
| Cost | $ 35,976 | $ 172,105 | $ 208,081 |
| Accumulated amortization and impairment | ( 35,976 ) | ( 139,973 ) | ( 175,949 ) |
| | $ - | $ 32,132 | $ 32,132 |
| January 1 | $ - | $ 32,132 | $ 32,132 |
| Add - derived from separate gain | - | 31,488 | 31,488 |
| Amortization | - | ( 10,941 ) | ( 10,941 ) |
| Net exchange differences | - | ( 564 ) | ( 564 ) |
| December 31 | $ - | $ 52,115 | $ 52,115 |
| December 31 | | | |
| Cost | $ - | $ 197,793 | $ 197,793 |
| Accumulated amortization and impairment | ( - ) | ( 145,678 ) | ( 145,678 ) |
| | $ - | $ 52,115 | $ 52,115 |

The amortization details of intangible assets are as follows:

| | 2021 | 2020 |
|---|---|---|
| Operating cost | $ 21,540 | $ 6,907 |
| Administrative expenses | 3,285 | 4,034 |
| | $ 24,825 | $ 10,941 |

(IX) Other payables

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Bonus and salaries payable | $ 145,968 | $ 103,993 |
| Compensation payable to employees and remuneration payable to Directors and Supervisors | 39,532 | 44,556 |
| Payables on equipment | 181,244 | 146,656 |
| Others | $ 131,000 | $ 98,106 |
| | 497,744 | 393,311 |

(X) Long-term loans

| Loan type | Loan period and repayment method | Interest range | Collateral | Remark | December 31, 2021 |
|---|---|---|---|---|---|
| Long-term bank loans | | | | | |
| Credit borrowing | From December 2, 2020 to November 15, 2025, to repay in installments over the period of the agreement | 0.550% | None | None 2 | $ 196,000 |
| Credit borrowing | From February 8, 2021 to January 15, 2026, to repay in installments over the period of the agreement | 0.550% | None | None 2 | 100,000 |
| Credit borrowing | From April 8, 2021 to April 15, 2026, to repay in installments over the period of the agreement | 0.500% | None | None 2 | 150,000 |
| Credit borrowing | From April 22, 2021 to April 15, 2026, to repay in installments over the period of the agreement | 0.480% | None | None 2 | 300,000 |
| | | | | | 746,000 |
| Less: Long-term loans due within one year or one operating cycle | | | | | - |
| | | | | | $ 746,000 |

| Loan type | Loan period and repayment method | Interest range | Collateral | Remark | December 31, 2020 |
|---|---|---|---|---|---|
| Long-term bank loans | | | | | |
| Credit borrowing | From March 20, 2019 to March 2022, to repay in installments over the period of the agreement | 1.0800% | None | None 2 | 127,500 |
| Credit borrowing | From March 20, 2019 to March 2022, to repay in installments over the period of the agreement | 1.1174% | None | None 2 | 300,000 |
| Credit borrowing | From December 2, 2020 to December 2, 2025, to repay in installments over the period of the agreement | 0.550% | None | None 2 | 3,000 |
| | | | | | 430,500 |
| Less: Long-term loans due within one year or one operating cycle | | | | | ( 145,000) |
| | | | | | $ 285,500 |

Note 1: The Company has obtained the approval of the Ministry of Economic Affairs to qualify for a project loan, so it repaid the long-term loan in advance, and the original credit contract did not set a limit on early repayment.

Note 2: On July 1, 2019, the Ministry of Economic Affairs implemented the "Accelerated Investment Action Plan for Enterprises Remaining in Taiwan". Enterprises can obtain subsidized loans from financial institutions for compliant investment projects at a preferential interest rate of 0.58%~0.80%. The company has been approved by the Ministry of Economic Affairs as being eligible for project loans and has signed a loan contract with a financial institution to obtain a total financing line of NT$746 million, with a credit period of five years. The funds obtained are used for newly purchased machinery and equipment and operating turnover. In 2021, the Company recognized the loan project subsidy income of $1,628 (accounted as "other income").

Credit loans

According to terms of credit contracts signed, before loans are paid back in full before the each credit duration, financial ratios and terms shall be maintained as summarized below:

1. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 100%.
2. Debt ratio: the total net liabilities plus contingent liabilities divided by tangible net value in the consolidated financial statements shall not be more than 100%.
3. Interest coverage ratio: the net profit before tax plus interest expenses plus depreciation expenses and amortization expenses divided by interest expenses in the consolidated financial statements shall not be less than 4 times.

4. Shares of Winstek Semiconductor Corporation held by Sigurd Corporation shall not be less than 51% and the directors must maintain more than half of the seats. Winstek Semiconductor Corporation holds no less than 100% of the shares of Winstek Semiconductor Technology Co., Ltd.

5. Net value of tangible assets shall not be lower than NT$3.8 billion.

6. The balance of deposit at the contract bank over the recent three months on average shall not be lower than NT$ 6 million.

The said financial commitment ratios use the consolidated financial statement audited or approved by the CPT quarterly as the calculation basis and the consolidated financial statement of the Group in 2021 and 2020 meet the requirement of the financial ratios.

(XI) Pension Funds

1. (1) The company and the subsidiaries in accordance with the provisions of the "Labor Standards Law," have made the method to define retirement allowance, which applies to the length of service of all regular employee before the implementation of "Labor Pensions Ordinance" on July 1, 2005, and the length of follow-up service of employee choosing to continue to apply to "Labor Standards Law" after the implementation of "Labor Pensions Ordinance." Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed forty-five (45). The Company shall contribute 2% of the total salary to the pension fund on a monthly basis, which shall be deposited into an account of the Bank of Taiwan in the name of the Supervisory Committee of Workers' Pension Preparation Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

(2) Amounts recognized on the balance sheets are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Present value of Defined Benefit obligations | $ 53,897 | $ 52,400 |
| Fair value of plan assets | ( 27,259 ) | ( 25,584 ) |
| Net defined benefit liabilities | $ 26,638 | $ 26,816 |

(3) Changes in net defined benefit liabilities are as follows:

| 2021 | Present value of defined benefit obligations | Plan fair value of assets | Net defined benefit liabilities |
|---|---|---|---|
| 2021 | | | |
| Balance as of January 1 | $ 52,400 | ( $ 25,584 ) | $ 26,816 |
| Interest expense (income) | 262 | ( 132 ) | 130 |
| | 52,662 | ( 25,716 ) | 26,946 |
| Remeasurement amount: | | | |
| Plan assets return (excluding amounts included in interest income or expenses) | - | ( $ 316 ) | ( 316 ) |
| Impacts of changes in demographic assumptions | 2,245 | - | 2,245 |
| Impacts of changes in financial assumptions | ( 1,745) | - | ( 1,745 ) |
| Experience adjustment | 1,114 | - | 1,114 |
| | 1,614 | ( 316 ) | 1,298 |
| Provision of pension funds | - | ( 1,606 ) | ( 1,606 ) |
| Pay pension | ( 379) | 379 | - |
| Balance as of December 31 | $ 53,897 | ( $ 27,259 ) | $ 26,638 |

| 2020 | Present value of defined benefit obligations | Plan fair value of assets | Net defined benefit liabilities |
|---|---|---|---|
| 2020 | | | |
| Balance as of January 1 | $ 44,297 | ( $ 23,080 ) | $ 21,217 |
| Interest expense (income) | 443 | ( 238 ) | 205 |
| | 44,740 | ( 23,318 ) | 21,422 |
| Remeasurement amount: | | | |
| Plan assets return (excluding amounts included in interest income or expenses) | - | ( 670 ) | ( 670 ) |
| Impacts of changes in demographic assumptions | 805 | - | 805 |
| Impacts of changes in financial assumptions | 3,430 | - | 3,430 |
| Experience adjustment | 3,425 | - | 3,425 |
| | 7,660 | ( 670 ) | 6,990 |
| Provision of pension funds | - | ( 1,596 ) | ( 1,596 ) |
| Balance as of December 31 | $ 52,400 | ( $ 25,584 ) | $ 26,816 |

(4) The fund asset of the Company's defined benefit pension plan (hereinafter referred to as the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the "Regulations for Revenues, Expenditures,

Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total assets of the Fund as of 31 December, 2020 and 31 December, 2021, please refer to the various annual labor pension utilization reports issued by the government.

(5) Actuarial assumptions on pensions are summarized as follows:

| | 2021 | 2020 |
|---|---|---|
| Discount rate | 0.750% | 0.500% |
| Future increase rate of wage | 3.000% | 3.000% |

2021 and 2020 The assumptions for future mortality rate are estimated by the Sixth and Fifth Experience Mortality Table of Taiwan's life insurance industry.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

| | Discount rate | | Future increase rate of wage | |
|---|---|---|---|---|
| | Increase of 0.25% | Decrease of 0.25% | Increase of 0.25% | Decrease of 0.25% |
| December 31, 2021 | | | | |
| The impact on present value of defined benefit obligations | ($ 1,721) | $ 1,800 | $ 1,733 | ($ 1,667) |
| December 31, 2020 | | | | |
| The impact on present value of defined benefit obligations | ($ 1,762) | $ 1,846 | $ 1,773 | ($ 1,703) |

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of analyzing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

(6) The Group's projected allocation to the pension plan for the year 2022 is $1,664

(7) As at 31 December 2021, the weighted average duration of the pension plan is 13 years. The analysis of the due dates of retirement allowance payment is as follows:

| | | |
|---|---|---|
| Within 1 year | $ | 620 |
| 1 - 2 years | | 644 |
| 2 - 5 years | | 9,138 |
| 5-10 years | | 11,023 |
| | $ | 21,470 |

2. (1) As of July 1, 2005, the Company and its subsidiaries have, in accordance with the "Labor Pensions Ordinance," have made the method to define retirement allowance, which applies to local employees. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance.

(2) The retirement allowance costs recognized by the Group under the above retirement allowance method were $26,994 and $24,960 respectively in the years of 2021 and 2020.

3. The other long-term employee benefit plans (pension for death) provided by the Group to the employees, which is measured by an actuarial technology on other long-term employee benefit liabilities, other long-term employee benefit liabilities were recognized at NT$0 and NT$3,335 as of December 31, 2021 and December 31, 2020, respectively.

(XII) Share capital

On December 31, 2021, the Company's authorized capital was NT$4 billion, divided into 400 million shares, and the paid-up capital was NT$1,362,617, with a face value of NT$ 10 per share. Share payments for the Company's issued shares have been collected in full.

Quantities of the Company's outstanding ordinary shares at the beginning and ending of periods were reconciled as follows:

Unit: 1,000 shares

| | 2021 | 2020 |
|---|---|---|
| January 1/December 31 | 136,262 | 136,262 |

(XIII) Capital surplus

According to the provisions of the Company Act, over face value of share premium gifts of assets donated to additional paid-in capital for covering deficit. If there is no accumulated deficit in company, company shall issue new shares with existing shares or cash by ratio to shareholders According to the relevant provisions of the Securities Exchange Act, allocated capital from additional paid-in capital, its maximum not exceed the limit of 10% of the paid-up capital each year Company in surplus reserves to fill the capital loss still remains insufficient, may not be complemented by additional paid-in capital.

2021

| | Issue premium | Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries |
|---|---|---|
| January 1/December 31 | $ 250,734 | $ 115,509 |

2020

| | Issue premium | Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries |
|---|---|---|
| January 1/December 31 | $ $ 250,734 | $ 115,509 |

(XIV) Retained earnings

1. In accordance with the Articles of Association of the Company, if there is after-tax surplus in the annual accounts, 10% of the statutory capital reserve shall be appropriated after covering the loss of previous years, and the special capital reserve shall be appropriated as necessary. If there is still surplus, together with the accumulated undistributed surplus of the previous years, the Board of Directors may reserve a portion of the surplus based on the operating circumstances, and draw the allocation plan of net income and submit to the shareholders' meeting for resolution to distribute shareholder dividend. The Board of Directors authorized will especially resolve to distribute part or all stock dividend and bonus in cash and report to the shareholders' meeting.
2. The dividend distribution policy of the Company shall consider the current surplus status of the Company and the future investment environment, the capital demand, capital budget plan and operating plan, etc., allocated according to the financial structure and the surplus dilution situation, the amount of which shall be not less

than 10% of the net surplus after-tax in current year, but shall be retained and not assigned if the EPS is below NT$ 0.5 or dividend distribution will result in a breach of contract. The Company's surplus may be distributed as stock dividends or cash dividends, of which the cash dividends shall not be less than 10% of the total dividends.

3. The Board of Directors of the Company may at the end of a semi-accounting year, compile a business report, financial statements, and resolutions about surplus distribution or recovery of loss for the audit first by the Audit Committee and submission to the Board of Directors afterwards. When distributing surplus, tax payables, recovery of losses, and statutory surplus reserve as required by laws hall be estimated and reserved. But there shall be an exception when statutory surplus reserve exceeds the amount of paid-in capital. If distribution of the said surplus is provided via issuing of new stocks, it shall be handled according to Article 240 of the Company Law and the distribution in cash shall be resolved by the Board of Directors.

4. The statutory capital reserve shall not be used except to cover the Company's losses and to issue new shares or cash in proportion to the shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall exceed 25% of the reserves of the paid-in capital.

5. By resolutions of the shareholders' meeting on July 13, 2021 and June 9, 2020, respectively, the Company adopted the following surplus allocation for the years of 2021 and 2020:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Amount | Dividend per share (NT$) | Amount | Dividend per share (NT$) |
| Legal reserve | $ 20,241 | $ - | $ 56,187 | $ - |
| Special reserve | 157,618 | - | 45,854 | - |
| Cash dividend | $ 167,518 | $ 1.23 | $ 204,392 | $ 1.50 |
| Total | 345,377 | 1.23 | 306,433 | 1.50 |

6. By a resolution of the Board of Directors on March 7, 2022, the Company adopted the following surplus allocation plan for the year 2021:

| | 2021 | |
|---|---|---|
| | Amount | Dividend per share (NT$) |
| Legal reserve | 39,263 | - |
| Special reserve | 78,597 | - |
| Cash dividend (Note) | $ 313,402 | $ 2.30 |
| Total | 431,262 | 2.30 |

Note: Please visit the Market Observation Post System for information about dividend distribution decided by the Board of Directors of the Company.

(XV) Revenue

| | 2021 | 2020 |
|---|---|---|
| Revenue from customer contracts | $ 3,086,392 | $ 2,613,534 |

1. Segments of revenue from contracts with customers

The revenue of the Group is derived from the provision of services that are gradually transferred over time and can be categorized into the following main product lines:

| 2021 | Testing income | Bumping income | Other services income | Total |
|---|---|---|---|---|
| Segment revenue | $ 1,138,971 | $ 1,919,593 | $ 27,828 | $ 3,086,392 |
| Revenue from external customer contracts | $ 1,138,971 | $ 1,919,593 | $ 27,828 | $ 3,086,392 |
| 2020 | Testing income | Bumping income | Other services income | Total |
| Segment revenue | $ 706,354 | $ 1,871,915 | $ 35,265 | $ 2,613,534 |
| Revenue from external customer contracts | $ 706,354 | $ 1,871,915 | $ 35,265 | $ 2,613,534 |

2. Contract assets and liabilities

The assets and liabilities associated with the client's contract revenue recognized by the Group are as follows:

| | December 31, 2021 | December 31, 2020 | January 1, 2020 |
|---|---|---|---|
| Contract assets: | | | |
| Contract assets - packaging testing | $ 22,510 | $ 50,529 | $ 20,401 |
| Contract liabilities | $ - | $ 396 | $ - |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Contract liabilities | $ 396 | $ - |

### (XVI) Interest income

| | 2021 | 2020 |
|---|---|---|
| Interest from bank deposits | $ 894 | $ 2,092 |
| Interest income from financial assets at amortized cost | 6,475 | 21,616 |
| | 7,369 | 23,708 |

### (XVII) Other income

| | 2021 | 2020 |
|---|---|---|
| Rental income | $ 463 | $ 463 |
| Government subsidy | 1,628 | - |
| | 2,091 | 463 |

### (XVIII) Other gains and losses

| | 2021 | 2020 |
|---|---|---|
| Interests from disposal of property, plant, and equipment | $ 4,209 | $ 7,468 |
| Foreign exchange gains (losses) | ( 23,840 ) | ( 28,303 ) |
| Other gains and losses | 5,668 | 5,049 |
| | ($ 13,963 ) | ( $ 15,786 ) |

### (XIX) Financial cost

| | 2021 | 2020 |
|---|---|---|
| Interest expense | $ 4,699 | $ 8,026 |
| Other financial expenses | 95 | 147 |
| Capitalized interest | ( 46 ) | ( 503 ) |
| | $ 4,748 | 7,670 |

### (XX) Additional information regarding the nature of expense

| | 2021 | 2020 |
|---|---|---|
| Employee benefit expenses | $ 818,372 | $ 706,122 |

| | | |
|---|---|---|
| Depreciation expenses of property, plant, and equipment | 604,942 | 660,041 |
| Amortization expense of intangible assets | $ 24,825 | $ 10,941 |

(XXI) Employee benefit expenses

| | 2021 | 2020 |
|---|---|---|
| Wages and salaries expenses | $ 699,968 | $ 599,401 |
| Labor and health insurance expenses | 61,437 | 51,226 |
| Pension expense | 27,124 | 25,165 |
| Other employment expenses | 29,843 | 30,330 |
| | $ 818,372 | $ 706,122 |

1. According to the Articles of Association of the Company, if the Company earns profits during the year, 0.1%~15% of which shall be allocated to the employees bonus. If remuneration is in the form of a stock dividend or cash dividend, the employees of controlled entities or subsidiaries shall also be entitled. The Company shall appropriate for covering loss carried forward if applicable. If the company earns profits during the year, less than 3% of which shall be appropriated as directors' bonus depending on the operating circumstances. The Company shall appropriate for covering loss carried forward if applicable.
2. The Company estimated remuneration to employees in 2021 and 2020 amounting to $25,738 and $21,848, respectively, and estimated remuneration to Directors at $0 for both years. The above amount was presented under the account title of salary expense in the book.

   The Board resolved to pay out remuneration to employees and Directors amounting to $21,848 and $0 in 2020, which is relevant with the amount presented in the financial report of 2020.

Information on remuneration to employees and Directors passed by the Board is available and Market Observation Post Service.

(XXII) Income tax

1. Income tax expense

   (1) Components of income tax expense:

| | 2021 | 2020 |
|---|---|---|
| Current income tax: | | |
| Income tax incurred in current period | $ 95,625 | 55,513 |
| Overestimation of prior year's annual income tax | ( 16,975) | ( 30,077 ) |
| Total income tax in the period | 75,681 | 25,436 |
| Deferred income tax: | | |
| Initial recognition and reversal of temporary differences | 1,528 | 7,088 |
| Total deferred income tax | 1,528 | 7,088 |
| Income tax expense | $ 77,209 | $ 18,348 |

2. Relation between income tax expense and accounting profit

| | 2021 | 2020 |
|---|---|---|
| Income tax calculated on net profit before tax by statutory tax rate | $ 94,228 | $ 45,317 |
| Expenses which shall be excluded in accordance with the provisions of the tax law | 882 | 686 |
| Overestimation of prior year's annual income tax | ( 16,975 ) | ( 30,077 ) |
| Other | ( 926 ) | 2,422 |
| Income tax expense | $ 77,209 | $ 18,348 |

3. The amount of assets or liabilities of deferred income tax resulting from temporary difference is shown below:

| | 2021 | | |
|---|---|---|---|
| | January 1 | Recognized in profit and loss | December 31 |
| Deferred income tax assets: | | | |
| - Temporary differences: | | | |
| Tax differentials in depreciation expenses | $ 11,602 | $ 595 | $ 12,197 |
| Unrealized exchange loss | 9,638 | ( 3,252 ) | 6,386 |
| Inventory allowance loss from falling price | 957 | 34 | 991 |
| Other | 2,163 | ( 183 ) | 1,980 |
| Subtotal | 24,360 | ( 2,806 ) | 21,554 |
| - Deferred income tax liabilities: | | | |
| Unrealized exchange gains | ( 1,471 ) | 1,133 | ( 338 ) |
| Other | ( 145 ) | 145 | - ) |
| Subtotal | ( 1,616 ) | 1,278 | ( 338 ) |
| Total | $ 22,744 | ( $ 1,528 ) | $ 21,21 |

| | 2020 | | |
|---|---|---|---|
| | January 1 | Recognized in profit and loss | December 31 |
| Deferred income tax assets: | | | |
| - Temporary differences: | | | |
| Tax differentials in depreciation expenses | $ 11,007 | $ 595 | $ 11,602 |
| Unrealized exchange loss | 7,571 | 2,067 | 9,638 |
| Inventory allowance loss from falling price | 540 | 417 | 957 |
| Other | 558 | 1,605 | 2,163 |
| Subtotal | 19,676 | 4,684 | 24,360 |
| - Deferred income tax liabilities: | | | |
| Unrealized exchange gains | ( 3,598 ) | 2,127 | ( 1,471 ) |
| Other | ( 422 ) | 277 | ( 145 ) |
| Subtotal | ( 4,020 ) | 2,404 | ( 1,616 ) |
| Total | $ 15,656 | $ 7,088 | $ 22,744 |

4. The Company's business income tax has been audited and approved by the taxation authority until the year of 2019.

## (XXIII) Earnings per share (EPS)

| | 2021 | | |
|---|---|---|---|
| | After-tax amount | Weighted average flow Number of outstanding shares (thousand shares) | Earnings per share (NT$) |
| Basic earnings per share | | | |
| Net profit of this period attributable to the ordinary shareholders of the parent company | $ 393,931 | 136,262 | $ 2.89 |
| Diluted earnings per share | | | |
| Net profit of this period attributable to the ordinary shareholders of the parent company | 393,931 | 136,262 | |
| Impacts of dilutive potential ordinary shares | | | |
| Employee remuneration | - | 944 | |
| Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period | $ 393,931 | 137,206 | $ 2.87 |

| | 2020 | | |
|---|---|---|---|
| | After-tax amount | Weighted average flow Number of outstanding shares (thousand shares) | Earnings per share (NT$) |
| Basic earnings per share | | | |
| Net profit of this period attributable to the ordinary shareholders of the parent company | $ 209,398 | 136,262 | $ 1.54 |
| Diluted earnings per share | | | |
| Net profit of this period attributable to the ordinary shareholders of the parent company | 209,398 | 136,262 | |
| Impacts of dilutive potential ordinary shares | | | |
| Employee remuneration | - | 1,071 | |
| Impacts of net profits plus potential ordinary shares attributable to the ordinary shareholders of the parent company in the current period | $ 209,398 | 137,333 | $ 1.52 |

## (XXIV) Additional information regarding cash flows

Investing activities with partial cash payments:

| | 2021 | 2020 |
|---|---|---|
| Purchase of property, plant, and equipment | $ 1,532,904 | $ 358,697 |
| Add: payable on equipment at the beginning of period | 146,656 | 229,038 |
| Add: prepaid equipment at the end of the period(None) | 115,070 | - |
| Less: payable on equipment at the end of the period | ( 181,244 ) | ( 146,656 ) |
| Cash paid in the period | $ 1,163,386 | $ 441,079 |

None: List on Other non-current assets

## (XXV) Changes in financing liabilities

2021

| | Leasing obligations | Long-term loans (note) | Deposit Received | Total liabilities from financing activities |
|---|---|---|---|---|
| January 1 | $ 8,344 | $ 430,500 | $ 228 | $ 439,072 |
| Changes in cash flows from financing activities | ( 2,186 ) | 315,500 | 39 | 313,353 |
| Other non-cash changes: | | | | |
| Interest costs | 83 | - | - | 83 |
| Impacts of exchange rate changes | - | - | - | - |
| Increase of current period | 1,836 | - | - | 1,836 |
| December 31 | $ 8,077 | $ 746,000 | $ 267 | $ 754,344 |

2020

| | Leasing obligations | Long-term loans (note) | Deposit Received | Total liabilities from financing activities |
|---|---|---|---|---|
| January 1 | $ 28,723 | $ 690,000 | $ 204 | $ 718,927 |
| Changes in cash flows from financing activities | ( 25,968 ) | ( 259,500 ) | 24 | ( 285,444 ) |
| Other non-cash changes: | | | | - |
| Interest costs | 127 | - | - | 127 |
| Impacts of exchange rate changes | 413 | - | - | 413 |
| Amortization of arranger fees | 7,084 | - | - | 7,084 |
| Increase of current period | ( 2,035 ) | - | - | ( 2,035 ) |
| December 31 | $ 8,344 | $ 430,500 | $ 288 | $ 439,072 |

Note: include long-term loans due within one year or one operating cycle.

## VII. Related-party transactions

### (I) The parent company and the ultimate controlling party

The Group was previously controlled by Bloomeria Limited (incorporated in Singapore). It was eventually under the control of Ge-Shing Corporation Since July 6, 2020 after Bloomeria Limited has transfer all the equity shares under its holding holds 51.90% of the Company's shares. The ultimate parent company and the ultimate controlling entity of the Group is Sigurd Microelectronics Corporation (incorporated in Taiwan).

### (II) Name and relation of affiliates

| Name of related party | Relation with the Company |
|---|---|
| Sigurd Microelectronics Corporation | Ultimate parent |
| Bloomeria Limited | Parent company (before July 6, 2020) |
| Ge-Shing Corporation | Parent company (after July 6, 2020) |
| Sirize Technology(Suzhou) Corporation | affiliates |

### (III) Major transactions between related parties

1. Operating revenue

| | 2021 | 2020 |
|---|---|---|
| Ultimate parent company | $ 8,782 | $ 9,995 |

Income from labor service is processed according to the general transaction price and conditions, and the payment condition is 30-day monthly statement.

2. Receivables from related parties

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable | | |
| Ultimate parent company | $ 991 | $ 1,662 |
| Other Receivables - Sale of Miscellaneous Acquisitions： | | |
| Affiliate | $ 2,097 | $ - |

Receivables from related parties mainly come from the provision of labor services and the sale of spare parts of machinery and equipment. The receivables are unsecured and interest-bearing.

3. Payables to related parties

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other payables： | | |
| Ultimate parent company | | |
| Other payables-processing services | $ 646 | $ 257 |
| Ultimate parent company | | |
| | $ 93 | $ - |

The payables to related parties are mainly from labor services provided by related parties. There is no interest bearing on the payables.

4. Property transactions

Disposal of property, plant, and equipment:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Ultimate parent company | Disposal price | Gain (loss) from disposal | Disposal price | Gain (loss) from disposal |
| | $ - | $ - | $ 4,840 | $ 3,008 |

5. Other transactions

| | Accounting subject | Amount of transaction 2021 | Amount of transaction 2020 |
|---|---|---|---|
| Ultimate parent company | Rental receipt | $ 831 | $ 131 |
| | Receipt of processing services | $ 6,571 | $ 634 |

(IV) Information about Remunerations to the Major Management:

| | 2021 | 2020 |
|---|---|---|
| Short-term employee benefits | $ 29,361 | $ 34,392 |
| Benefits after retirement | $ 558 | $ 729 |
| Total | $ 29,919 | $ 35,121 |

VIII. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

| | Book value | | |
|---|---|---|---|
| Assets | December 31, 2021 | December 31, 2020 | Collateral purpose |
| Hypothecated time deposits (financial assets account measured at amortized cost - non-current) | $ 46,700 | $ 21,700 | Customs security |

IX. Significant contingent liabilities and unrecognized commitments

(I) The Group has signed a five-year technical service agreement with STATS ChipPAC Ltd. on August 5, 2015. Within five years from the signed date of this agreement, the Company and Winstek Semiconductor Technology (hereinafter referred to as Winstek) shall retain the capacity to provide STATS ChipPAC Ltd. 's wafer level packaging and testing services. As stipulated in the contract as follows:

1. The Group Corporation must reserve minimum capacity monthly for STATS ChipPAC Ltd. for providing real-time service. If the volume of purchase orders placed by STATS ChipPAC Ltd. Falls within the maximum and the minimum capacity, the Company shall provide service within the range of disposable capacity. If the volume of purchase orders of STATS ChipPAC Ltd. exceeds the capacity, the Company and Winstek Semiconductor Technology Corporation are not obliged to provide service.
2. During the term of the contract, STATS ChipPAC Ltd. Shall place an order with the Group at the agreed minimum purchase quantity for each year at the agreed price, that is, the Group may claim the balance consideration in accordance with the procedures stipulated in the contract for the part of its retained capacity that does not meet the minimum purchase quantity. Settlement should be carried out every twelve months from the date of signing the contract. If STATS ChipPAC Ltd does not meet the minimum purchase amount, it may exercise the right to defer the minimum purchase amount by 5% to the next year, and pay the consideration to the Group for the portion of the unfulfilled minimum purchase amount deducted the deferred purchase amount. STATS ChipPAC Ltd. may exercise the right to deferred purchase quantity only once a year, and the deferred portion may not be re-deferred in the following year, and the right cannot be exercised in the last year of the contract.
3. In addition, the minimum purchase amount shall be consolidated and the total minimum purchase amount shall remain unchanged as agreed by both parties from the second contract year. The combined minimum purchase amount that STATS ChipPAC Ltd. shall carry out for the Group for the next coming four years is as follows:

Currency: US$ 1,000

| | The second year | The third year | The fourth year | The fifth year |
|---|---|---|---|---|
| Minimum purchase amount | $ 80,800 | $ 75,100 | $ 63,200 | $ 51,400 |
| Deferred amount for the second year | 4,750 | - | - | - |
| Deferred amount for the third year | ( 4,040 ) | 4,040 | - | - |
| Deferred amount for the fourth year | - | ( 3,755 ) | 3,755 | - |
| Deferred amount for the fifth year | - | - | ( 3,160 ) | 3,160 |
| | $ 81,510 | $ 75,385 | $ 63,795 | $ 54,560 |

STATS ChipPAC Ltd. did not meet the minimum purchase quantity in year 2 and year 3. The Group have claimed compensation under the agreement and recognized as income. In consideration of the long-term cooperative relationships of both parties, STATS ChipPAC Ltd. proposed to conciliate based on the long-term business interests. And the Group considering the business operations and business judgment, resolved and approved the proposed settlement with STATS ChipPAC Ltd. by the board of directors on September 20, 2018, as follows:

(1) Both parties agree that the technical services agreement shall be extended for another two years (from August 5, 2020 to August 4, 2022). And in accordance with the agreement, STATS ChipPAC Ltd. perform the combined minimum purchase amount for the Group as follows:

Currency: US$ 1,000

| | The sixth year | The seventh year |
|---|---|---|
| Minimum purchase amount | $ 30,000 | $ 30,000 |

(2) The Group retain the capacity of US $40,000,000 per contract year for the extend period of two years to STATS ChipPAC Ltd.

(3) If STATS ChipPAC Ltd. fails to meet the above commitment amount in the current year, the insufficient amount may be postponed to the next year.

(4) STATS ChipPAC Ltd. agrees to purchase from the Group on a preferential basis during the fourth year of contract.

(5) Based on the above commercial interests and the long-term cooperative relationship between the two parties, the Group will not claim the difference of US $6,830,000 from STATS ChipPAC Ltd., which is less than the minimum purchase amount for the third year of contract.

The said settlement after negotiation by both parties has not been concluded. Later due to the internal consideration of STATS ChipPAC Ltd., it proposed to further negotiate between both parties for the settlement. The Company resolved by the Board of Directors on March 19, 2019 to change the original settlement with ChipPAC Ltd. into STATS settlement. ChipPAC Lt agreed to pay the Group the amount of US$ 5,000,000 (NT$ 153,850,000) for the minimum purchase it failed to meet in the third contract year. The compensation was received in full and recognized as compensation income.

4. In the fourth contract year (August 5, 2007 to August 4, 2018), STATS ChipPAC Ltd. did not reach the minimum purchase quantity, and the Group have claimed compensation and recognized income according to the contract.
5. The consolidated purchase amount made by STATS ChipPAC Ltd. with the Group in year 5 (08.05.2019 to 08.04.2020) amounted to USD54,135,000, which fell below the minimum quantity of purchase as previously agreed. Both parties entered into a settlement agreement on 11.09.2020 that STATS ChipPAC Ltd. agreed to make compensation amounting to USD383,000, collected in full and recognized as consideration income.

(I) Capital expenditures contracted but not yet incurred

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Property, plant, and equipment | $ 832,810 | $ 178,309 |

## X. Significant losses from disasters

No.

## XI. Material subsequent events

1. The Company resolved and approved the appropriation plan of net income for the year 2021 by the board of directors on March 7, 2022. Please refer to Note 6 (14) for details.
2. On March 7, 2022, the company passed the resolution of the board of directors to expand the operating base for business development. It plans to invest NT$400 million to invest NT$10 per share to establish a wholly owned subsidiary, TST Co., Ltd., the wholly owned subsidiary is expected to engage in the development, lease and sale of industrial plants.

## XII. Others

### (I) Financial situation

The Group's strategy in the year of 2021 remains the same as that in the year of 2020, with the aim of reducing the debt-to-capital ratio to a reasonable level of risk. As of 2021 and December 31, 2020, the Group's debt-to-capital ratios were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Total borrowing | $ 746,000 | $ 430,500 |
| Less: cash and cash equivalent | ( 1,603,413 ) | ( 1,065,623 ) |
| Net debt | ( 857,413 ) | ( 635,123 ) |
| Total equity | 4,875,910 | 4,729,393 |
| Total capital | $ 4,018,497 | $ 4,094,270 |
| Capital and liabilities ratio | - | - |

### (II) Financial Instruments

1. Types of Financial instruments

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial assets | | |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | $ 1,603,413 | $ 1,065,623 |
| Financial assets measured at amortized cost (including noncurrent) | 821,740 | 2,002,660 |
| Accounts receivable | 761,947 | 627,438 |
| Accounts receivable - related parties | 991 | 1,662 |
| Other receivables | 1,913 | 4,538 |
| Other receivables- related parties | 2,097 | |
| Refundable Deposits | 4,503 | 3,851 |
| | $ 3,196,604 | $ 3,705,772 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial liability | | |
| Financial liabilities measured at amortized cost | | |
| Accounts payable | $ 99,450 | $ 82,789 |
| Account payables – related parties | 646 | 257 |
| Other payables | 497,744 | 393,311 |
| Other accounts payable - related parties | 93 | - |
| Long-term loans (including whose due within one year or one operating cycle) | 746,000 | 430,500 |
| Guarantee deposits | 267 | 228 |
| | $ 1,344,200 | $ 907,085 |
| Lease obligations (including non-current) | $ 8,078 | $ 8,344 |

2. Risk Management Policy

(1) The Board of Directors shall fully take the responsibilities for establishment and supervision of the risk management structure of the Group, and take the responsibilities for development and control of the risk management policies of the Group.

(2) The risk management policy of the Group is established to identify and analyze risks encountered by the Group, set appropriate risk limits and control, and supervise the compliance of risks and risk limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Group's operations. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(3) The Audit Committee of the Group shall supervise the management to monitor the compliance of the Group's risk management policies and procedures, and review the appropriateness of the Group's relevant management framework for the risks encountered. Internal auditors assist the Group's audit committee in a supervision role. These officers conduct review on risk management controls and procedures and report the review results to the Audit Committee.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

A. The functional currency of the Company is New Taiwan Dollar and the functional currency of the subsidiary is United States Dollar. Therefore, the information of foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

| | | December 31, 2021 | | |
|---|---|---|---|---|
| | | Foreign Currency (in thousands) | Exchange rate | Carrying amount (NT$) |
| **(Foreign currency: functional currency)** | | | | |
| Financial asset | | | | |
| Monetary items | | | | |
| US$:NT$ | $ | 19,785 | 27.68 $ | 547,649 |
| NT$:US$ | | 442,662 | 0.036 | 442,662 |
| Financial liability | | | | |
| Monetary items | | | | |
| US$:NT$ | $ | 696 | 27.68 $ | 19,265 |
| NT$:US$ | | 1,014,687 | 0.036 | 1,014,687 |

| | | December 31, 2020 | | |
|---|---|---|---|---|
| | | Foreign Currency (in thousands) | Exchange rate | Carrying amount (NT$) |
| **(Foreign currency: functional currency)** | | | | |
| Financial asset | | | | |
| Monetary items | | | | |
| US$:NT$ | $ | 14,831 | 28.48 $ | 422,387 |
| NT$:US$ | | 427,936 | 0.035 | 427,936 |
| Financial liability | | | | |
| Monetary items | | | | |
| US$:NT$ | $ | 1,765 | 28.48 $ | 50,267 |
| NT$:US$ | | 625,072 | 0.035 | 625,072 |

B. Functional currency items of the Group due to foreign exchange with significant impacts were recognized as disclosure of exchanges (losses) in full amount in 2021 and 2020 with the total amount of 23,840 and $28,303 respectively.

C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

| | 2021 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Range of change | Affect the profit and loss | Affect other comprehensive income |
| **(Foreign currency: functional currency)** | | | |
| Financial asset | | | |
| Monetary items | | | |
| US$:NT$ | 1% | $ 5,476 | $ - |
| NT$:US$ | 1% | 4,427 | - |
| Financial liability | | | |
| Monetary items | | | |
| US$:NT$ | 1% | ($ 193) | $ - |
| NT$:US$ | 1% | ( 10,147) | - |

| | 2020 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Range of change | Affect the profit and loss | Affect other comprehensive income |
| **(Foreign currency: functional currency)** | | | |
| Financial asset | | | |
| Monetary items | | | |
| US$:NT$ | 1% | $ 4,224 | $ - |
| NT$:US$ | 1% | 4,279 | - |
| Financial liability | | | |
| Monetary items | | | |
| US$:NT$ | 1% | ($ 503) | $ - |
| NT$:US$ | 1% | ( 6,251) | - |

Cash flow interest rate risk and fair value interest rate risk

A. Interest rate risk of the Group mainly comes from long-term loans issued according to floating rates that expose the Group to interest rate risk of cash flow. In 2021 and 2020, loans of the Group issued according to floating rates are mainly calculated according to New Taiwan Dollars.

B. Loans of the Group are measured according to costs after amortization and values will be re-evaluated according to annual interest rates stated in contracts. Thus, the Group exposes to risk of any interest rate change in future market.

C. When any interest rate of loan increased or decreased 1% and all other factors remained unchanged, in 2021 and 2020, net profit before tax respectively reduce or increase $7,460 and $4,305 respectively mainly due to changes of interest expenses arising according to flowing rates of loans.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss to the Group due to the failure of the customer or counterparty of the financial instrument to perform its contractual obligations, which are mainly resulted from the failure of the counterparty to pay off accounts receivable payable on the terms of collection and the contractual cash flow.

B. The Group manages its credit risk from the perspective of the Group as a whole. Manage and conduct analysis of credit risk prior to determining the terms and conditions for payment and delivery in accordance with the internal credit policy explicitly stated. Internal risk control is conducted in consideration of the financial position, experience in the past and other factors of the customers for assessment of their credit quality. The limits of individual risks are determined on the basis of internal or external rating with routine monitoring of the consumption of credit limit.

C. According to the risk management procedure of the Group, if a specific counterparty fails to make payment in accordance with the agreed terms and conditions of payment and overdue for a certain period, it shall be construed as an act of breach.

D. The Group based on the rating of the customers to classify account receivable and contract assets of customers into two categories, and estimate credit loss on the basis of a simplified method of preparation matrix

E. The Group adopts IFRS 9 in making the following assumption for judgment of possible significant rise of credit risk inherent to the financial instruments after initial recognition:

Suppose specific account is overdue for more than 30 days under the agreed terms and conditions of payment. In that case, it shall be construed as significant risk of credit risk of the financial instrument after initial recognition.

F. The Group uses the following indicators to judge credit impairment of the investment of debt instruments:

(A) High level of insolvency to the issuer, or proceeding to bankruptcy or very likely of financial restructuring:

(B) The financial asset lost its active market due to the insolvency of the issuer.

(C) The issuer delays or declines to pay interest or the principal.

(D) Unfavorable economic change nationwide or in the region that caused the default of the issuer.

G. The Group mainly provides specific customers with semiconductor wafer packaging and testing services. Therefore, the Group assesses the credit risk of individual customers and adjusts loss rate according to the specific historical and current information, considering future prospects, to estimate the loss allowance on accounts receivable. The preparation matrix of the Group as of December 31, 2021 and December 31, 2020 is shown as follows:

| | Not overdue | Overdue within 30 days | Overdue 31-90 days | Overdue 91-180 days | Overdue more than 181 days | Total |
|---|---|---|---|---|---|---|
| December 31, 2021 | | | | | | |
| Expected loss rate | 0.110% | 0.190% | 3.66%~7.74% | 50% | 50%-100% | |
| Total book value | $ 711,484 | $ 69,981 | $ 3,978 | $ 5 | $ - | $ 785,448 |
| Provision for bad debts | $ - | $ - | $ - | $ - | $ - | $ - |
| December 31, 2020 | | | | | | |
| Expected loss rate | 0.001% | 0.001% | 30% | 50% | 50%-100% | |
| Total book value | $ 601,256 | $ 46,146 | $ 1,729 | $ 498 | $ - | $ 649,629 |
| Provision for bad debts | $ - | $ - | $ - | $ - | $ - | $ - |

(3) Liquidity risk

A. The details of the Group's undrawn borrowing facilities are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Fixed interest rate | | |
| Due within 1 year | $ 766,800 | $ 1,251,978 |
| Due for more than 1 year | 600,000 | 1,553,000 |
| | $ 1,366,800 | $ 2,804,978 |

B. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities, and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| December 31, 2021 | Less than 6 months | Between 6 months to 1 year | Between 1 to 2 years | Between 2 to 5 years |
|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | |
| Accounts payable | $ 99,450 | $ - | $ - | $ - |
| Account payables – related parties | 646 | - | - | - |
| Other payables | 497,744 | - | - | - |
| Other payables - related parties | 93 | - | - | - |
| Leasing obligations | 1,326 | 1,308 | 1,475 | 4,201 |
| Deposit Received | - | - | - | 267 |
| Long-term loans (including those due within one year or one business circle) | 1,888 | 74,278 | 283,655 | 697,460 |

| December 31, 2020 | Less than 6 months | Between 6 months to 1 year | Between 1 to 2 years | Between 2 to 5 years |
|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | |
| Accounts payable | $ 82,789 | $ - | $ - | $ - |
| Account payables – related parties | 257 | - | - | - |
| Other payables | 393,311 | - | - | - |
| Other payables - related parties | - | - | - | - |
| Leasing obligations | 1,015 | 1,015 | 2,012 | 4,589 |
| Deposit Received | - | - | - | 228 |
| Long-term loans (including those due within one year or one business circle) | 74,664 | 74,278 | 283,655 | 2,804 |

(III) Fair value information:

1. The Group does not have financial instruments measured at fair value.
2. Financial tools not measured with fair values

Cash and cash equivalents, account receivables (including related parties), other account receivables (including related parties), financial assets amortized according to amortization costs, account payable (including related parties), other payables (including related parties), corporate bond payable within one year and book values of deposit guarantee of the Group are determined with approximated values based on fair values.

(IV) Impact of the novel coronavirus on the operation of the company:

It has been assessed that the novel coronavirus pneumonia has no material impact on the Group's continued operations, asset impairment and financing risks。

XIII. Additional disclosure

(I) Information about significant transactions:

1. Loans to others: Please refer to Appendix Table 1.
2. Endorsements and guarantees: Please refer to Appendix Table 2.
3. Marketable securities held (excluding investments in subsidiaries, affiliates, and jointly control identities): None
4. Accumulated to buy or sell the same marketable securities amount to NT$300 million or more than 20% of the paid-up capital: None
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None
7. The amount of purchase and sales with related parties amounts to NT$100 million or more than 20% of the paid-up capital: Please refer to Appendix Table 3
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None
9. Information about the derivative financial instruments transaction: None.
10. The business relationship between the parent company and its subsidiaries and their subsidiaries, and the status and amount of important transactions: Please refer to Appendix Table 4.

(II) Information on reinvestment

Name of investee companies, location, and other relevant information (excluding investee companies in Mainland China): Please refer to Appendix Table 5.

(III) Information on investment in mainland china

No.

(IV) Information on dominant shareholders

Please refer to Appendix Table 6

## XIV. About operating departments

(I) General information:

There are two reporting divisions in the Group: Testing Division and Packaging Division.

(II) Measurement of segment information

The Group has apportioned its non-recurring profit and loss to the reporting department. In addition, all reported department profits and losses include significant non-cash items other than depreciation and amortization. The amount of departmental information reported is consistent with the amount used by operational decision makers. The accounting policies of the operating departments are the same as the important accounting policies of the Group. The Group's operating departments' profit and loss are measured by sales income and net profit before tax, and serve as the basis for assessing the performance of the departments.

(III) Information on segment profit or loss, and assets and liabilities

The financial information of reportable segments provided to chief operating decision maker is as follows:

| 2021 | Testing business segment | Bumping business segment | Adjustment and elimination | Total |
|---|---|---|---|---|
| External revenue | $ 1,162,807 | $ 2,283,149 | ($ 359,564) | $ 3,086,392 |
| Depreciation and amortization expenses | $ 205,913 | $ 423,854 | ($ -) | $ 629,767 |
| Segment Income | $ 379,098 | $ 101,292 | ($ -) | $ 480,390 |
| Segment assets | $ 685,566 | $ 847,339 | $ - | $ 1,532,905 |

| 2020 | Testing business segment | Bumping business segment | Adjustment and elimination | Total |
|---|---|---|---|---|
| External revenue | $ 749,533 | $ 2,045,688 | ($ 181,687) | $ 2,613,534 |
| Depreciation and amortization expenses | $ 198,321 | $ 472,661 | ($ -) | $ 670,982 |
| Segment Income | $ 28,490 | $ 199,782 | ($ 1,241) | $ 227,031 |
| Segment assets | $ 146,090 | $ 212,607 | $ - | $ 358,697 |

| December 31, 2021 | Testing business segment | Bumping business segment | Adjustment and elimination | Total |
|---|---|---|---|---|
| Segment assets | $ 2,240,036 | $ 4,204,041 | ($ 105,826 ) | $ 6,338,251 |

| December 31, 2020 | Testing business segment | Bumping business segment | Adjustment and elimination | Total |
|---|---|---|---|---|
| | $ 1,843,885 | $ 3,949,372 | ($ 100,297 ) | $ 5,692,960 |

(IV) Information by product and service:

Please refer to Note VI(XV) for details.

(V) Geographical information:

The geographical information of the Group for 2021 and 2020 is as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Income | Non-current assets | Income | Non-current assets |
| Singapore | $ 1,560,603 | $ 2,796,994 | $ 986,981 | $ 1,829,153 |
| Taiwan | 476,845 | - | 1,207,421 | - |
| USA | 578,549 | - | 294,793 | - |
| China | 336,598 | - | 80,352 | - |
| Malaysia | 21,085 | - | - | - |
| Other | 112,712 | - | 43,987 | - |
| Total | $ 2,613,534 | $ 2,796,994 | $ 2,942,669 | $ 1,829,153 |

(VI) Major customer information

Information on major customers of the Group for 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| | Income | Income |
| Customer E | $ 1,060,567 | $ 500,834 |
| Customer G | 361,982 | 193,476 |
| Customer F | 225,275 | 239,860 |
| Customer A | 105,512 | 127,270 |
| Customer D | - | 996,767 |
| | $ 1,753,336 | $ 2,058,207 |

Winstek Semiconductor Co., Ltd.
Funds Lent to Others
From January 1 to December 31, 2021

Unit: NT$1,000
(unless otherwise specified)

Table 1

| Number (Note 1) | Lending company | Borrower | Account (Note 2) | Related party? (Yes/No) | Maximum balance at current period (Note 3) | Ending balance (Note 8) | Actual amount of disbursement | Interest rate collars | Characteristic of fund lent to others (Note 4) | Business transaction amount | Reason for short-term loans | Amount of provision for loss allowance | Collateral Name | Collateral Value | Limit of The Parent Company Only lending | Total limit of funds lent to others | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | Winstek Semiconductor Technology Co., Ltd. | Winstek Semiconductor Co., Ltd. | Other accounts receivable - related parties | Y | $ 692,000 | $ 692,000 | $ - | 1% | 2 | $ - | Purchase of equipment | $ - | None. | $ - | $ 887,467 | $ 887,467 | |

Note 1: Complete the "Number" column as described below:
(1) Fill "0" in the issuer field.
(2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: If any recorded account receivable from an associate or a related party, account with shareholder, prepayment or provisional payment has the characteristic of fund lent to others, fill it into this column.

Note 3: Maximum balance of funds lent to others in the current year

Note 4: In the "Characteristic of fund lent to others" column, in case of a business transaction, or in case of a short-term loan.

Note 5: If the characteristic of fund lent to other is business transaction, the business transaction amount should be entered; "Business Transaction Amount" refers to the amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the characteristic of fund lent to other is short-term loan, the reason for and purpose of such loan issued to the borrower should be specified, such as repayment, equipment acquisition, and operation financing, etc.

Note 7: It is required to fill the limit of The Parent Company Only lending and the total limit of funds lent to others as stated in Longshan's "Procedures for Lending of Capital" and to explain the calculation methods of such limit and total limit in the "Note" field.

Note 8: If a public company reported such fund lending to the board of directors for resolution on a trade-by-trade basic pursuant to Article 14.1 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the amount approved by the board of directors should be included in the announced balance to disclose the risk thereof, although such loan has not been issued yet. For subsequent repayment, the balance after repayment should be disclosed to indicate the risk-based adjustment. If the publish company obtains the resolution of the board of directors and the Chairman is authorized to handle the matter within the specific amount of fund lending approved by the board of directors and the lending is authorized in installment or revolver within one year, pursuant to Article 14.2 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported. In spite of subsequent refinement, further fund authorization can be considered. Therefore, the limit of fund lending approved by the board of directors should be deemed as the balance to be announced and reported.

Winstek Semiconductor Co., Ltd.
Providing Endorsement/guarantee to Others
From January 1 to December 31, 2021

Unit: NT$1,000
(unless otherwise specified)

Table 2

| Number (Note 1) | The name of the company that provides endorsement/guarantee | The object receiving endorsement/guarantee | | Maximum amount of endorsement/guarantee for a single enterprise (Note 3) | Maximum balance of endorsement/guarantee for the current period (Note 4) | Balance of endorsement/guarantee at the end of current period (Note 5) | Actual amount drawn (Note 6) | Amount of endorsement/guarantee guaranteed with property | Percentage of aggregated amount of endorsement/guarantee with the net value in the most recent financial reports | Maximum amount of endorsement/guarantee (Note 3) | A parent company provides endorsement/guarantee for its subsidiary (Note 7) | A subsidiary provides endorsement/guarantee for its parent company (Note 7) | The endorsement/guarantee involves Mainland China (Note 7) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name of company | Relationship (Note 2) | | | | | | | | | | | |
| 0 | Winstek Semiconductor Co., Ltd. | Winstek Semiconductor Technology Co., Ltd. | 2 | $4,875,911 | $ 900,000 | $ 300,000 | $ - | $ - | 6.2% | $ 4,875,911 | Y | N | N | |

Note 1: The description of the number column is as follows:
(1) The issuer shall fill in 0.
(2) The investees are numbered in alphabetical order beginning with the Arabic numeral 1.

Note 2: Please indicate the relationship between the provider of endorsement/guarantee and the object of endorsement/guarantee, which can be classified into the following six categories:
(1) Companies which are doing business with each other.
(2) Companies of which the Company directly or indirectly holds more than 50% of the voting shares.
(3) Companies of which directly or indirectly hold more than 50% of the voting shares in the Company.
(4) Among companies of which the Company directly or indirectly holds more than 90% of the voting shares.
(5) Companies in the same industry that endorse/guarantee for each other due to the need to contract project; or companies which are endorsed/guaranteed mutually by the same founders under provision of contract.
(6) Companies which are endorsed/guaranteed by all shareholders based on their shareholding percentage due to joint investment.
(7) In accordance with the consumer protection law, Companies in the same industry who perform housing pre-sale contract, are jointly and severally endorsed/guaranteed.

Note 3: The total amount of the Company's external endorsement/guarantee shall not exceed 50% of the Company's most recent net value. The amount of the Company's endorsement/guarantee for a single enterprise shall not exceed 20% of the net value at the time when the company endorses/guarantees.
However, an endorsement/guarantee between the Company and among companies of which the Company directly or indirectly holds 100% of the voting shares, or other companies that the Company has agreed to purchase and upon completion will become a subsidiary of which the Company directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise.
However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA. In addition, the endorsement/guarantee not between the Company and among companies of which the Company directly or indirectly holds 100% voting shares,
the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of the Company in its most recent financial reports audited or reviewed by CPA.

Note 4: The maximum balance of endorsement/guarantee for others in the current year.

Note 5: By the end of the year, Chu Fan Company shall undertake the obligation of endorsement/guarantee when the amount of endorsement/guarantee contract/bill signed by it to the bank is approved; Other relevant endorsements/guarantees shall be accounted in the balance of endorsements/guarantees.

Note 6: The actual amount drawn by the company endorsed/guaranteed within the balance of the endorsement/guarantee shall be filled here.

Note 7: To be filled if a listed/OTC parent company provides endorsement/guarantee for its subsidiary, or if a subsidiary provides endorsement/guarantee for its listed/OTC parent company; "Y" shall be filled in if the endorsement/guarantee involves Mainland China

Winstek Semiconductor Co., Ltd.
The amount in purchase or sale with related-party amounting to NT$100 million or more than 20% of the paid-in capital
From January 1 to December 31, 2021

Unit: NT$1,000
(unless otherwise specified)

Table 3

| | | | Transaction Nature | | | | Nature and reasons for the difference between trade terms and general trade (Note 1) | | Bills and accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchase (Sale) Company | Name of Counterparty | Relationship | Purchase (Sale) | Amount | Proportion of total Purchase (Sales) | Credit period | Unit Price | Credit period | Balance | Proportion of total Bills and accounts receivable (payable) | Notes |
| Winstek Semiconductor Corporation | Winstek Semiconductor Technology Corporation | Subsidiary | Sale | ($356,985) | (42%) | Monthly settlement 30 days | - | - | $ 92,443 | 34% | |
| Winstek Semiconductor Technology Corporation | Winstek Semiconductor Corporation | Parent company | Purchase | 356,985 | 24% | Monthly settlement 30 days | - | - | ( 92,443) | 12% | |

Note 1: For the sales transactions between the Company and the interested persons, the transaction prices and the collection conditions have no significant differences from those with others having no interests, and the transaction conditions are determined by both parties concerned through negotiations.

Winstek Semiconductor Co., Ltd.
Business relation and important transactions between the parent company and subsidiaries, and among the subsidiaries, and the amount
From January 1 to December 31, 2021

Unit: NT$1,000
(unless otherwise specified)

Table 4

| Serial No. (Note 1) | Name of Related Company | Counterparty | Relationship With the Counterparty (Note 2) | Transaction Nature | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount | Trade Terms | As a Percentage of Consolidated Revenues or Total Assets (Note 3) |
| 0 | Winstek Semiconductor Corporation | Winstek Semiconductor Technology Corporation | 1 | Revenue | $ 356,985 | It is to be processed in accordance with the price and conditions agreed by both parties. | 11.57% |
| 0 | Winstek Semiconductor Corporation | Winstek Semiconductor Technology Corporation | 1 | Accounts receivable | 92,443 | It is to be processed in accordance with the price and conditions agreed by both parties. | 3.00% |
| 0 | Winstek Semiconductor Corporation | Winstek Semiconductor Technology Corporation | 1 | Dividend income | 162,090 | - | 5.25% |
| 0 | Winstek Semiconductor Corporation | Winstek Semiconductor Technology Corporation | 1 | Business overall management income (Accounting operating costs and deductions of operating expenses) | 38,931 | - | 3.35% |

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:
(1). 0 for parent company.
(2). Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction. For example, in a parent-to-subsidiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsidiary transaction, no disclosure is made on one subsidiary's end if disclosure has already been made on the other subsidiary):
(1). Parent to subsidiary.
(2). Subsidiary to parent.
(3). Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of consolidated total revenues or total assets is explained as follows: for balance sheet items, percentage relative to total assets is calculated using end-of-period balances; for profit and loss accounts, percentage relative to total revenues is calculated using cumulative amount and cumulative total revenues.

Note 4: If the single transaction amount is for less than NT$20,000, it needs not be disclosed, and the relative transactions will no longer be disclosed.

Winstek Semiconductor Co., Ltd.
Name, Location, and Other Relevant Information of the Investee Companies (excluding Investee Companies in Mainland China)
From January 1 to December 31, 2021

Unit: NT$1,000
(unless otherwise specified)

Table 5

| Name of investing company | Name of the investee company (Notes 1, 2) | Location | Main business items | Original investment amount | | Holding at the end of period | | | Profit and loss of investee company in the current period (Note 2(2)) | Investment gains and losses recognized in the current period (Note 2(3)) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | At the end of this period | At the end of last year | Number of shares | Ratio | Carrying amount | | | |
| Winstek Semiconductor Corporation | Winstek Semiconductor Technology Corporation | Taiwan | Wafer bumping and wafer level packaging services | $ 2,875,740 | $ 2,875,740 | 310,000,000 | 100% | $ 2,958,225 | $ 85,535 | $ 85,535 | |

Note 1: If a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information about the foreign investee may only include the relevant information of the holding company.

Note 2: In cases other than those described in Note 1, the following information shall be provided:

(1) The columns of "Name of the investee company", "Location", "Main business items", "Original investment amount" and "Shareholding at the end of period", etc., shall be filled in in order according to the reinvestment situation of the (public) company and each reinvestment situation of the investee company under direct or indirect control. The relationship between each investee company and the (public) company (if it is a subsidiary or sub-subsidiary) shall be indicated in the remarks column.

(2) In the column B of "Profit and loss of investee company in the current period", the current profit and loss amount of each investee shall be filled in.

(3) In the column B of "investment gains and losses recognized in the current period", only the recognized profit and loss amount of each directly reinvested subsidiary of this (public) Company and each investee assessed by equity method shall be filled in, and the balance is not required to be filled in. When filling in "recognized profit and loss amount of each directly reinvested subsidiary for the current period", it shall be confirmed that the amount of profit and loss of each subsidiary for the current period has included the reinvestment profit and loss that should be recognized as investment profit and loss according to provisions.

Winstek Semiconductor Co., Ltd.
Information on dominant shareholders
From January 1 to December 31, 2021

Table 6

| Name of major shareholders | Shares of Stock | |
|---|---|---|
| | Quantity of shareholdings | The ratio of shareholding |
| Ge-Shing Corporation | 70,726,438 | 51.90% |

Note 1: The information on the major shareholders listed in this Form is about that concerning the ordinary shares and special shares (that are completed but without physical delivery, as calculated by CHEP) (including the treasury stocks) totaling up to 5%. The capital stocks as stated in the financial reports of the Company and the stocks that are factually completed but without physical delivery may be different or varied because of the preparation and calculation basis.
Note 2: If the abovementioned data is about the shares held by the shareholders and delivered to a trust, it will be disclosed by the accounts of the principals (that are opened by the agent by means of trust accounts). As for the declaration of the insiders' equities with the shareholding percentage over 10% as handled by the shareholders according to the securities exchange acts, their equities shall include their own shares plus the shares that are delivered to the trust and have the right to make decisions on how to use them, etc. As for the data about the declaration of the insiders' equities, please refer to the open information observation station.