



Stock Symbol:	3265
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Winstek Semiconductor Co., Ltd.

2021 Annual Report

Printed on April 12, 2022

Annual report website: <http://mops.tse.com.tw>

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Website : www.yuanta.com.tw
Telephone Number : 02-25865859

4. Name of , Office, Website, and Telephone Number: Certified Public Accountant Who Prepares Recent Annual Report:

Name of Accountants : CPA Hsieh Chih-Cheng & CPA Chiang Tsai-Yen
Name of Accounting Office : PwC Taiwan
Address : 27F, #333, Section 1, Keelung Rd. Taipei City
Website : <http://www.pwcglobal.com.tw>
Telephone Number : 02-27296666

5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities:

NA

6. Website of the Company: [http : // www.winstek.com.tw](http://www.winstek.com.tw)

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I. Letter to Shareholders

In terms of the business environment in 2021, factors, including geopolitics, China-US trade war, global pandemic, shortage of raw materials, and panic ordering, resulted in an imbalance in supply and demand in the semiconductor supply chain, shortage of materials, and price increases. In 2021, importance of Taiwanese IC industry in international community increased and that reflected in demands during the pandemic, US-China Technology War, and global shortage for car and consumer chips. Taiwan's semiconductor industry cluster plays a leading role globally. In 2021, the output value of our country's IC industry was NT\$4082 billion, an increase of 26.7% compared with 2020.

In the face of geopolitical developments and the imbalance between supply and demand in the global semiconductor industry, governments around the world are actively facilitating the development of regional semiconductor supply chains. Under wafer fab plants' active expansion of production capacity, the tightened supply may be alleviated to some extent. In addition, AI combined with emerging technologies and applications, such as the Internet of Things (IoT), automotive electronics, and compound semiconductors, will drive the demand for more types and quantities of semiconductor components to continue to grow as the main driving force for the growth of the semiconductor industry in the post-pandemic era. According to a report by the Institute for Information Industry, the global semiconductor market will reach US\$606.5 billion in 2022, with a growth rate of 10.1%.

However, as the COVID-19 pandemic is far from over, the technology business opportunities derived therefrom will continue to exist; the demand for emerging technologies, such as 5G, WiFi6, IoT, electrification of/advanced driver-assistance systems, and AI, has facilitated continuous growth. In addition, the semiconductor components are in short supply. Therefore, our country's semiconductor output value will continue to grow. As per a research report by the Industrial Technology Research Institute, the output value of Taiwan's packaging and testing industry in 2022 will reach NT\$695 billion, an increase of 8.9% compared with 2021.

With the collective efforts of all our employees and shareholders' and customers' support, the Company's overall business performance for the past year is reported as follows:

- I. The consolidated operating income in 2021 was NT\$3.09 billion, an increase of 18.1% from NT\$2.61 billion in 2020. The net income after tax in 2021 was NT\$390 million, an increase of NT\$180 million from NT\$210 million in 2020. The earnings per share in 2021 was NT\$2.89, an increase of NT\$1.35 from NT\$1.54 in 2020.
- II. Budget execution: The Company did not disclose financial forecasts for 2021.

Financial structure, debt service ability, and profitability analysis

The Company's financial position and profitability are great and its financial structure, debt service ability, and profitability are as follows:

Item		Standalone Financial Statements		Consolidated Financial Statements	
		2021	2020	2021	2020
Financial structure	Ratio of liabilities to assets (%)	6.2%	4.6%	23.1%	16.9%
	Ratio of long-term capital to fixed property (%)	413.1%	690.1%	211.4%	284.4%
Debt service ability	Current ratio (%)	271.3%	554.2%	494.2%	596.2%
	Quick ratio (%)	267.4%	547.6%	472.9%	582.2%
Profitability	Return on assets (%)	7.8%	4.1%	6.6%	3.6%
	Return on equity (%)	8.2%	4.4%	8.2%	4.4%
	Net profit rate (%)	33.9%	27.9%	12.8%	8.0%
	Earnings per share (NTD)	2.89	1.54	2.89	1.54

Research and Development Status

New technology field has entered its rapid development stage that will push demands for advanced package and testing manufacturing process. In addition to the increase of 5G penetration, high performance computing has become priority demands for products including supercomputers, servers, cloud computing, and edge computing. The Company continues to maintain close collaboration with clients and actively invests in relevant technologies and production capacity to meet clients' future needs.

2022 business strategy and policy

Facing rapid industrial change and uncertain external environmental impact, we continuously focus on investment in R&D of high-end semiconductor package and testing to maintain our advantage in high-end technology and satisfy customer's product demands. We will integrate resources to reduce production costs and improve production efficiency, provide clients with complete testing and packaging services, and actively develop new clients to ensure continuous growth of the Company's revenue and profit.

As per the operating situation in this industry and the forecast for the semiconductor industry and the packaging and testing industry by various professional forecasting agencies, the demand for semiconductor products in the emerging technology fields will remain high, and as the tightened supply of advanced process semiconductors will continue, we remain cautiously optimistic about the Company's sales volume and revenue in 2022.

Impact of the external environment, regulatory environment, and general business environment

In the IC packaging and testing industry, the recurring global pandemic has facilitated the demand for remote work and teaching, thus raising the need for products from the cloud to consumer electronic products. In addition, the 5G technology, leading to mobile phone replacement, has created a strong high-end system-level packaging demand. Affected by the China-US technology war, our country's semiconductor supply chain may still be able to continue to benefit from the De-Americanization business opportunities due to China's restructured supply chain. It is expected to continue to drive the growth of demand for our country's wafer-level packaging and testing services.

We would like to thank our shareholders for your continuous support and encouragement of the Company and hope that you will continue to encourage us and offer us your precious advice. We wish you

good health and all the best!

Winstek Semiconductor Co., Ltd.

Chairman of the Board: Huang Hsing Yang

II. About the Company

I. Date of Incorporation: April 26, 2000

II. Company History

Date	Chronicle
April, 2000	Incorporated on April 26 with paid-in capital of NT\$20,000 Thousand Dollars
May, 2000	Completed Preparation of Chubei Factory
May, 2000	Completed Installation of Machinery and Equipment of Chubei Factory
June, 2000	Beginning of mass production
July, 2000	Groundbreaking Ceremony of New Chunglin Factory
October, 2000	Certified with QS9000
November, 2000	Certified with IECQ
January, 2001	Introduced ERP System
April, 2001	Commencement Ceremony of New Chungling Factory
August, 2000	Investment of STATS ChipPAC Ltd., Singapore in Tai Yao Electric Co., Ltd acquiring 51% of ownership
October, 2001	Opening Ceremony of Chungling Factory
November, 2001	Bonded Factory Approved by Taipei Customs, Ministry of Finance
December, 2001	Certified TSMC Contractor
December, 2000	Certified as chartered semiconductor contractor a
December, 2001	Opening Ceremony of Bonded Factory of Tai Yao Electronics Co., Ltd (officially operated by Taipei Customs) on December 14
January, 2002	Awarded with 1st Place Contractor by TSMC in Q4, 2001
June, 2002	Certified as Macronix Contractor
October, 2002	Introduced TS16949 Quality System
October, 2002	Certified as 1st Place UMC Contractor in October, 2002
April, 2003	Supplementary procedures required for a public company
June, 2003	Certified as 1st Place UMC Contractor in May, 2003
June, 2003	Certified with TS16949
September, 2003	Awarded with Excellent UMC Contractor in 2003

Date	Chronicle
September, 2003	Awarded with Outstanding TSMC Supportive Contractor in 2003
December, 2003	Awarded with Outstanding ASIC Partner in 2003
January, 2004	Began trading in emerging stock market
March, 2004	Awarded with Outstanding TSMC Supportive Contractor in 2003
May, 2004	Certified 1st Place TSMC Contractor
June, 2004	Awarded with Outstanding UMC Contractor
June, 2004	Certified with ISO 14000
February, 2005	OTC trading approved by the Securities and Futures Bureau
August, 2005	Became a listed company
April, 2006	Awarded as TSMC Contractor with Best Contribution
June, 2006	Newly Developed “Wafer Cleaner” Patented by Intellectual Property Office, Ministry of Economic Affairs, the R.O.C.
September, 2006	Certified with OHSAS
September, 2006	Certified with ISO9001 /ISO14001
May, 2007	Awarded as Strategic Appliance Enterprise and 2006 Outstanding Bonded Factory by Taipei Customs
October, 2007	Renamed as “STATS ChipPAC Taiwan Semiconductor Corporation” STATS ChipPAC Taiwan Semiconductor Corporation 丱
February, 2008	Awarded as 2007 Best Contractor by ASIC, INITIO, and JIHONTEK
April, 2008	Certified with OHSAS 18001 2007
May, 2008	Awarded as 2007 Intel Best Quality Contractor
September, 2008	Awarded as 2007 Outstanding Bonded Factory by Taipei Customs
January, 2009	Passed TSMC Quality System Level 1 Evaluation
February, 2009	Awarded as 2008 Best ASIC Contractor
April, 2009	Certified with Revised Edition of ISO9001
April, 2009	Certified with 2004 ISO14001

Date	Chronicle
April, 2009	Certified with 2007 OHSAS 18001
May, 2009	Awarded as 2008 Best UMC Contractor
October, 2009	Awarded as 2008 Outstanding Bonded Factory by Taipei Customs
January, 2010	Passed TSMC 2009 Level 1 Quality System Evaluation
February, 2010	Awarded as 2009 Best ASIC Contractor
April, 2010	Certified with Revised Edition of ISO9001
April, 2010	Certified with 2009 TS16949
April, 2010	Certified with 2004 ISO14001
April, 2010	Certified with 2007 OHSAS 18001
October, 2010	Awarded as 2009 Outstanding Bonded Factory by Taipei Customs
November, 2010	Certified as Sony Green Partner
November, 2010	Certified as Sony Contractor
January, 2011	Passed TSMC 2010 Level 1 Quality System Evaluation
May, 2011	Proceeded cash refund capital and decreased capital by 50%
June, 2011	WLCSP Certified with 2008 ISO9001
September, 2011	Awarded as 2010 Outstanding Bonded Factory by Taipei Customs
April, 2012	Certified as 2012 Sony Contractor
October, 2012	Awarded as 2011 Outstanding Bonded Factory by Taipei Customs
May, 2013	Certified with 2008 ISO9001
May, 2013	Certified with 2009 ISO9001
May, 2013	Certified with 2004 ISO14001
May, 2013	Certified with 2007 OHSAS 18001
March, 2014	Certified with 2008 ISO9001
March, 2014	Certified with 2009 ISO9001
March, 2014	Certified with 2004 ISO14001
March, 2014	Certified with 2007 OHSAS 18001
September, 2014	Awarded as 2013 Bonded Factory by Taipei Customs, Ministry of Finance
July, 2015	The Company acquired 100% equity of the subsidiary "Winstek Semiconductor Technology Co., Ltd." for US\$ 15,000,000. STATS

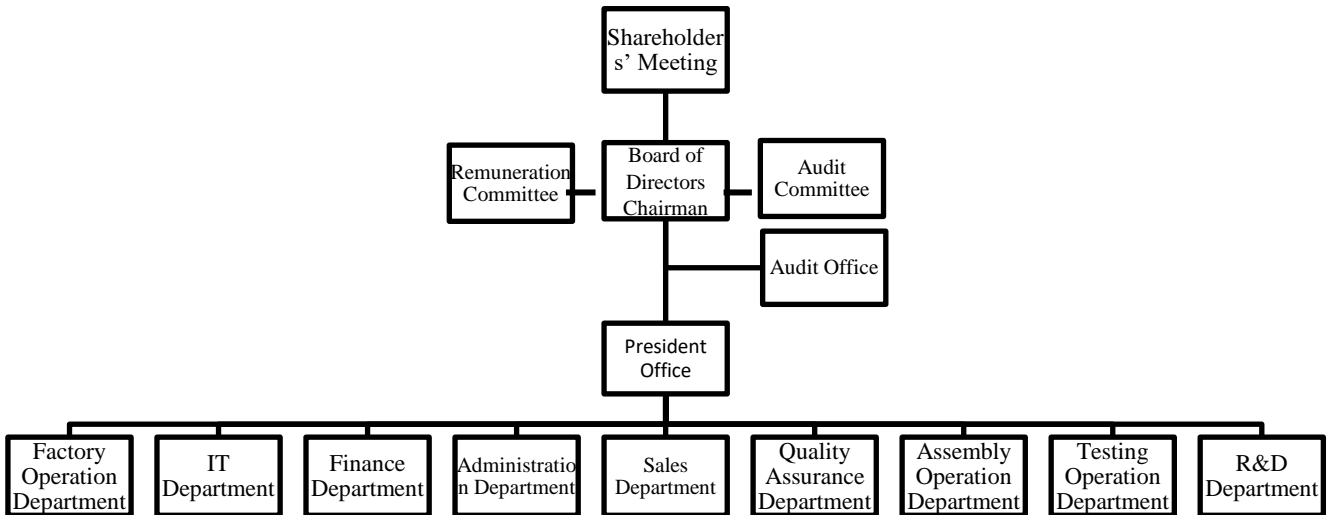
Date	Chronicle
	ChipPAC Ltd., the original parent company of the Company, transferred all its shares in the Company to Bloomeria Limited, the Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. secede from the Group STATS ChipPAC Ltd.
July, 2015	The Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. signed the credit contract with Singapore's DBS Bank of total amount of US\$127,000,000.
August, 2015	The Company and its subsidiary Winstek Semiconductor Technology Co., Ltd. signed a five-year technical service agreement with STATS ChipPAC Ltd. to provide wafer level packaging and testing services.
September, 2015	The company was renamed as "Winstek Semiconductor Co., Ltd."
September, 2015	Awarded as 2014 Bonded Factory by Taipei Customs, Ministry of Finance
May, 2016	Certified with 2008 ISO9001
May, 2016	Certified with 2009 ISO9001
May, 2016	Certified with 2004 ISO14001
May, 2016	Certified with 2007 OHSAS 18001
September, 2016	Awarded as 2015 Bonded Factory by Taipei Customs, Ministry of Finance
March, 2017	Certified with 2008 ISO9001
March, 2017	Certified with 2009 ISO9001
March, 2017	Certified with 2004 ISO14001
March, 2017	Certified with 2007 OHSAS 18001
September, 2017	Awarded as 2016 Bonded Factory by Taipei Customs, Ministry of Finance
October, 2017	Sigurd Microelectronics indirectly acquired 51.88% ownership of the Company and became our mother company.
March, 2018	Certified with 2015 Revised Edition of ISO9001
March, 2018	Certified with 2016 IATF16949
March, 2018	Certified with 2015 ISO14001
March, 2018	Certified with 2007 OHSAS 18001
March, 2018	Certified with 2017 ISO/IEC17025
September,	Awarded as 2017 Bonded Factory by Taipei Customs, Ministry of Finance

Date	Chronicle
2018	
March, 2019	Certified with 2015 ISO9001
March, 2019	Certified with 2016 ISO9001
March, 2019	Certified with 2017 ISO/IEC17025
March, 2019	Certified with 2015 ISO14001
March, 2019	Certified with 2007 OHSAS 18001
March, 2019	Received 2018 GBF Appreciation Award of 2018 Excellent Performance
October, 2019	Awarded as 2018 Top 500 Outstanding Exporters by the Bureau of Foreign Trade
November, 2019	Awarded as 2018 Bonded Factory by Taipei Customs, Ministry of Finance
March, 2020	Certified with 2015 ISO 9001
March, 2020	Certified with 2016 IATF 16949
March, 2020	Certified with 2017 ISO/IEC 17025
March, 2020	Certified with 2015 ISO 14001
March, 2020	Certified with 2007 OHSAS 18001
August, 2020	Certified as SONY GP (Green Partner)
October, 2020	Awarded as 2019 Bonded Factory by Taipei Customs, Ministry of Finance
March, 2021	Certified with 2013 ISO 9001 for the Third-Year Reissuance and expanded Flip Chip production line
March, 2021	Certified with 2016 IATF 16949 for the Third-Year Reissuance
March, 2021	Certified with 2017 ISO/IEC 17025 for the Third-Year Reissuance
March, 2021	Certified with 2015 ISO 14001 for the Third-Year Reissuance
March, 2021	Certified with 2018 ISO 45001
October, 2021	Awarded as 2020 Bonded Factory by Taipei Customs, Ministry of Finance
March, 2022	Certified with 2015 ISO 9001
March, 2022	Certified with 2016 IATF 16949
March, 2022	Certified with 2017 ISO/IEC 17025
March, 2022	Certified with 2015 ISO 14001
March, 2022	Certified with 2018 ISO 45001

III. Corporate Governance Report

I. Organizational System

1. Organizational Structure



2. Responsibilities of Main Functional Departments

By Department	Responsibilities
President Office	<ol style="list-style-type: none"> 1. Collecting of management information and assisting General Manager to develop all sorts of plans and initiatives. 2. Assisting the Company to build a comprehensive management system, evaluating proposals submitted by each department, and facilitating the Company to make decisions. 3. Convening all meetings hosted by General Manager, keeping meeting minutes, and conducting follow-ups. 4. Planning and promoting company management. 5. Assisting top management to promote quality improvement events and providing technology consultation. 6. Providing solutions to questions related to production and technology of the Company 7. Carrying out tasks entrusted by top management.
R&D Department	<ol style="list-style-type: none"> 1. Forming inter-functional task force to prepare for mass production. 2. Testing products developed and ensuring compliance with specification and assisting to begin mass production. 3. Responding to improvement demands for production technology and testing

By Department	Responsibilities
	<p>capabilities.</p> <ol style="list-style-type: none"> 4. Holding responsible for R&D of software interface and IC design automation. 5. Holding responsible for R&D of software interface and testing machine automation. 6. Integrating date of production line and testing machine. 7. Connecting production software automation and systems. 8. Researching and developing testing equipment and testing peripheral equipment. 9. Integrating the automation hardware system.
<p>Quality Assurance Department</p>	<ol style="list-style-type: none"> 1. Inspecting material feeding, manufacturing, and final check. 2. Verifying new products, new equipment, new manufacturing processes. 3. Maintaining clean work environment. 4. Submitting alert of quality alternation and improvement request. 5. Managing document control center. 6. Monitoring, maintaining internal quality system and preparing quality manual. 7. Coordinating quality target enactment and execution. 8. Testing, measuring, collaborating, and managing measurement devices. 9. Handling customer complaints towards quality. 10. Verification of non-compliance, correction, and preventative measures.
<p>Administration Department</p>	<ol style="list-style-type: none"> 1. Handling HR affairs and HR development. 2. Enacting, implementing, and conducting follow-ups of educational training plan. 3. Managing general affairs. 4. Managing procurement of the Factory. 5. Managing imports and exports and tracing progresses. 6. Declaring product exports and managing information. 7. Managing bonded affairs. 8. Promoting and managing corporate social responsibility and RBA affairs.
<p>Finance Department</p>	<ol style="list-style-type: none"> 1. Handing of general accounting. 2. Handling cost accounting. 3. Preparing tax plans. 4. Preparing financial planning and managing operating funds. 5. Managing and monitoring budget spending. 6. Supervising investments. 7. Managing operations of shareholders and stock affairs.
<p>Testing Operation Department</p>	<ol style="list-style-type: none"> 1. Providing IC wafer and chip testing services. 2. Training production and manufacturing personnel and achieving certified production goals. 3. Scheduling and managing production plans, outputs, and warehouse materials and goods. 4. Supporting customer engineering needs and improving yields. 5. Developing and introducing new customers and new products. 6. Optimizing production procedure, improving machinery and equipment effectiveness, and reducing production costs.

By Department	Responsibilities
	<ol style="list-style-type: none"> 7. Accepting reliability tests and failure analyses of semiconductor components entrusted by customers. 8. Providing services of SMT manufacturing process, impact test in accelerated environment, and simulation for accelerated life span, and electricity verification test, and mechanic pressure tests. 9. Assisting customers to conduct failure analyses of products including electrical characteristics testing, pre-treatment of samples, and non-destructive analyses according to their needs.
<p style="text-align: center;">Assembly Operation Department</p>	<ol style="list-style-type: none"> 1. Providing services for wafer bumping and wafer grade packages. 2. Training production and manufacturing personnel and achieving certified production goals. 3. Scheduling and managing production plans, outputs, and warehouse materials and goods. 4. Supporting customer engineering needs and improving yields. 5. Developing and introducing new customers and new products. 6. Optimizing production procedure, improving machinery and equipment effectiveness, and reducing production costs.
<p style="text-align: center;">Sales Department</p>	<ol style="list-style-type: none"> 1. Managing planning, expansion, sales, and distribution of domestic and international markets and sales. 2. Handling customer orders and tracing progress and responding to customer demands and managing client relationship.
<p style="text-align: center;">Audit Office</p>	<p>Holding responsible for internal control system of the company, assisting internal audit system building and executing audits, and proposing suggestions for improvement.</p>
<p style="text-align: center;">IT Department</p>	<ol style="list-style-type: none"> 1. Maintaining network structure. 2. Managing servers (including WEB, DB, Mail, FTP, and File...) ◦ 3. Maintaining end users' hardware and software. 4. Managing databank and backups. 5. Managing website (including the front page of the Company, webpage design, construction, and maintenance....) ◦ 6. Planning, developing, and maintain E.R.P. system. 7. Connecting production software automation and systems.
<p style="text-align: center;">Factory Operation Department</p>	<ol style="list-style-type: none"> 1. Designing, planning, and constructing factory buildings. 2. Managing and maintaining utility, water, materials, and pipes needed by production. 3. Maintaining, inspecting, and managing the factory area.

II. Information of Directors, Supervisors, General Manager, Vice General Manager, Assistant Vice General Management, and heads of functional departments and offices

1. Information of Directors

(1) Personal Data Table of Members of Board of Directors

From April 12, 2022

Job Title	Nationality or Residency Registered	Name	Sex Age	Date of Appointment/Elected	Tenure	Date of First Appointment/Elected)	Shares held when Appointed and Elected		Number of shares currently held		Shares held by spouse and minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related to the general manager or assistant general manager within the second degree of kinship			Note (Note 1)
							Shares of stocks	Percentage	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage			Position	Name	Relations	
Chairman	The Republic of China	GeShing Representative: Huang, Hsing-Yang	Male 71~80 years old	Jun, 2020	3 years	Nov, 2017	32,000	0.02	70,726,438	51.90	-	-	-	-	MBA, National Taiwan University, General Manager of Schlumberger	Chairman & Executive of Sigurd Microelectronics Co., Ltd.; Chairman of Sigurd International, Sigurd Microelectronics(Cayman), Sigurd Microelectronics(Wuxi) Co., Ltd., BogeCo., Ltd., UTC Holdings Corporation, Sigurd UTC Corporation, Winstek Semiconductor Co., Ltd., and GeSing Co., Ltd..	None	None	None	None
Director	The Republic of China	Weng, Chih-Li	Male 61~70 years old	Jun, 2020	3 years	May,2000	571,507	0.42	571,507	0.42	-	-	-	-	MS of Illinois Institute of Technology, the USA, General Manager of WORLD-WIDE TEST TECHNOLOGY INC. for three years, Assistant Vice General Manage of IC Testing Department of Formosa Advanced Technologies Co., Ltd., Sales Manager of ASE, the USA.	General Manager of the Company; Directors and General Manager of Winstek Semiconductor Co., Ltd.	None	None	None	None
Director	The Republic of China	GeSing Co., Ltd. Representative: Yeh, Tsan-Lien	Male 61~70 years old	2020/06	3 years	Nov,2017	32,000	0.02	70,726,438	51.90	-	-	-	-	BA of Department of Electrophysics, National Chiao Tung University, MBA of National Chiao Tung University, General Manager of Ouxiang Technology Co., Ltd., General Manager of Semiconductor Business of CHROMA ATE INC.	General Manager and COO of Sigurd Microelectronics Co., Ltd.; Chairman of Flatek, Inc.; Director of Sigurd Microelectronics Co., Ltd.(Cayman), Bloomeria, UTC Corporation, Sigurd UTC Corporation, and GeSing Co., Ltd..	None	None	None	None

Job Title	Nationality or Residency Registered	Name	Sex Age	Date of Appointment/Elected	Tenure	Date of First Appointment/Elected)	Shares held when Appointed and Elected		Number of shares currently held		Shares held by spouse and minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related to the general manager or assistant general manager within the second degree of kinship			Note (Note 1)
							Shares of stocks	Percentage	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage			Position	Name	Relations	
Director	The Republic of China	GeSing Co., Ltd. Representative: Wu Ming-Hung (Note 2)	Male 61~70 years old	Jul,2021	2 years	Nov,2017	70,726,438	0.02	70,726,438	51.90	-	-	-	-	BA, Department of Electronics, National Taiwan University of Science and Technology, General Manager of Schlumberger Technologies.	CEO and CFO of Sigurd Microelectronics Co., Ltd; Chairman of TEST-SERV INC. and Flatek, Inc.; Director of Chen Jun Co., Ltd., Hong Taixing Co., Ltd., Xi Xing Co., Ltd., Bloomeria, Sigurd UTC Corporation, Winstek Semiconductor Technology Co., Ltd., and GeSing Co., Ltd..	None	None	None	None
Director	The Republic of China	GeSing Co., Ltd. Representative: Kuo, Hsu-Tung	Male 51~60 years old	Jun, 2020	3 years	Nov, 2017	32,000	0.02	70,726,438	51.90	-	-	-	-	BA of Department of Electrical Engineering, National Cheng Kung University, Chairman of Panther Technology Co., Ltd., General Manager and Technology Director of Walsin Advanced, and Chairman and General Manager of ADVANTECH SEMICONDUCTOR INC.	General Manager and Vice CFO of Sigurd Businesses; Director of Xi Xing Co., Ltd., Sigurd Microelectronics Co., Ltd. (Cayman), Sigurd Microelectronics Co., Ltd.(Wuxi), Sigurd UTC Corporation, and Flatek, Inc.	None	None	None	None
Director	The Republic of China	GeSing Co., Ltd. Representative: Hsieh, Chao-Hung	Male 51~60 years old	Jun, 2020	3 years	Nov,2017	32,000	0.02	70,726,438	51.90	-	-	-	-	College of Engineering, Yuan Ze University	Senior Vice General Manager of Sigurd Microelectronics Technology Co., Ltd.; Director of Xi Xing Co., Ltd., Sigurd UTC Corporation, and Flatek, Inc.	None	None	None	None
Independent Director	The Republic of China	Lin, Min-Kai	Male 61~70 years old	Jun, 2020	3 years	Nov, 2017	-	-	-	-	-	-	-	-	Graduate Institute of Accounting, National Taiwan University, worked as Investment /Finance Senior Specialist/Special Assistant to Chairman/Director of Audit Office/Chief Secretary of Chia Hsin Cement Corporation, and Supervisor of Hua Tung Cement International/Chia Hsin Construction/Chia Chi International.	Member of Remuneration Committee of the Company, Independent Director and Member of Remuneration Committee of Sigurd Microelectronics Co., Ltd.	None	None	None	None
Independent Director	The Republic of China	Wei, Jen-Yu	Male 41~50 years old	Jun, 2020	3 years	Jun, 2016	-	-	-	-	420	-	-	-	MBA of National Cheng Chi University, Assistant Vice General Manager of Investment Division, Wahshing International Investment Group Limited, Vice General Manager of Entire Technology Co., Ltd.	Member of Remuneration Committee of the Company, Partner of MagiCap Venture Capital Co., Ltd., Independent Director of Entire Technology Co., Ltd. and NEWMAX Technology Co., Ltd.	None	None	None	None

Job Title	Nationality or Residency Registered	Name	Sex Age	Date of Appointment/Elected	Tenure	Date of First Appointment/Elected)	Shares held when Appointed and Elected		Number of shares currently held		Shares held by spouse and minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Position(s) held concurrently in the company and/or in any other company	Those who are the spouses of or are related to the general manager or assistant general manager within the second degree of kinship			Note (Note 1)
							Shares of stocks	Percentage	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage			Position	Name	Relations	
Independent Director	United States	Wen-chou Vincent Wang	Male 71~80 years old	Jun, 2020	3 years	Sep, 2015	-	-	-	-	-	-	-	-	Ph.D.Materials Science & Engineering from Cornell University, Ithaca, New York, was Senior Vice President for STATSChipPAC Ltd, Head of Flip Chip Engineering for Altera Corporation, San Jose	None	None	None	None	None

Note 1 : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto(for example, increase of independent directors and more than half Directors not taking the post as employees or managers).

Note 2 : Mr. Wu Min-Hung on July 6, 2020 was discharged from the Legal Representative of Directors of Bloomeria Limited Singapore and on July 13, 2021 was elected as Legal Representative of Directors of Sigurd Microelectronics Co., Ltd.

(2) Major Shareholders of Institutional Investor

From April 12, 2022

Name of Institutional Investor	Major Shareholders of Institutional Investor
GeSing Co., Ltd.	Sigurd Microelectronics Co., Ltd. (100%)

Major shareholders of institutional Investor with the highest ownership

From April 12, 2022

Name of Institutional Investor	Main Shareholder of Institutional Investor
Sigurd Microelectronics Co., Ltd.	Yanyuan Investment Co., Ltd. (3.14%)
	Huang Hsing-Yan (1.59%)
	Vanguard FTSE Emerging Markets of Vanguard Group Entrusted for the Management of Managed by JPMorgan Chase Bank, N.A., Taipei Branch (1.36%)
	LSV E Emerging Markets Stock Fund Limited Partnership Entrusted for the Management of HSBC (1.35%)
	Chiou Ming-Chun (1.28%)
	VentureTech Alliance Fund of Series Fund of PGIA Entrusted for the Management of JPMorgan Chase Bank, N.A., Taipei Branch (1.26%)
	Taiwan Corporation Bank Co., Ltd. (0.98%)
	Union Bank of Taiwan (0.89%)
	ISHARES Core MSCI ETF Newly Emerging Markets Investment Account Entrusted for the Management of Sales Department of Standard Chartered (0.83%)
	ENSIGNPEAK Consultation entrusted for the Management of HSBC (0.77%)

(3) Disclosure of Professional Background of Directors, Supervisors and Independent Information of Independent Directors:

From April 12, 2022

Condition Name	Professional Qualification and Experience	Independence	Number of Public Listed Company that taking the post of Independent Directors
Chairman Hsing-Yang Huang	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: General Manager of Schlumberger Technology Co., Ltd and Chairman and CEO of Sigurd Microelectronics Co., Ltd., 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0
Director Weng, Chih- Li	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: General Manager of General Manager of World Wide Test Technology Inc., Assistant Vice General Manager of IC Testing Department of Formosa Advanced Technologies Co., Ltd., Sales Manager of ASE, the USA. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0
Director Yeh Tsan- Lien	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: General Manager of Ouxiang Technology Co., Ltd., General Manager of Semiconductor Business of CHROMA ATE INC., Director, General Manager, and CFO of Sigurd Microelectronics Co., Ltd. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0
Director Wu Min- Hung	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: General Manager of Schlumberger Technologies, Director, Executive Vice General Manager, and CFO of Sigurd Microelectronics Co., Ltd. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0

Condition Name	Professional Qualification and Experience	Independence	Number of Public Listed Company that taking the post of Independent Directors
Director Kuo Hsu-Tung	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: Chairman of Panther Technology Co., Ltd., General Manager and Technology Director of Walsin Advanced, and Chairman and General Manager of ADVANTECH SEMICONDUCTOR INC. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0
Director Hsieh Chao-Hung	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: Senior Vice General Manager of Sales Sigurd Microelectronics Co., Ltd. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0
Independent Director Lin, Min-Kai	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: Investment /Finance Senior Specialist/Special Assistant to Chairman/Director of Audit Office/Chief Secretary of Chia Hsin Cement Corporation, and Supervisor of Hua Tung Cement International/Chia Hsin Construction/Chia Chi International. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	1
Independent Director Wei, Jen-Yu	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: Assistant Vice General Manager of Investment Division, Wahshing International Investment Group Limited, Vice General Manager of Entire Technology Co., Ltd., Partner of MagiCap Venture Capital Co., Ltd. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	2
Independent Director Wen-chou Vincent Wang	<ol style="list-style-type: none"> 1. With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. 2. Main work experience: Ph.D. Materials Science & Engineering from Cornell University, Ithaca, New York, was Senior Vice President for STATSChipPAC Ltd, Head of Flip Chip Engineering for Altera Corporation, San Jose. 	<ol style="list-style-type: none"> 1. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 2. Without kinship relationship such as spouse or within the second degree relative with other directors. 3. No violation to Article 30 of the Company Act. 4. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0

(4) Diversification policy of the Board of Directors :

Composition of the Board of Directors is diverse and diversification policy is enacted in consideration of operations, organizational structure, and development needs that include criteria in two dimensions:

1. Basic qualification and value: gender, age, nationality, and culture.
2. Professional knowledge and skill: professional background, professional skill, and industrial experience.

Members of the Board of Directors should be equipped with knowledge, skills, and literacies required to carry out their duties. To achieve ideal goals of corporate governance, the Board of Directors should possess overall abilities of operational judgement, management, industrial knowledge, and decision-making, and international market perspectives, and accounting and financial analyses.

(5) Independence of the Board of Directors:

Directors and Independent Directors of the Company do not violate any item regulated by Article 26-3-3 and 26-3-4 of the Securities and Exchange Act.

2. Personal Information of General Manager, Vice General Manager, Assistant Vice General Manager, and Department and Office Heads

From April 12, 2022

Position	Nationality	Name	Sex	Date of Elected (Appointed)	Shares of Stocks Held		Shares of Stocks Held by Spouse and Minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Posts in other companies taken	Managers with spouse and second degree kinship			Note (Note 1)
					Shares of stocks	Percentage	Number of Share	Percentage	Number of Share	Percentage			Occupational title	Name	Relations	
General Manager	The Republic of China	Weng, Chih-Li	Male	Feb, 2017	571,507	0.42	-	-	-	-	MS of Illinois Institute of Technology, the USA., Sales Manager of ASE, the USA. General Manager of WORLD-WIDE TEST TECHNOLOGY INC. Assistant Vice General Manage of IC Testing Department of Formosa Advanced Technologies Co., Ltd. Sales Manager of ASE, the USA.	Director and General Manager of Winsteck Semiconductor Technology Co., Ltd.	None	None	None	None
Department of Testing Operation Vice General Manager	The Republic of China	Huang Hou-Chi	Male	Jan, 2012	-	-	-	-	-	-	Department of Electronics, Tamkang University Former Director of Sales, Winstek Semiconductor Technology Co., Ltd. Engineering Manager of World-wide Test Technology Inc. Engineer of VC3 Networks Inc.	None	None	None	None	None
Assembly Operation Department Vice General Manager	The Republic of China	Chen Chien-Hsun	Male	Nov,2017	-	-	-	-	-	-	Electrical Engineering, National Ching Hua University Former Deputy Manager of UMC Technology Manager of UNIVERSE OPTICAL TECHNOLOGY CO., LTD. and Chipbond Technology Co., Ltd. Deputy Director of	None	None	None	None	None

Position	Nationality	Name	Sex	Date of Elected (Appointed)	Shares of Stocks Held		Shares of Stocks Held by Spouse and Minors		Shares of stocks held through nominees		Work Experience (Educational Background)	Posts in other companies taken	Managers with spouse and second degree kinship			Note (Note 1)
					Shares of stocks	Percentage	Number of Share	Percentage	Number of Share	Percentage			Occupational title	Name	Relations	
											Engineering, Winstek Semiconductor Technology Co., Ltd. Assistant Vice General Manager of TRON ENERGY TECHNOLOGY CORPORATION					
CFO of Finance Department (Note 2)	The Republic of China	Tang Li-Ying	Female	Dec, 2015	-	-	-	-	-	-	Department of Accounting, National Cheng Kung University Former CFO of Winstek Semiconductor Technology Co., Ltd.	CFO of Winstek Semiconductor Technology Co., Ltd.	None	None	None	None
CFO	The Republic of China	Liu Kui-Chu	Male	Jun, 2020	9,106	0.01	-	-	-	-	Department of Accounting, Tunghai University Former Manager of ShineWing Accounting Firm	CFO of Winstek Semiconductor Technology Co., Ltd.	None	None	None	None

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase of independent directors and more than half of members of the Board of Directors should not take the post of employees or managers).

Note 2: CFO Tang Li-Ying left her post on February 25, 2022 and disclosure of the said shares of stocks held and relevant information was as of February 25, 2022.

III. Remuneration paid to Directors, Supervisors, General Manager, and Vice General Manager:

1. Remuneration paid to General Directors and Independent Directors

Unit: NT\$ Thousand Dollars

Occupational title	Name	Remuneration paid to Directors								Sum of A, B, C and D and percentage of net profit after tax		Remuneration paid to Directors taking the post of employee:								Sum of A, B, C, D, E, F and G and percentage of net profit after tax		Remuneration received from re-investment other than subsidies or mother company		
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration paid to Directors (C)		Expense of Business Operation (D)				Salaries, bonuses, and special allowance (E)		Severance Pay and Pension (F)		Employee Bonus (G)								
		All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered		All companies covered by the Financial Statement			All companies covered	All companies covered by the Financial Statement
																		Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks			
General Directors	GeSing Co., Ltd. Representative: Huang, Hsing-Yang	7,761	7,761	-	-	-	-	768	768	2.2%	2.2%	13,082	15,995	108	108	-	-	-	-	5.5%	6.3%	None		
	GeSing Co., Ltd. Representative: Yeh, Tsan-Lien																							
	GeSing Co., Ltd. Representative: Wu Ming-Hung (Note 1)																							
	GeSing Co., Ltd. Representative: Kuo, Hsu-Tung																							
	GeSing Co., Ltd. Representative: Hsieh, Chao-Hung																							
Weng, Chih-Li																								
Independent Director	Lin, Min-Kai	2,900	2,900	-	-	-	-	25	25	0.7%	0.7%	-	-	-	-	-	-	-	-	0.7%	0.7%	None		
	Wei, Jen-Yu																							
	Wen-chou Vincent Wang																							
<p>1. Please describe remuneration policy, system, standard, and structure paid to Independent Directors and include relevance of duties, risks taken, time input with remuneration payment: Remuneration paid to Independent Directors of the Company is made according to Article 23 of Corporation By-Laws of the Company. The Remuneration Committee evaluates levels of participation and contribution made by each directors. Fairness of performance risk is tied to income and remuneration payment. Operational performance and payment level made by the industry are also taken into consideration before submit the proposal for approval of the Board of Directors.</p> <p>2. In addition to information disclosed in the above table, information of remuneration paid to directors who provided services in the financial statement in the most recent fiscal year (such as advisors other than employees): None.</p>																								

Note 1: Elected on July 13, 2021

Remuneration Brackets

Remuneration Brackets paid to each Director	Name of Director			
	Sum of the first four items of remuneration (A+B+C+D)		Sum of the first seven items of remuneration (A+B+C+D+E+F+G)	
	All companies covered	All companies covered by the Financial Statement H	All companies covered	All companies covered by the Financial Statement I
less thanNT\$1,000,000	Yen Chan-Lien (note), Kuo Hsu-Tung(note), Hsieh Chao-Hung (note), Wu Min-Hung (note), Wenchou Vincent Wang	Yen Chan-Lien (note), Kuo Hsu-Tung(note), Hsieh Chao-Hung (note), Wu Min-Hung (note), Wenchou Vincent Wang	Yen Chan-Lien (note), Kuo Hsu-Tung(note), Hsieh Chao-Hung (note), Wu Min-Hung (note), Wenchou Vincent Wang	Yen Chan-Lien (note), Kuo Hsu-Tung(note), Hsieh Chao-Hung (note), Wu Min-Hung (note), Wenchou Vincent Wang
NT\$1,000,000 (including) ~NT\$2,000,000 (excluding)	Weng Li-Chih, Wei Ren-Yu, Lin Min-Kai	Weng Li-Chih, Wei Ren-Yu, Lin Min-Kai	Wei Ren-Yu, Lin Min-Kai	Wei Ren-Yu, Lin Min-Kai
NT\$ 2,000,000 (including) ~NT\$3,500,000 (excluding)				
NT\$ 3,500,000 (including) ~NT\$5,000,000 (excluding)	Hsing-Yang Huang (note)	Hsing-Yang Huang (note)	Hsing-Yang Huang (note)	Hsing-Yang Huang (note)
NT\$ 5,000,000 (including) ~NT\$10,000,000 (excluding)				
NT\$ 10,000,000 (including) ~NT\$15,000,000 (excluding)			Weng, Chih-Li	
NT\$ 15,000,000 (including) ~NT\$30,000,000 (excluding)				Weng, Chih-Li
NT\$ 30,000,000 (including) ~NT\$50,000,000 (excluding)				
NT\$ 50,000,000 (including) ~NT\$100,000,000 (excluding)				
NT\$ 100,000,000 and up				
Total	9 Seats	9 Seats	9 Seats	9 Seats

Note : Representative of Legal Person of GeSing Co., Ltd..

2. Remuneration paid to Supervisors: None; the Company in 2009 set up the Audit Committee to replace Supervisors.

3. Remuneration paid to General Manager and Vice General Manager

Unit: NT\$ Thousand Dollars

Occupational title	Name	Salaries (A)		Severance Pay and Pension (B)		Bonus and Special Allowance (C)		Amount of Employee Bonus (D)				Sum of A, B, C and D and percentage of net profit after tax (%)		Remuneration received from re-investment other than subsidiaries and mother company
		All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered	All companies covered by the Financial Statement	All companies covered		All companies covered by the Financial Statement		All companies covered	All companies covered by the Financial Statement	
								Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks			
General Manager	Weng, Chih-Li	7,076	15,484	216	342	10,479	12,373	900	-	2,700	-	4.74%	7.16%	None
Vice General Manager	Chao Tzi-Chie (Note 1)													
Vice General Manager	Chen Chien-Hsun													
Vice General Manager	Huang Hou-Chi													

Note 1: Resigned from the post in February, 2021.

Note 2: Remuneration amount paid to employees was approved by the Board of Directors on March 7, 2022, but the list of remuneration recipients was not decided yet. The said amount is an estimated number.

Remuneration Brackets

Remuneration Brackets paid to General Manager and Vice General Manager	Name of General Manager and Vice General Manager	
	All companies covered	All companies covered in the financial statement E
Less than NT\$1,000,000		Chao Tzi-Chie
NT\$ 1,000,000 (including) ~NT\$2,000,000 (excluding)		
NT\$ 2,000,000 (including) ~NT\$3,500,000 (excluding)		
NT\$ 3,500,000 (including) ~NT\$5,000,000 (excluding)	Huang Hou-Chi	Huang Hou-Chi
NT\$ 5,000,000 (including) ~NT\$10,000,000 (excluding)		Chen Chien-Hsun
NT\$ 10,000,000 (including) ~NT\$15,000,000 (excluding)	Weng, Chih-Li	
NT\$ 15,000,000 (including) ~NT\$30,000,000 (excluding)		Weng, Chih-Li
NT\$ 30,000,000 (including) ~NT\$50,000,000 (excluding)		
NT\$ 50,000,000 (including) ~NT\$100,000,000 (excluding)		
NT\$ 100,000,000 and up		
Total	Two	Four

4. Name of managers receiving employee remuneration and remuneration distribution:

Unit: NT\$ Thousand Dollars

	Occupational title	Name	Amount of Stocks	Amount of Cash (Note)	Total	Percentage of total amount in net profit after tax (%)
Managers	General Manager	Weng, Chih-Li	-	3,500	3,500	0.89%
	Vice General Manager	Chen Chien-Hsun				
	Vice General Manager	Huang Hou-Chi				
	CFO	Kevin Liu				

Note: Remuneration amount paid to employees was approved by the Board of Directors on March 7, 2022, but the list of remuneration recipients was not decided yet. The said amount is an estimated number.

5. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, the company shall disclose the remuneration paid to that individual director or supervisor and describe relevance of remuneration payment with remuneration policy, standard and composition, enactment procedure, management performance and future risks:

- (1) Analyses of the total amount of remuneration paid to Directors, General Manager, and Vice General Manager in the percentage of net profit after tax;

Unit: NT\$ Thousand Dollars

	2021				2020			
	All companies covered		Companies covered in the financial statements		All companies covered		Companies covered in the financial statements	
Occupational title	Total amount of remuneration	Total amount in the percentage of net profit after tax %	Total amount of remuneration	Total amount in the percentage of net profit after tax %	Total amount of remuneration	Total amount in the percentage of net profit after tax %	Total amount of remuneration	Total amount in the percentage of net profit after tax %
General Directors	8,529	2.2%	8,529	2.2%	8,939	4.3%	8,939	4.3%
Independent Director	2,925	0.7%	2,925	0.7%	2,955	1.4%	2,955	1.4%
General Manager and Vice General Manager	18,671	4.7%	30,899	7.8%	21,168	10.1%	33,926	16.2%

- (2) Relevance of remuneration payment with remuneration policy, standard and composition, enactment procedure, management performance and future risks:

Remuneration paid to Independent Directors of the Company is made according to

rules and regulation of the Company by authorizing the Board of Directors to determine the amount through evaluation towards levels of participation and contribution made by each directors.

If the Company is making a profit in the current fiscal year, 0.1-15% of profit should be allocated as employee bonus. When employee bonus is distributed in stocks or cash, recipients should be qualified employees of companies controlled or affiliated, but when the Company is at a accumulated loss, employee bonus shall be put in reserve. According to sales, less than 3% revenue should be allocated as remuneration paid to Directors, , but when the Company is at a accumulated loss, employee bonus shall be put in reserve.

Remuneration paid to General Manager and Vice General Manager should be made according to their duty responsibilities and contributions towards operational targets of the Company. Remuneration payment should also be made according to the Corporation By-Laws and Article 29 of the Company Act.

In terms of the procedure to decide remuneration payment, the Salary and Remuneration Committee of the Company make objective decisions according to “the Rules of Organization of Salary and Remuneration Committee,” “Rules Governing Rewards and Remuneration Distribution Paid to Directors” and “Rules Governing Salaries and Remuneration Paid to Managers” and to evaluate salary and remuneration policy relating to payment made to Directors and Managers of the Company before proposing to the Board of Directors.

The remuneration policy of the Company takes consideration of financial status, management result, and future needs for capital to make a comprehensive plan. Assessment of future risks is also included to minimize risk occurrence and up to the date when this annual report is published, no incidents that may result in responsibilities, liabilities or debts of the Company.

IV. Corporate Governance of the Company

1. Operations of Board of Directors

In 2021, six meetings of the Board of Directors were held with attendance described below:

Occupational title	Name	Seats of Actual Attendance	Seats with Proxy Attendance	Percentage of Actual Attendance (%)	Note
Chairman	GeSing Co., Ltd. Representative: Huang, Hsing-Yang	6	0	100%	Appointed on June 9, 2020
Director	GeSing Co., Ltd. Representative: Yeh, Tsan-Lien	6	0	100%	Appointed on June 9, 2020
Director	GeSing Co., Ltd. Representative: Wu, Min-Hung	3	0	100%	Appointed on July 13, 2020
Director	GeSing Co., Ltd. Representative: Kuo, Hsu-Tung	5	0	83%	Appointed on June 9, 2020
Director	GeSing Co., Ltd. Representative: Hsieh, Chao-Hung	6	0	100%	Appointed on June 9, 2020
Director	Weng, Chih-Li	6	0	100%	Re-elected on June 9, 2020
Independent Director	Lin, Min-Kai	6	0	100%	Re-elected on June 9, 2020
Independent Director	Wei, Jen-Yu	6	0	100%	Re-elected on June 9, 2020
Independent Director	Wen-chou Vincent Wang	6	0	100%	Re-elected on June 9, 2020

Other items that should be included:

I. If one of the following situation occurs, date of Board of Directors' meeting, term, resolution contents, opinions of all Independent Directors and Handling of the Company towards opinions of Independent Directors should be described:

(1) Items listed in Article 14-3 of Securities and Exchange Act:

Time of Board of Directors' Meeting	Resolution Contents and Results:	Items listed in Article 14-3 of Securities and Exchange Act	Opinion of Independent Directors
The 2021 1st Meeting of the Board of Directors 110 (March 9, 2021)	(1)Amendment of Partial Rules of “the Self-evaluation Operational Procedure for the Internal Control System” . Resolution: Directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.	Yes	independent Directors unanimously agreed the resolution.
	(2)Amendment of partial rules of “Operational Procedure of Management of Loans to Others.” Resolution: Directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.	Yes	independent Directors unanimously agreed the resolution.
	(3)Amendment of partial rules of “Organizational Rules of Salary and Remuneration Committee.” Resolution: Directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.	Yes	independent Directors unanimously agreed the resolution.
	(4) Evaluation of CPA's independence and qualification for certifying 2021 Annual Financial Report of the Company. Resolution: Directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.	Yes	independent Directors unanimously agreed the resolution.

The 2021 4th Meeting of the Board of Directors (August 3, 2021)	The Company 's provision of joint guarantee for bank credit for Winstek Technology Co., Ltd.(a subsidiary with 100% ownership). Resolution: Directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.	Yes	independent Directors unanimously agreed the resolution.
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(2) In addition to said items, any resolution item that Independent Directors object or hold conservative opinion in documentation or in writing: None.

II. Execution of Directors with conflict of interest to be excluded in the resolution discussion and name of Director, resolution contents, and reason to avoid conflict of interest, and vote of decision making should be described:

Time of Board of Directors' Meeting	Resolution Contents and Results:	Name of Director that prevents conflicting interest	Reason for prevention	Participation in vote
The 2021 1st Meeting of the Board of Directors 110 (March 9, 2021)	Salary and Remuneration Paid to Managers Proposed by the Salary and Remuneration Committee in 2020.	Weng, Chih-Li	This resolution involves in salary and remuneration paid to managers and due to the concern of conflict of interest, Director taking a post of manager should be excluded in the discussion according to rules and regulations.	Mr. Weng Chih-Li was excluded in the discussion due to conflict of interest and other directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.
The 2021 2nd Meeting of the Board of Directors 110 (April 27, 2021)	Performance Bonus Distributed to General Manager Proposed by the Salary and Remuneration Committee.	Weng, Chih-Li	This resolution involves in performance bonus paid to managers and due to the concern of conflicting interest, Board Director taking a post of manager should be excluded in the discussion according to rules and regulations.	Mr. Weng Chih-Li was excluded in the discussion due to conflict of interest and other directors attending the meeting unanimously adopted the resolution after inquired by the Chairman.

III. Self-evaluation executed by the Board of Directors:

Evaluation Period	Evaluation Period	Evaluation Scope	Evaluation Method)	Evaluation Contents
Execute once a year.	From January 1, 2021 to December 31, 2021	1. All members of the Board of Directors 2. Members of the Board of Directors 3. Functional Committees	Self-evaluation of members of the Board of Directors	Performance evaluation of the Board of Directors: Toward participation in company operations, decision-making quality of the Board, composition and structure of the Board, election and continuous training of Directors, and internal control. Performance evaluation of members of the Board of Directors: Control and command of company goals and mission, participation in company operations, management and

					communication of internal relationship, profession and continuous training of Directors, and internal control. Performance evaluation of functional committees: Participation in company operations, awareness of responsibility of functional committees, decision-making quality of functional committees, composition and election of members of functional committees, and internal control.
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IV. Goals and Execution Evaluation for Enhanced Responsibilities of the Board of Directors (such as establishment of Audit Committee and enhancement of information transparency):

The Company set up the Audit Committee to assist the Board of Directors to carry out its duties in July, 2009. The Board of Directors on August 5, 2020 authorized the sixth Salary and Remuneration Committee to suggest, evaluate, and monitor salary and remuneration level paid to Directors and Managers, Employee Stock Ownership Plans, Employee Bonus Plans or other employee incentive plans. Additionally, the Board of Directors of the Company enacted the rules governing internal performance self-evaluation of the Board of Directors and 2021, self-evaluation of “all members of the Board,” “members of the Board,” and “Functional Committees” showed a satisfactory result.

2. Operations of the Audit Committee

The Company on June 26, 2009 after the shareholders’ annual meeting set up the Audit Committee. The Committee consists of three independent directors and at least one meeting should be convened each quarter. The Audit Committee should assist the Board to carry out its supervision duties in accounting, audit, financial reporting processes as well as quality and reliability of financial control. Items audited mainly include:

- (1) Audit of financial reports and accounting policies and procedures
- (2) Internal control system and relevant policies and procedures
- (3) Handling of material asset or financial derivatives
- (4) Material capital loan or endorsement or guarantee
- (5) Acquisition or issuing of securities
- (6) Investment in financial derivatives and cash
- (7) Legal compliance
- (8) Related party trading and possible conflict of interest involving managers and Directors
- (9) Appeals

- (10) Anti-fraud plan and fraud investigation report.
- (11) Cyber security
- (12) Risk Management of the Company
- (13) Appointment, dismissal, or remuneration of CPA
- (14) Appointment and dismissal of finance, accounting or internal audit heads

In 2021, four meetings of the Audit Committee were held with member attendance described below:

Occupational title	Name	Time of actual attendance (B)	Seats with Proxy Attendance	Percentage of actual attendance (%) (B/A)	Note
Independent Director	Lin, Min-Kai	4	0	100%	Re-elected on June 9, 2020
Independent Director	Wei, Jen-Yu	4	0	100%	Re-elected on June 9, 2020
Independent Director	Wen-chou Vincent Wang	4	0	100%	Re-elected on June 9, 2020

Other items that should be included:

I. When one of the following situations occurs in operations of the Audit Committee, date of the Board of Directors' meeting, term, resolution contents, resolution adopted by the Audit Committee, and handlings of the Company towards opinion of the Audit Committee should be described :

(I) Items listed in Article 14-5 of Securities and Exchange Act :

Time of the Audit Committee Meeting	Resolution Contents	Resolution Adopted by the Audit Committee	Handling of the Company toward Opinion of the Audit Committee	Resolution Adopted by the Board of Directors
The 2021 1st Audit Committee Meeting (March 9, 2021)	(1) Reviews of the 2020 Business Report and Financial Statements of the Company.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(2) Audit of Validity of 2020 Internal Audit System.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(3) Amendment of partial rules of "Operational Procedure of Management of Loans to Others."	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(4) Amendment of partial rules of "Operational Procedure of Self-Evaluation of Internal Audit System."	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
	(5) Authorization and Remuneration and Independence and Eligibility of CPA certified for the 2021 Financial Statements of the Company.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
The 2021 2nd Audit Committee Meeting (April 27, 2021)	Review of 2021 Q1 Consolidated Financial Statements.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
The 2021 3rd Audit Committee Meeting (August 3, 2021)	Review of 2021 Q2 Consolidated Financial Statements.	All members of the Audit Committee attending the meeting agreed the reviews unanimously.	NA	All members of the Board of Directors attending the meeting agreed unanimously after inquired by the Chairman.
The 2021 4th Audit	Review of 2021 Q3 Consolidated Financial Statements.	All members of the Audit Committee attending the	NA	All members of the Board of Directors

Committee Meeting (November 1, 2021)		meeting agreed the reviews unanimously.	attending the meeting agreed unanimously after inquired by the Chairman.
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(II) In addition to the said resolutions, are there any other resolutions that are not adopted by the Audit Committee and approved by two thirds of all members of the Board of Directors: None.

II. Execution of avoiding conflict of interest among Independent Directors and the name of Independent Director, resolution contents, reason for avoiding conflict of interest, and participation in vote should be described:

Not available.

III. Communication between Independent Directors and Head of Audit and CPA:

(I) The head of Audit quarterly attended the Audit Committee Meeting and the Board of Directors' meeting to report audit exaction. Independent Directors held no objection and good communication was maintain between the head of Audit and Independent Directors. independent Directors provided expert opinions towards audit reports and the Company respected their opinions.

The head of Audit of the Company monthly submitted audit review report to Independent Directors and they also communicated via emails or phone calls. Communication contents include: discussion on control environment and items that deserve more attention, documentation and improvement execution.

(II) CPAs at least once a year needs to communicate with Independent Directors over important matters of audit results of financial status and statements of the Company face to face or in writing. If there are significant issues, the Board of Directors would also invite CPAs to provide professional advices to facilitate exchanges between two sides. The Audit Committee of the Company maintained good communications with CPAs.

3. Corporate Governance Operations and Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
1. Does the Company comply with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to enact and disclose corporate governance best practice principles?	Yes		The Company has enacted the “Corporate Governance Best Practice Principles” to carry out responsibilities of business managers, safeguard legal rights of shareholders, and take care of other stakeholders’ interest.	We comply with the Corporate Governance Best Practice Principles.
2. Stock Structure of the Company and Shareholders’ Rights (I) Does the Company enact the internal operational procedure to handle shareholders’ suggestions, questions, disputes and litigations and has it implemented the procedure? (II) Does the Company have a good command of major shareholders that actually control the Company and the list of ultimate controllers of major shareholders? (III) Does the Company build and execute risk control and firewall mechanism between and among affiliated? (IV) Does the Company enact internal rules and regulations to forbid insiders of the Company to trade securities with unpublished information not available in the market?	Yes Yes Yes Yes		(I) To ensure shareholders’ rights, the Company assigns spokesperson and acting spokesperson to handle suggestions, questions, and disputes of shareholders and at the same time, the Company uses a shareholder services agent to handle shareholder affairs. (II) Through the shareholder services agent, information of shareholders’ name is provided and the declaration of internal share rights change is managed. (III) Handlings are proceeded according to “the Operational Procedure of Business Engagement with Group Companies, Specific Companies, and Related Parties,” “Rules Governing Monitoring of Subsidiaries,” and relevant operational procedure of internal control. (IV) The Company has established the “Material Information Management Procedure” and “Procedures for the Prevention of Insider Trading” and work management rules and ethical norms are incorporated with contents that prohibit insider trading.	(I) We comply with the Corporate Governance Best Practice Principles. (II) The same as above. (III) The same as above. (IV) The same as above.
3. Composition and Responsibility of Board of Directors (I) Has the Board of Directors enacted diversification policies, concrete management goals for actual realization?	Yes		(I) Considering diversification, members of the Board of Directors has enacted proper diversification policies for needs of its own operations, organizational structure, and development. According to the Corporation By-Laws of the Company, the Board of Directors consists of nine to 11 directors and among them, at least three should be Independent Directors. A candidates nomination system is	(I) We comply with the Corporate Governance Best Practice Principles.

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
<p>(II) Has the Company voluntarily established other functional committees besides the Salary and Remuneration Committee and the Audit Committee?</p> <p>(III) Has the Company enacted evaluation methods to assess performance of the Board of Directors and submit the result to the Board and use as the reference of remuneration and consecutive appointment?</p> <p>(IV) Has the Company regularly evaluate independence of CPAs?</p>	Yes	No	<p>adopted for election of members of the Board of Directors and all members should be equipped with professionalism, skills, and literacies required to carry out their duties. In summary, the Company has followed diversification guidance of composition of members of the Board of Directors and details are described as Description 1 and the website of the Company, and on Market Observation Post System.</p> <p>(II) Besides mandatory establishment of the Salary and Remuneration Committee and the Audit Committee, in the future the Company will abide by rules and regulations to establish other functional committees as requested by laws and according to operational needs.</p> <p>(III) The Company has complied with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to enact rules for performance evaluation of the Board of Directors and evaluation scope includes the Board of Directors and individual members. Evaluation methods include proper internal self-evaluation of the Board and its members.</p> <p>(IV) CPAs hired by the Company are from PwC Taiwan, one of the largest accounting firms in Taiwan, which requests all employees have to complete Independence and Risk Management Policy Compliance Statement for the current fiscal year in its independence policy and before entrusted, PwC Taiwan conducted self-evaluation to check its independence. With its independent status, PwC complies rules and regulations to audit financial status of the Company. The Company also evaluates independence and appropriateness of CPAs regularly once every year. On March 9, 2021, the Board of Directors of the Company approved evaluation for independence and appropriateness of CPAs. Evaluation items include whether CPAs has direct or material indirect financial interest relationship with the Company, CPAs provide financing and guarantees for</p>	<p>(II) No difference</p> <p>(III) We comply with the Corporate Governance Best Practice Principles.</p> <p>(IV) We comply with the Corporate Governance Best Practice Principles.</p>

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	
			Directors of the Company, CPAs and members of its audit team has taken any post in the most recent two fiscal years as Directors, Managers, or those that may significantly impact audit work , CPAs have kinship relations with Directors, Managers, or those who have significant impact on auditing. The audit result indicate CPAs, Hsieh Chi-Cheng and Chiang Tsai-Yen of PwC Taiwan are qualified as our CPAs according to evaluation criteria of independence.	
4. Has the TWSE/TPEX listed company had an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, to be in charge of corporate governance affairs(including but not limited to providing information needed by Directors and Supervisors to carry out duties and to comply with laws, and handling matters relating to board meetings and shareholders meetings according to laws)?	Yes		The Company has established the Corporate Governance team that the Department of Finance and Accounting serve as the convenor; members also include those from Administration, HR, and Legal Department to take charge of affairs related to corporate governance. Its duties are research and enact appropriate company system and organizational structure to strengthen independence of the Board of Directors. With transparency and compliance of the Company, the Board of Directors is able to prevent from conflict of interest and provided a reminder to those involved; according to laws, date of shareholders' meeting is registered each year and meeting notice is prepared and declared. Meeting agenda and minutes are also made available.	We comply with the Corporate Governance Best Practice Principles.
5. Has the company maintain channels of communication with stakeholders (including but not limited to shareholders, employees, consumers, and suppliers) and respect and safeguard their legal rights and interests, and designate a stakeholder section on its website to properly address to important corporate social responsibility concerned by stakeholders?	Yes		The company has designated a stakeholder section on its website to properly address to important corporate social responsibility concerned by stakeholders, to maintain communication channels and proper frequency with stakeholders, and to provide responsive information. At the same time, communication performance related to stakeholders has been listed. At present, Spokesperson and Acting Spokesperson of the Company serve as the contact window to respond to shareholders' suggestions and questions.	We comply with the Corporate Governance Best Practice Principles.
6. Has the Company entrusted with a shareholder services agent to take charge of affairs related to shareholders' meeting?	Yes		The Company entrusted Yuanta Securities Co., Ltd. to be in charge of affairs related to shareholders' meeting.	We comply with the Corporate Governance Best Practice Principles.

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause												
	Yes	No	Summarized Description													
7. Disclosure of Information																
(I) Has the Company constructed a website to disclose financial status and corporate governance information?	Yes		(I) The Company follows declaration procedure to disclose and declare information of financial status and corporate governance online. At the same time, both Chinese and English websites are constructed to disclose more important information related to financial status and corporate governance.	(I) We comply with the Corporate Governance Best Practice Principles.												
(II) Has the Company used other method to disclose information (such as English website, designated personnel to collect and disclose company information, execute spokesperson system, and release process of investor conference on the Company's website)?	Yes		(II) The Company has constructed both Chinese and English website and designated personnel to collect and disclose company information, execute spokesperson system, and release process of investor conference on the Company's website.	(II) We comply with the Corporate Governance Best Practice Principles.												
(III) Has the Company made public announcement and declared its annual financial statements within two months after the end of a fiscal year and announced and declared financial statements of Q1, Q2, and Q3 before the regulated dates?	Yes		(III) The Company has announced and declared financial statements of Q1, Q2, and Q3 before the regulated dates.	(III) No difference												
8. Has the Company provided assistance to understand important information of corporate governance (including but not limited to employee's rights, caring for employees, investor relations, supplier relations, shareholders' rights, trainings for Directors and supervisors, risk management policy, and risk assessment criteria, and execution of customer police, and purchase of liability insurance for Directors and Supervisors by the Company)?	Yes		<p>(I) The Company has established the Employee Welfare Committee, implemented pension system, provided equal employment opportunity, conducted employee trainings, and purchased group insurance as well as arranged regular health checkup for employees and respected harmony labor relations.</p> <p>(II) The Company maintains good communications with suppliers and customers and keeps good partnership. The Company according to laws honestly discloses relevant information to protect investor rights and fulfill its responsibility for shareholders. The Company has established a designated area for stakeholders to build communication channels with them.</p> <p>(III) Trainings received by Directors:</p> <table border="1"> <thead> <tr> <th>Occupational title</th> <th>Name</th> <th>Date of Training</th> <th>Name of Organization</th> <th>Course Title</th> <th>Hour of Training</th> </tr> </thead> <tbody> <tr> <td>Independent Director</td> <td>Lin, Min-Kai</td> <td>January 12, 2021</td> <td>Securities & Futures Institute</td> <td>Business Opportunities for Wafer Contractors and Advanced Package Technology Suppliers</td> <td>3</td> </tr> </tbody> </table>	Occupational title	Name	Date of Training	Name of Organization	Course Title	Hour of Training	Independent Director	Lin, Min-Kai	January 12, 2021	Securities & Futures Institute	Business Opportunities for Wafer Contractors and Advanced Package Technology Suppliers	3	
Occupational title	Name	Date of Training	Name of Organization	Course Title	Hour of Training											
Independent Director	Lin, Min-Kai	January 12, 2021	Securities & Futures Institute	Business Opportunities for Wafer Contractors and Advanced Package Technology Suppliers	3											

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause																										
	Yes	No	Summarized Description																											
			<table border="1"> <tr> <td></td> <td></td> <td>December 22, 2021</td> <td>Taiwan Corporate Governance Association</td> <td>Pre-deployment for Wealth Heritage</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Wei, Jen-Yu</td> <td>November 10, 2021</td> <td>Taiwan Corporate Governance Association</td> <td>Management Right Disputes from Perspectives of Corporate Governance and Shareholders' Meeting Structure</td> <td>3</td> </tr> <tr> <td>November 10, 2021</td> <td>Taiwan Corporate Governance Association</td> <td>Introduction to Business M & A Strategies</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td>Hsing-Yang Huang</td> <td rowspan="2">December 12, 2021</td> <td>Taiwan Corporate Governance Association</td> <td>Pre-deployment for Wealth Heritage</td> <td>3</td> </tr> <tr> <td>Yeh Tsan-Lien Kuo Hsu-Tung Wu Min-Hung Hsieh Chao-Hung</td> <td>Taiwan Corporate Governance Association</td> <td>Ethical Corporate Management and Legal Compliance</td> <td>3</td> </tr> </table>			December 22, 2021	Taiwan Corporate Governance Association	Pre-deployment for Wealth Heritage	3	Independent Director	Wei, Jen-Yu	November 10, 2021	Taiwan Corporate Governance Association	Management Right Disputes from Perspectives of Corporate Governance and Shareholders' Meeting Structure	3	November 10, 2021	Taiwan Corporate Governance Association	Introduction to Business M & A Strategies	3	Director	Hsing-Yang Huang	December 12, 2021	Taiwan Corporate Governance Association	Pre-deployment for Wealth Heritage	3	Yeh Tsan-Lien Kuo Hsu-Tung Wu Min-Hung Hsieh Chao-Hung	Taiwan Corporate Governance Association	Ethical Corporate Management and Legal Compliance	3	
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			<p>(IV) Execution of Risk Management Policy and Risk Assessment Criteria:</p> <p>1. Risk Management Police and Mechanism:</p> <p>(1) The Company has enacted strategies and guidance to monitor and manage risks. We pay close attention to material supply, market technology resolution, competition, economy, and the political environment. The Company from time to time analyzes market and assess market risk and adjust department plans accordingly. Through discussion of periodical meetings and temporary meetings, responsive guidance has been given to reduce overall business risks.</p> <p>(2) The Company considers each key factor to achieve overall objectives such as industrial climate change, product life cycle, and launches of new products.</p>																											

Evaluation Item	Operations		Summarized Description	Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No		
			<p>Through budget allocation, the Company makes sure to achieve its overall objectives and to prevent from risks associated with overall execution.</p> <p>(3) Responsibilities and duties of important heads of the Company are clearly defined and they are appointed with acting personnel to find funds necessary for stability of financial activities and to backup important information systems of customer information, R&D confidential data, and accounting systems to reduce business risks.</p> <p>2. Risk analyses and assessment: Please refer to the 2021 Annual Report of the Company, “7.6 Review and Analyses and Risks Related to Financial Status and Performance, Risk Management and Assessment.”</p> <p>(V) Execution of Customer Policy: The Company has enacted the Ethical Corporate Management Best Practice for business operations and please refer to the 2021 Annual Report of the Company : “5. Operations and Sales.” ◦</p> <p>(VI) Up to the date when this Prospectus is published, Directors of the Company stay away from resolution discussions of stakeholders that may have conflict of interest with them.</p> <p>(VII) The Company reported to the Board of Directors to purchase liability insurance for members of the Board at the amount of US\$10 million to cover the fiscal year of 2021.</p>	
9. According to evaluation result released by TWSE Corporate Governance Center in the current year, has improvement been made and is there priority item and measure that needs to be proposed for items not improved?: None.				

Evaluation Item	Operations			Differences from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Related Cause
	Yes	No	Summarized Description	

Description 1: Diversification policy of members composed of the Board of Directors and Execution:

(I) Diversification policy of members composed of the Board of Directors

Members of the Board of Directors should be equipped with knowledge, skills, and literacies required to carry out their duties. To achieve ideal goals of corporate governance, the Board of Directors should be overall equipped with abilities below:

1. Judgmental abilities for operations.
2. Accounting and financial analyses abilities.
3. Management abilities.
4. Responsive abilities to risk.
5. Industrial knowledge.
6. International market perspective.
7. Leadership.
8. Decision-making abilities.

(II) Execution

Name of Director		Diversified Core Items	Nationality or Registered Residency	Judgmental ability for operations	Accounting and financial analyses	Management	Risk management	Industrial knowledge	International market perspective	Leadership and decision making
Chairman	Hsing-Yang Huang (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Weng, Chih-Li		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Yeh Tsan-Lien (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Wu Min-Hung (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Kuo Tung-Hsu (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
Directors	Hsieh Chao-Hung (note)		The Republic of China	✓	✓	✓	✓	✓	✓	✓
independent Directors	Lin, Min-Kai		The Republic of China	✓	✓	✓	✓	✓	✓	✓
independent Directors	Wei, Jen-Yu		The Republic of China	✓	✓	✓	✓	✓	✓	✓
independent Directors	Wen-chou Vincent Wang		United States	✓		✓	✓	✓	✓	✓

Note: Legal Representative of Ge Xing Co., Ltd.

4. If the Company has established the Salary and Remuneration Committee, its composition and operations should be disclosed:

Approved by the Board of Directors of the Company, the Salary and Remuneration Committee consists of members entrusted and approved by the Board of Directors with the main duties to regularly review performance assessment of Directors and Managers as well as salary and remuneration policy. The Committee submits its suggestion for discussions at the Board of Directors Meeting.

(1) Information of Members of the Salary and Remuneration Committee

Identification Type	Condition Name	Professional Qualification and Experience	Independence	Number of Publicly Listed Companies that a Director Serve as a Member of the Salary and Remuneration Committee
Independent Director	Lin, Min-Kai	Note 1	Note 1	1
Independent Director	Wei, Jen-Yu	Note 1	Note 1	0
Other	Liao Chin-Yi	<ol style="list-style-type: none"> With more than five-year work experience related to business, legal affairs, finance, or fields needed by the Company. Main experience: AA of Machinery Manufacturing of National Union Technical College, Manager of Global Part and Component Strategic Purchase of Logitech, Automation Testing Engineer, Xuli Semiconductor Co., Ltd. 	<ol style="list-style-type: none"> A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Without kinship relationship such as spouse or within the second degree relative with other directors. No violation to Article 30 of the Company Act. Without a government agency or a juristic person acts as a shareholder of a company elected as a director or supervisor of the company. 	0

Note1: Please see (3) Professional qualification and disclosure of independence of Independent Directors on Page 14-15.

(2) Operations of the Salary and Remuneration Committee

A. There are three members in the Salary and Remuneration Committee of the Company.

B. Service term of current committee members started from August 5, 2020 and will end on June 8, 2023. In the current fiscal year, two meetings were held by the Committee (A) with eligibility and attendance of its members described below:

Occupational title	Name	Number of Attendance (B)	Seats with Proxy Attendance	Attendance Rate (%) (B/A)	Note
Convenor	Lin, Min-Kai	2	0	100%	Re-elected on August 5, 2020
Committee Members	Wei, Jen-Yu	2	0	100%	Re-elected on August 5, 2020
Committee Members	Liao Chin-Yi	2	0	100%	Re-elected on August 5, 2020

Other items that should be included:

Resolution contents, result, and handling of the Company towards opinion of the Salary and Remuneration Committee:

The Salary and Remuneration Committee	Resolution Contents and Follow-ups	Resolution Result	Handling of the Company towards opinion of the Salary and Remuneration Committee:
The 2021 1st Salary and Remuneration Committee Meeting (March 9, 2021)	Proposed 2020 Salary and Remuneration for Managers of the Company	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the meeting.
The 2021 2nd Salary and Remuneration Committee Meeting (April 27, 2021)	(1) Proposal of 2020 Employee Bonus Distribution	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the

			meeting.
	(2) Proposal of Manager Performance Bonus of the Company	The resolution was adopted unanimously by the Committee after inquired by the Chairperson.	The resolution was proposed to the Board of Directors and was adopted unanimously by members of the Board attending the meeting.

1. If there is suggestion made by the Salary and Remuneration Committee not adopted or amended by the Board of Directors, please describe date, term, resolution contents, and result, and handling of the Company toward opinion of the Committee (such as difference and cause between proposal of the Committee and resolution adopted by the Board): None.

2. If any resolution adopted by the Salary and Remuneration Committee is objected and reserved by it member, please describe date, term, resolution contents, and result, and handling of the Committee toward opinions of the Committee members: None.

5. Promotion of Sustainable Development and Difference and Reason against Sustainable Development Best Practice Principles for
TWSE/TPEX Listed Companies

Promotion	Execution		Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No		Summarized Description
1. Has the Company established governance structure to promote sustainable development and designated an (part-time) unit to promote sustainable development and through authorization by the Board of Directors, how's management conducted by top management level and supervised by the Board of Directors?	Yes		<p>1. The Company has enacted Corporate Social Responsibility Best Practice Principles that will be renamed as Sustainable Development Best Practice Principles to carry out relevant measures of sustainable development practice. Each year, a representatives is sent to the seminar on sustainable development organized by the authority agency and educational trainings and promotion on norms of occupational ethics and reporting procedure or rules are provided regularly.</p> <p>2. The Company has established Promotion Task Force for Sustainable Development and the Administration Department is in charge of management and coordination among departments to promote sustainable development. Execution of sustainable development should be reported to the Board of Directors at least once a year.</p>	(I) Compliance with Sustainable Development Best Practice Principles
2. Has the Company assess risks related to environment as well as social and corporate governance issues of its operations according to the materiality principle and enacted relevant risk management policy or strategy? (Note 2)	Yes		<p>1. Environmental Protection</p> <p>To maintain nature and healthy living environment, the Company reduces impacts caused by production activities on the environment and people and has been continuously devoted to improvement of pollution prevention. The Company actively reduce waste and concerns safety to reduce resource waste and to comply with governmental rules and regulations of environmental safety. Relevant targets have been enacted to improve performance and build an environmental management system. Through both internal and external communications, reviews of sustainable environmental protection have been carried out.</p> <p>To ensure lowest impact on environment during working process, the Company has used the best technology to promote health and control hazards. The Company promises to comply with relevant laws and high standard</p>	(I) Compliance with Sustainable Development Best Practice Principles

Promotion	Execution		Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
			<p>safety operations to meet environmental safety criteria and other requirements. At the same time, environmental targets are set and through internal and external communication and operational reviews, comprehensive management initiatives have been adopted to prevent workplace hazards and environmental impact.</p> <p>2. Supplier Management The Company concerns of customer satisfaction and corporate social responsibility(CSR) and works closely with suppliers to promote supplier management concepts in order to achieve goals of sustainable management and jointly enhance CSR. The Company periodically reviews main material suppliers and if a supplier fails to meet the standard, it will be requested to submit improvement plan to ensure effectiveness. The Company also audits main suppliers and if any defect is detected, suppliers are requested to submit improvement plan and ensure effectiveness or his qualification as an eligible supplier will be suspended.</p> <p>The Company continuously promotes “green procurement” and suppliers of raw materials need to provide certificate of inspection issued by the trusted third party such as EU RoHS and REACH to assure no banned substances harmful to the environment is used (in compliance with the document G-ES-018 in Appendix 9.1: Rules for Environmental Substance Management) and compliance with customer demands and international laws. The Company has demonstrated full capabilities to manage harmful substances and each year, relevant information is collected such as material testing report to ensure materials provided by suppliers meet customer and internal law requirements.</p> <p>3. Labor Relations The Company maintains harmony labor relations and respect employees’ opinions. Through employer-employee meetings and opinion box, effective communications with</p>

Promotion	Execution		Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
			<p>employees are maintained. To improve talent quality and development advantages, “Method of Educational Training “ has been enacted with annual training plan to strength operational advantage of the Company and the ability to satisfy customers’ needs. When new employees start working, they will receive professional orientation. Employees also receive regular and professional training from time to time (including internal and external one) with aims to cultivate professional talents, improve management performance and utilize and develop their potential.</p> <p>4. Anti-corruption The Company has established (designated) the Administration Department promote ethical corporate management with the responsibility to enact policy, executive relevant matters, and report corruption. At least, once a year, a report on execution of ethical corporate management needs to be submitted to the Board of Directors. Each year, the Company promotes trainings on “Management Procedure,” “Procedures for the Prevention of Insider Trading,” and “Professional Ethics Codes” “Ethical Corporate Management Policy” and “Reporting System and Procedure” between employees each year.</p>
3. Environmental Issues			
(1) Has the Company established proper environment management system according to its industrial characteristics?	Yes		(1) The Company has been certified with ISO14001 and has established a designated unit to maintain the environment according to its industrial characteristics. (I) Compliance with Sustainable Development Best Practice Principles
(2) Has the Company been devoted to the development of energy utilization efficiency and utilization of recycled materials with low environmental impacts?	Yes		(2) The Company has been engaged in IC testing services and finished goods after tested use package materials as regulated by the EU RoHS. (II) The same as above.
(3) Has the Company evaluated future potential risks and opportunities brought by climate change and adopted relevant responsive measures?	Yes		(3) The Company has included climate change into risk management such as “climate change risk identity”: for example, rising temperature, continuous warming, distinct dry and wet season, extreme climate. Responsive measures and responses are also announced on the (III) The same as above.

Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			Company website from the consideration of risks, responses, and concrete actions. Additionally, design that adapts to extreme climate is adopted to come out with concrete responsive measures when there is shortage of electricity and water and strong wind.	
(4) Has the Company conducted statistics for the total weight of its GHGs, water utilization and waste and enacted policies to reduce GHGs, water utilization, and waste?	Yes		(4) The Company manages to achieve its GHGs reduction by conducting GHGs inventory check and adopting energy saving measures. The Company reduces impacts on the environment and acquired SGS as the third party certification institute to complete ISO14064-1 inspection. At the same time, each year, measures to save electricity consumption and reduce carbon dioxide emission and environmental impacts. The Company has set up its ten-year waste recycle rate \geq 80% as the target.	(IV) The same as above.
4. Social Issues (1) Has the Company complied with relevant rules and regulations and International Bill of Human Rights to enact relevant management policies and procedures?	Yes		(I) According to the Labor Standard Act and relevant labor laws, the Company enacts practices of labor and ethical corporate management issues to provide principles for employees to follow and to protect legal rights of employees.	(I) Compliance with Sustainable Development Best Practice Principles
(2) Has the Company enacted and implemented employee welfare measures (including salary and remuneration, holidays, and other welfare) and reflected management performance or result appropriately to employees' salaries or remuneration?	Yes		(II) The Company purchases group medical insurance for each employee and established the Employee Welfare Committee to promote employee welfare measures. When employees suffer from illness and losses of families and celebrate for birthday and special occasions, participate in clubs or tours, the company would reflect management performance or result appropriately to employees' salaries or remuneration	(II) The same as above.

Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
(3) Has the Company provided employees a safe and healthy workplace and conducted regular safety and health education?	Yes		(III) The Company has enacted labor safety and health policies to provide regular health checkups for employees and promote labor safety, drill training, and maintain safety of employees and suppliers. Onsite work environment has been periodically and irregularly inspected by labor safety unit and a head from each level. Improvement suggestions are provided to reduce risks at the workplace. 2021 statistics showed 0 Disabling Frequency Rate, 0 Disabling Injury Severity Rate, and 0 Frequency-Severity Indicator indicating good labor safety performance.	(III) The same as above.
(4) Has the Company established effective career training plans for employees?	Yes		(IV) The Company has established comprehensive and effective professional training plans to enhance employees' abilities to develop careers. Comprehensive training structure and diverse learning development channel are provided for employees to develop their career planning via educational trainings to advance professional skills and capabilities, to develop career plans, and to become the elite of the semiconductor industry. Training plans cover orientation for new employees, professional job training, growth and motivation, management skill training under the training scope for heads and employees with overall good effectiveness.	(IV) The same as above.
(5) Has the Company complied with relevant laws and international standard to enact policies and grievance procedures for consumer protection and rights on issues such as health and safety of consumers, privacy, marking and labels?	Yes		(V) The Company has engaged in IC testing services and provide customers product and service transparency as well as effective grievance procedures and channels. The Company has place emphases on marketing labels of products and services to link up with international standards.	(V) The same as above.
(6) Has the Company established supplier management policy to request suppliers to comply with rules and regulations governing environmental protection, occupational safety or labors' human rights and how is the implementation?	Yes		(VI) The Company evaluates new suppliers and at the same time, inspects records of suppliers in terms of environmental and social impacts. The Company has entered contracts with suppliers according to actual operations including termination or cancellation of contracts signed with suppliers who involve in violation	(VI) The same as above.

Promotion	Execution			Difference and Reason against Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summarized Description	
			to CSR and impose significant negative impacts on the environment and the society. At the same time, main raw material suppliers are audited with quality system, environmental safety and health system, requirement of banned substances, and Responsible Business Alliance. If an audit finds any defect, a supplier should submit improvement plan and assure effectiveness. Those without making improvement will be have eligibility cancelled.	
5. Has the Company referred to GRI principles to compile its sustainable report and disclose its non-financial information? Has the said report obtained assurance and guarantee opinion from the third verification party?		No	The Company in the future will follow laws and regulations to request sustainability report relating operations and disclose non-financial information in a report.	No difference
6. Has the Company complies with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” to enact its own principles and please describe difference between operations and principles enacted: The Company has enacted “Corporate Social Responsibility Best Practice Principles” and it will later be remade as “Sustainable Development Best Practice Principles.” Operations match with principles.				
7. Other important information that helps to understand promotion and execution of sustainable development: (1) Package materials of finished goods of the Company after testing meet with requirements of the EU RoHS. Reusable utensils are used in employee cafeteria and garbage sorting has been implemented to reduce environmental impacts. (2) The Company over the past recent years makes donation to charitable organizations including organizing charity event and donation to Shi Guang Education and Nursing Center, and Huashan Social Welfare Foundation, financial assistance to Family Support Center, and Ai Heng Special Education Center in Hsinchu. The Company especially invited Family Support Center, and Shi Guang Education and Nursing Center to our charity events and our employees were encouraged to donate government uniform invoices to spread love and contribute to the society. (3) The Company has established a designated unit to handle issues related to customers’ rights. (4) The employment policy of the Company contains no discrimination against genders, races, ages, marital statuses. Equality is implemented in salaries, employment conditions, and training and promotion opportunities. (5) Each year, employees are educated with labor safety, firefighting drills and exercise to maintain employee safety. Each year periodical health checkups are provided for employees to provide a safe and healthy workplace. (6) The Company has been certified with ISO9001, IATF 16949, ISO/IEC 17025, ISO14001, ISO45001, OHSAS18001 and Sony Green Partner.				

6. management of the Company and difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies

Evaluation Item	Operations			Difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies
	Yes	No	Summarized Description	
<p>1. Enactment of Corporate Management Policy and Init Initiative</p> <p>(I) Has the Company enacted ethical corporate management policy approved by the Board of Directors and declares its relevant policies, acts, and promise of the Board of Directors and top management level to actively execute ethical corporate management?</p> <p>(II) Has the Company established risk assessment mechanism, conducted regular analyses and evaluation under operational scope for unethical behaviors and activities that are more likely to expose to unethical risks? Has the initiative to prevent from unethical behavior been enacted to at least include behaviors regulated by Article 7.2 of the “Ethical Corporate Management of Best Practice Principles for TWSE/GTSM Listed Companies?”</p> <p>(III) Has the Company clearly enacted the procedure, behavioral guidance, discipline and grievance system for the initiative to prevent from unethical behavior to carry out execution and regularly review and amend the said initiative?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(I) The Company follows the “Ethical Corporate Management of Best Practice Principles for TWSE/GTSM Listed Companies” to enact our own principles as well as abide by relevant labor laws to enact principles to manage labor and ethical behavior with contents also including ethical corporate management policy and preventative initiative. The Company has declared ethical corporate management policy clearly in company rules and external documents and the Board of Directors and management level actively execute and execution can also be proved in activities of internal management and external business operations.</p> <p>(II) The Company follows the “Ethical Corporate Management of Best Practice Principles for TWSE/GTSM Listed Companies” to enact our own principles as well as abide by relevant labor laws to enact principles to regulate higher risks of unethical behavior in operations to prevent from bribery paying and receiving and illegal political donation.</p> <p>(III) According to relevant laws, the Company has enacted its ethical corporate management best practice principles to build ethical corporate management culture for sound development and to define procedure, behavioral guidance, discipline and grievance system for execution.</p>	<p>(I) Comply with ethical corporate management best practice principles of the Company.</p> <p>(II) The same as above.</p> <p>(III) The same as above.</p>
<p>2. Implementation of Ethical Corporate Management</p> <p>(I) Has the Company evaluated ethical corporate management record of transaction parties and enacted clauses of ethical corporate management in contracts entered with transaction parties?</p>	<p>Yes</p>		<p>(I) The Company has included clauses of ethical behaviors in commercial contracts to prevent from unethical behaviors.</p>	<p>(I) Comply with ethical corporate management best practice principles</p>

Evaluation Item	Operations			Difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies
	Yes	No	Summarized Description	
(II) Has the Company designated a unit affiliating the Board of Directors to promote ethical corporate management and report to the Board about ethical management policy and initiatives to prevent from unethical behavior and execution (at least once per year)?	Yes		(II) The Company has established a designated (part-time) unit, the Administration Department, to be in charge of ethical corporate management and to submit a report of relevant execution to the Board of Directors once every year.	of the Company. (II) The same as above.
(III) Has the Company enacted the policy to prevent from conflict of interest and provide proper grievance channel for execution?	Yes		(III) The Company has complied with labor laws to enact labor and ethical corporate management rules including employee grievance mechanism and reporting procedure. The Company has established grievance channel to avoid conflict of interest and related issues have been properly handled.	(III) The same as above.
(IV) Has the Company established effective accounting system, internal control system to execute ethical corporate government and has the internal audit unit enacted relevant play according to risk assessment result of unethical behavior and audit compliance or entrusted CPAs to do relevant audits?	Yes		(IV) The Company has established effective accounting system and internal control system audited periodically by internal auditors and meanwhile, CPAs from leading accounting firms in Taiwan have been entrusted to conduct periodical auditing.	(IV) The same as above.
(V) Has the Company regularly conducted internal and external educational trainings on ethical corporate management?	Yes		(V) The Company each year organizes educational training on “Procedures for the Prevention of Insider Trading,” “Ethics and Regulating the Behaviors at Work,” “Ethical Corporate Management Policy,” and “Reporting System and Procedure” to promote relevant procedures or laws.	(V) The same as above.
3. Execution of Reporting System				
(I) Has the Company enacted concrete reporting and encouragement system, established reporting channels, and properly designated personnel in charge of reporting investigation?	Yes		(I) The Company has enacted principles including labor and ethical corporate management rules and reporting illegal and violating behavior of ethical corporate management with contents of all grievance mechanism and reporting procedure. Employees can report violation of relevant ethical corporate management rules.	(I) Comply with ethical corporate management best practice principles of the Company.
(II) Has the Company enacted standard procedure to handle reporting and follow-up measures after reporting and relevant confidentiality mechanism?	Yes		(II) The Company has enacted procedure to manage reporting of illegal and unethical behaviors and established confidentiality mechanism to strictly forbid taking	(II) The same as above.

Evaluation Item	Operations			Difference and cause of difference with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies
	Yes	No	Summarized Description	
(III) Has the Company adopted measures to protect reporter from being mistreated?	Yes		<p>revenge on reporters.</p> <p>(III) The Company has enacted procedure to manage reporting of illegal and unethical behaviors and established confidentiality mechanism to properly prevent reporters from being mistreated and to strictly forbid taking revenge on reporters.</p>	(III) The same as above.
4. Enhancement of Information Disclosure sHas the Company declared contents of its Ethical Corporate Management Best Practice Principles and promotion effectiveness on its website and on the Market Observation Post System?	Yes		(I) The Company has disclosed its Ethical Corporate Management Best Practice Principles on the Market Observation Post System and constructed the website at to disclose relevant information of ethical corporate management. Designated personnel has been appointed to collect information and disclose information on the Company’s website.	(I) Comply with ethical corporate management best practice principles of the Company.
5. If the Company has enacted its own Ethical Corporate Management Best Practice Principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its operations and difference: The Company has enacted its own Ethical Corporate Management Best Practice Principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and its operations comply with requirements.				
6. Other important information that helps understand operations of ethical corporate management of the Company (such as amendment of its own Ethical Corporate Management Best Practice Principles) The Company has enacted its own Ethical Corporate Management Best Practice Principles, labor and ethical corporate management methods and methods of reporting illegal and unethical behaviors for the purpose of compliance.				

7. If the Company has enacted its own Corporate Governance Best Practice Principles and relevant rules, search methods should be disclosed:
The Company has enacted the “Corporate Governance Best Practice Principles “Ethical Corporate Management Best Practice Principles,” “Corporate Social Responsibility its own Ethical Corporate Management Best Practice Principles” (later will be renamed as “Sustainable Development Ethical Corporate Management Best Practice Principles) and please refer to Open Market Post System and the Company’s website.
8. Other important information that helps understand operations of ethical corporate management of the Company should be disclosed: Please refer to Open Market Post System and the Company’s website.

9. Execution of Internal Control System:

(1) The Statement on Internal Control

Winstek Semiconductor Co., Ltd
The Statement of Internal Control

Published on March 7, 2022

With regards to the results of 2021 self-evaluation of the internal control system, we hereby declare the following:

1. We acknowledge and understand that it is the responsibility of our Board of Directors and management team to establish, implement, and maintain an internal control system, and we have established such a system with the purpose to fairly ensure the effectiveness and efficiency of the Company's operations, including profitability, performance and security of assets in order to provide reliable, timely, and transparent financial reporting that meets legal compliance.
2. Despite limitation inherent to each internal control system, an effective internal control system can only fairly ensure the achievement of aforementioned goals. Furthermore, the effectiveness of an internal control system may vary in response to changes in environment and market condition. By equipping our internal control system with a self-monitoring mechanism, immediate corrective actions can be taken against defects once identified.
3. The Company follows procedures specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Criteria") to determine the effectiveness of design and implementation of our internal control system. With regard to management control process, the Criteria divides an internal control system into five elements: a) control environment, b) risk assessment, c) control operation, d) information and communication, and e) monitoring. Each element also contains several audit items, and shall be referred to the Criteria for details.
4. We have evaluated the effectiveness of the design and implementation of our internal control system based on aforementioned criteria.
5. Based on the assessment results following aforementioned evaluation criteria, we believe that the design and implementation of our internal control system on December 31, 2021, including supervision and management of subsidiaries, were effective in understanding the effectiveness of operation, progress in achieving above set goals. Our internal control system delivers reliable, timely, and transparent information, and meets compliance governed by relevant regulations.
6. The statement of internal control shall form an integral part of the Company's annual report and prospectus, the statement will also be disclosed to public. If there is any fraud, concealment, or unlawful practice found in the above contents, we shall be liable for legal consequences set forth in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement of declaration was approved unanimously by the Board of Directors meeting held on

March 7, 2022 with none of the nine attending directors expressing dissenting opinions.

Winstek Semiconductor Co., Ltd. (Sealed)

Chairman: Hsing-Yang	Signed
Huang	(Sealed)

General Manager: Weng	Signed
Chih-Li	(Sealed)

(2) CPA certified report should be disclosed if there is the engagement of a CPA to conduct a special audit of the company's internal control systems : None

10. In the recent fiscal year and up to the date when this annual report is published, have the company and anyone inside the Company been punished by laws or is there any discipline imposed by the Company for its internal personnel's violation of internal control system and the discipline may bring huge impacts of shareholders' rights or securities price? Discipline contents, major defect, and improvement should be listed: None.

11. Important resolutions made by Shareholders' meeting or the Board of Directors' meeting in the most recent fiscal year and up to the date when this annual report is published:

(1) Important resolution and execution adopted the Board of Directors in 2021:

Name of Meeting	Date of Meeting	Important Resolutions	Execution
2021 Shareholders' Meeting	July 13, 2021	1. Acknowledged the 2020 sales report and financial statements.	According to Article 230 of the Company Act, resolutions adopted were sent to each shareholder.
		2. Acknowledged the 2020 Earning Distribution	The 2020 earning has been distributed and August 4, 2021 was the record day and cash dividend was distributed on August 20, 2021.
		3. Approved amendment of partial rules of "Management Procedure of Loans to Others."	Announced on the Market Observation Post System and handled according to the amended procedure.
		4. Approved amendment of partial rules of the " Procedure for Director Election."	Handled according to discussion result of Shareholders' Meeting.
		5. Approved By-election of Director of the Company.	One Director was elected in the by election and in August, 2021, registration of newly elected Director was approved by the Department of Commerce, Ministry of Economic Affairs.
		6. Approved lift of non-compete restrictions on newly elected Director.	Handled according to discussion result of Shareholders' Meeting.

(2) Important resolutions adopted by the Board of Directors in 2021 fiscal year and up to April 12, 2012:

Date	Important Resolutions
March 9, 2021	<ol style="list-style-type: none"> 1. Approved 2020 Salaries and Remuneration Distribution to employees. 2. Approved the 2020 sales report and financial statements 3. Approved the 2020 earning distribution. 4. Approved by-election of Director of the Company. 5. Approved to remove non-compete restrictions on newly elected director and representative. 6. Approved date, venue, and agenda of 2021 Shareholders' Meeting and accepted proposals made by shareholders. 7. Approved the amendment of partial rules of "Operational Procedure of Management of Loans to Others." 8. Approved the amendment of partial rules of "Organizational Structure of the Audit Committee." 9. Approved the amendment of partial rules of "Organizational Structure of the Salaries and Remuneration Committee." 10. Approved the amendment of partial rules of "Organizational Structure of the Salaries and Remuneration Committee." 11. Approved the amendment of partial rules of " Election Methods of Directors." 12. Approved effectiveness of the 2020 Internal Control of the Company and the Statement of Internal Control. 13. Approved the amendment of partial rules of "Procedure for Self-assessment of Internal Control System."
April 27, 2021	<ol style="list-style-type: none"> 1. Approved The 2021 Q1 Consolidated Financial Statement of the Company. 2. Approved nomination and candidate list of Directors proposed by the Board of Directors.
June 24, 2021	Enacted an extensive date to convene the 2021 Shareholders' Meeting.
August 3, 2021	<ol style="list-style-type: none"> 1. Approved The 2021 Q2 Consolidated Financial Statement of the Company. 2. Approved no earning distribution of the Company for the first fiscal year of 2021. 3. Approved the increasing amount credit loan from a financial institution by the Company. 4. Approved the joint guarantee of the Company for the three-year NT\$300 million from Winstek Semiconductor Co., Ltd. (100% own subsidiary) Taishin International Bank.
November 1, 2021	<ol style="list-style-type: none"> 1. Approved The 2021 Q3 Consolidated Financial Statement of the Company. 2. Approved the report on insurance purchase from MSIG for Directors, Supervisors, and Key Managers of the Company.
December 21, 2021	<ol style="list-style-type: none"> 1. Approved the 2022 Management Plan. 2. Approved the 2022 Audit Plan.
March 7, 2022	<ol style="list-style-type: none"> 1. Approved 2021 Salaries and Remuneration Distribution to employees. 2. Approved the 2021 sales report and financial statements 3. Approved the 2021 earning distribution. 4. Approved date, venue, and agenda of 2022 Shareholders' Meeting and accepted proposals made by shareholders. 5. Approved the plan to increase the amount credit loan and financial derivatives transactions from a financial institution by the Company. 6. Approved the amendment of partial rules of the "Corporate By-Laws." 7. Approved the establishment of 100% owned subsidiary, Winstek Semiconductor Co., Ltd. 8. Approved independence and eligibility of CPAs that will certify financial statements of the Company. 9. Approved change of CFO of the Finance Department of the Company.

12. Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting

opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

13. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

From April 12, 2022

OCCUPATIONAL TITLE	NAME	DATE OF APPOINTMENT	DATE OF DISMISSAL	RESIGNATION OR DISMISSAL CAUSE
CFO	TANG LI-YING	DECEMBER 1, 2015	FEBRUARY 25, 2022	RESIGNED BECAUSE OF PERSONAL REASON

V. CPA Charge

Unit of Amount: NT\$1,000

Name of Accounting Firm	Name of Accountants	CPA Audit Term	Financial Audit Fee	Non-Financial Audit Fee	Total	Note
PwC Taiwan	Hsieh Chi-Cheng	January 1, 2021- December 31, 2021	2,065	670 (Note)	2.735	
	Chiang Tsai-Yen	January 1, 2021- December 31, 2021				

Note: Non-financial audit fee covers services of tax compliance audit, application for direct deduction of business tax for dual-status business entities, and audit on tax credit regulated by the Statute for Industrial Innovation. °

- When the accounting firm was changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed : None.

VI. Information of CPA change:

1. About former CPAs

Date of Change	Approved by the Board of Directors Meeting on March 9, 2020.		
Reason of Change and Description	To coordinate with internal job transfer of PwC Taiwan, the original CPAs, Dien-Yi and Chiang Tsai Yen, were changed to Hsieh Chi-Cheng and Chiang Tsai-Yen to certify financial statements since 2020 Q1.		
Description of Termination or Rejected Appointment of Appointed Person or CPA	Person Involved	CPA	Person being Appointed
	Situation	NA	NA
	Voluntary appointment termination	NA	NA
	No longer (continuously) accept appointment.	NA	NA
If CPAs issued an audit report during the most recent two years containing an opinion other than an unqualified opinion, state the opinion and reason.	None		
Different Opinions from Issuer	Yes		Accounting Principles or Practice
			Disclosure of Financial Statement
			Audit Scope or Step
			Others
	None	✓	
	Description		
Other Disclosure Items (Information regulated from Article 10.6.1.4 to 1.7 of this Regulation should be disclosed.)	None		

2. About Successor CPAs

Name of Accounting Office	PwC Taiwan
Name of Accountants	CPAs Hsieh Chi-Cheng and Chiang Tsai-Yen
Date of Appointment	March 9, 2020
If prior to the formal engagement of the successor CPA, the Company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the securities firm's financial report, the securities firm shall disclose the issues that were the subjects of those consultations and the consultation results.	None
Written opinion toward items that successor CPA hold different opinions from the former CPA.	None

3. Letter replied by the former CPAs toward Article 10.6.1 and 10.6.2-3 of the Regulation: None.

VII. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent.

1. Change of Equity

Unit: Share

Occupational title	Name	2021		As of March 31, 2022	
		Increase/Decrease of Stocks Held	Increase/Decrease of Share collateralization	Increase/Decrease of Stocks Held	Increase/Decrease of Share collateralization
Major Shareholders and Director of Legal Person	GeSing Co., Ltd.	70,694,438	0	0	0
Director of Legal Person and Chairman	Hsing-Yang Huang	0	0	0	0
Representative of Directors of Legal Person	Yeh Tsan-Lien	0	0	0	0
Representative of Directors of Legal Person	Kuo Hsu-Tung	0	0	0	0
Representative of Directors of Legal Person	Hsieh Chao-Hung	0	0	0	0
Representative of Directors of Legal Person	Wu Min-Hung (Note 1)	0	0	0	0
Director and General Manager	Weng, Chih-Li	0	0	0	0
Independent Director	Lin, Min-Kai	0	0	0	0
Independent Director	Wei, Jen-Yu	0	0	0	0
Independent Director	Wen-chou Vincent Wang	0	0	0	0
Vice General Manager	Chao Tzi-Chie (note 2)	0	0	0	0
Vice General Manager	Huang Hou-Chi	0	0	0	0
Vice General Manager	Chen Chien-Hsun	0	0	0	0
CFO	Tang Li-Ying (Note 3)	0	0	0	0
CFO	Liu Kui-Chu	0	0	0	0

Note 1: Appointed on July 13, 2021. ◦ Note 2: Resigned on February 11, 2021.

Note 3: Resigned on February 25, 2022.

2. Equity transfer to related party: None.

3. Share Collateralization Information: None.

IX. Relations information between and among top ten largest shareholders.

From April 12, 2021

Name	Stocks held in one's own name		Shares of Stocks Held by Spouse and Minors		Total stocks held in street name		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another regulated by Accounting Principles Gazette No.6.		Note
	Number of Share	Percentage	Number of Share	Percentage	Number of Share	Percentage	Name	Relations	
GeSing Co., Ltd. Representative: Huang, Hsing-Yang	70,726,438	51.90%	0	0	0	0	None	None	
	0	0.00%	0	0	0	0	None	None	
Tsai Cheng-Da	4,203,000	3.08%	0	0	0	0	None	None	
Lu De-Tsen	3,218,000	2.36%	0	0	0	0	None	None	
Tsai Ching-Wen	1,230,000	0.90%	0	0	0	0	None	None	
Pan Yu-Ching	1,001,643	0.74%	0	0	0	0	None	None	
Chen Hou-Guang	820,000	0.60%	0	0	0	0	None	None	
Ding Hsin-Ping	747,000	0.55%	0	0	0	0	None	None	
HSBC Hosting the Jaketti Emerging Markets Small Equity Capital Fund	707,000	0.52%	0	0	0	0	None	None	
SILAN CORPORATION Representative: Cheng Tzuo-Ren	609,000	0.45%	0	0	0	0	None	None	
	0	0.00%	0	0	0	0	None	None	
Weng, Chih-Li	571,507	0.42%	0	0	0	0	None	None	

X. Consolidated Holding Percentage

Unit: 1,000 shares

Trans-investment (Note)	Investment of the Company		Investment of directly or indirectly controlled business by Director, Supervisor, and Manager		Consolidated Investment	
	Number of Share	Holding Percentage	Number of Share	Holding Percentage	Number of Share	Holding Percentage
Winstek Semiconductor Co., Ltd.	310,000	100%	0	0	310,000	100%

Note: Long-term investment placed by the Company with Equity Method.

IV. Fundraising

I. Capital and share of stocks

1. Source of Equity Capital

Unit: NT\$1,000; 1,000 shares

Month/ Year	Par Value per Share (Dolla r)	Authorized Stock		Paid-up Capital		N o t e		
		Numb er of Share	Amount	Number of Share	Amount	Source of Equity Capital	Those who use property other than cash as stock payment	Other
April, 2000	10	2,000	20,000	2,000	20,000	Established though funding	None	Note 1
June, 2000	10	120,000	1,200,000	80,000	800,000	Cash capital increase of NT\$780,000	None	Note 2
April, 2001	10	120,000	1,200,000	90,000	900,000	Cash capital increase of NT\$100,000	None	Note 3
Septem berl, 2001	10	250,000	2,500,000	184,000	1,840,000	Cash capital increase of NT\$940,000	None	Note 4
Novem ber, 2003	10	250,000	2,500,000	224,000	2,240,000	Cash capital increase of NT\$400,000	None	Note 5
August, 2004	10	274,900	2,749,000	243,736	2,437,357	Capital increase by earning NT\$ 197,357	None	Note 6
August, 2005	10	274,900	2,749,000	254,291	2,542,913	IPO Increase by Cash of NT\$ 105,556	None	Note 7
October , 2005	10	274,900	2,749,000	254,432	2,544,318	Conversion of ESO into Shares, NT\$1,405	None	Note 8
Jan, 2006	10	274,000	2,749,000	255,108	2,551,078	Conversion of ESO into Shares, NT\$6,760	None	Note 9
April, 2006	10	274,000	2,749,000	255,147	2,551,468	Conversion of ESO into Shares, NT\$390	None	Note 10
August, 2006	10	274,000	2,749,000	255,150	2,551,498	Conversion of ESO into Shares, NT\$30	None	Note 11
August, 2006	10	400,000	4,000,000	263,605	2,636,046	Capital increase by earning NT\$ 84,548	None	Note 12
Nov, 2006	10	400,000	4,000,000	263,976	2,639,761	Conversion of ESO into Shares, NT\$3,715	None	Note 13
Feb, 2017	10	400,000	4,000,000	264,152	2,641,516	Conversion of ESO into Shares, NT\$1,755	None	Note 14
May, 2007	10	400,000	4,000,000	264,208	2,642,078	Conversion of ESO into Shares, NT\$563	None	Note 15
August, 2007	10	400,000	4,000,000	262,428	2,624,283	(1) ESO Conversion into Shares, NT\$ 75 (2) Cancellation of Treasury Stock, NT\$ 17,870	None	Note 16
August, 2007	10	400,000	4,000,000	271,902	2,719,016	Capital increase by earning NT\$ 94,732	None	Note 17
Novmb er, 2007	10	400,000	4,000,000	272,019	2,720,188	Conversion of ESO into Shares, NT\$1,173	None	Note 18
Februar y, 2008	10	400,000	4,000,000	272,388	2,723,878	Conversion of ESO into Shares, NT\$3,690	None	Note 19
May, 2008	10	400,000	4,000,000	272,411	2,724,108	Conversion of ESO into Shares, NT\$230	None	Note 20
August, 2008	10	400,000	4,000,000	272,429	2,724,288	Conversion of ESO into Shares, NT\$180	None	Note 21

November, 2018	10	400,000	4,000,000	272,523	2,725,233	Conversion of ESO into Shares, NT\$945	None	Note 22
May, 2021	10	400,000	4,000,000	136,262	1,362,617	Return of Equity Capital by Reduction of Cash Capital, NT\$ 1,362,617	None	Note 23

Note 1: #89284149, April 26, 1990
Note 2: Jing (89) Shang Zi# 118968, June 14, 1990.
Note 3: Jing (90) Shang Zi #09001129230, April 20, 2001
Note 4: Jing (90) Shang Zi #09001350740, September 3, 2001
Note 5: Jing Shou Shang Zi #09201311200, November 11, 2003
Note 6: Jing Shou Shang Zi #09301152930, August 19, 2004
Note 7: Jing Shou Shang Zi #09401158140, August 19, 2005
Note 8: Jing Shou Shang Zi #09401222330, November 8, 2005
Note 9: Jing Shou Shang Zi #09501036070, March 2, 2006
Note 10: Jing Shou Shang Zi #09501084860, May 15, 2006
Note 11: Jing Shou Shang Zi #09501171060, August 8, 2006
Note 12: Jing Shou Shang Zi #09501194040, August 31, 2006
Note 13: Jing Shou Shang Zi #09501249320, November 9, 2006
Note 14: Jing Shou Shang Zi #09601032890, February 12, 2007
Note 15: Jing Shou Shang Zi #09601100470, May 5, 2007
Note 16: Jing Shou Shang Zi #09601193040, August 9, 2007
Note 17: Jing Shou Shang Zi #09601212680, August 31, 2007
Note 18: Jing Shou Shang Zi #09601270960, November 5, 2007
Note 19: Jing Shou Shang Zi #09701029790, February 5, 2008
Note 20: Jing Shou Shang Zi #09701111670, May 16, 2008
Note 21: Jing Shou Shang Zi #09701200880, August 13, 2008
Note 22: Jing Shou Shang Zi #09701287880, November 10, 2008
Note 23: Jing Shou Shang Zi #10001100240, May 18, 2011

Type of Shares

April 12, 2022

Type of Shares	Authorized Stock (shares)			Note
	Outstanding Shares	Unissued Stock	Total	
Nominal Stock	136,261,659	263,738,341	400,000,000	TPEX Stock

2. Shareholder Structure

April 12, 2022

Quantity Shareholder	Governmental Agency	Financial Institution	Other Legal Person	Individual	Foreign Institution	Total
Number of People	0	0	32	8,504	48	8,584
Number of shares held	0	0	72,357,338	57,622,814	6,281,507	136,261,659
Holding Percentage	0.00%	0.00%	53.10%	42.29%	4.61%	100%

3. Share Holding Distribution

April 12, 2022

Share Holding Range			Number of Shareholders	Number of shares held	Holding Percentage
1	To	999	1,960	389,563	0.29%
1,000	To	5,000	5,231	10,701,841	7.85%
5,001	To	10,000	678	5,438,383	3.99%
10,001	To	15,000	188	2,423,495	1.78%
15,001	To	20,000	134	2,503,176	1.84%

20,001	To	30,000	114	3,007,334	2.21%
30,001	To	40,000	59	2,119,123	1.56%
40,001	To	50,000	55	2,542,500	1.87%
50,001	To	100,000	72	5,234,487	3.84%
100,001	To	200,000	51	7,351,278	5.39%
200,001	To	400,000	24	6,984,892	5.13%
400,001	To	600,000	9	4,303,506	3.16%
600,001	To	800,000	3	2,063,000	1.51%
800,001	To	1,000,000	1	820,000	0.60%
1,000,001	Above		5	80,379,081	58.98%
Total			8,584	136,261,659	100.00%

4. Name List of Major Shareholders

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

April 12, 2022

Name of Major Shareholders	Number of shares held	Holding Percentage
GeSing Co., Ltd.	70,726,438	51.90%
Tsai Cheng-Da	4,203,000	3.08%
Lu De-Tsen	3,218,000	2.36%
Tsai Ching-Wen	1,230,000	0.90%
Pan Yu-Ching	1,001,643	0.74%
Chen Hou-Guang	820,000	0.60%
Ding Hsin-Ping	747,000	0.55%
HSBC Hosting the Jaketti Emerging Markets Small Equity Capital Fund	707,000	0.52%
SILAN CORPORATION	609,000	0.45%
Weng, Chih-Li	571,507	0.42%

5. Provide share prices for the past two fiscal years together with the company's net worth per share, earnings per share, dividends per share, and related information.

Items	Year	2020	2021
	Market Value per Share	Highest	30.40
Lowest		18.50	23.90
Average		25.34	31.88
Net per Share	Before Distribution	34.71	35.78

	After Distribution	34.38	(Note)	
EPS	Weighted average number of ordinary shares (thousand shares)	136,262	136,262	
	Before Retrospective Adjustment	1.54	2.89	
	After Retrospective Adjustment	1.54	(Note)	
Dividends per Share	Cash Dividend	1.23	2.30	
	Stock Grants	Surplus Stock	-	(Note)
		Additional Paid-In Capital Stock	-	(Note)
	Accumulated Unpaid Dividend	-	(Note)	
ROI Analysis	PE	16.45	11.03	
	Ratio of Dividend	20.61	13.86	
	Cash Dividend Yield	4.85%	7.21%	

Note: Dividend distribution for the current fiscal year has not been determined by the Board of Directors.

6. Dividend Policy of the Company and Execution:

(1) Dividend Policy of the Company:

Where the Company makes a profit after tax in a fiscal year, the profit shall be first used for offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve as per needs, and then any remaining profit, together with any undistributed earnings at the beginning of the period, after a portion is retained depending on the business situation, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholders' bonuses. The Company authorizes the Board of Directors to pay out dividends and bonuses payable or cash from all or part of capital surplus or legal reserve with approval of more than half of the directors present at a Board meeting attended by more than two-thirds of all directors and report to the shareholders' meeting.

The Company's dividend distribution policy shall be based on the Company's earnings for the year, future investment environment, capital needs, capital budget plan, and operational plan, as well as the financial structure and earnings dilution. The amount to be distributed shall not be less than 10% of the annual earnings after tax, but if the earnings per share is less than NT\$50 cents or the dividend distribution will lead to a default, such earnings can be retained without being distributed. The Company's earnings may be distributed in the form of stock dividends or cash dividends, of which cash dividends shall not be less than 10% of the total dividends to be distributed.

(2) This Shareholders' Meeting will discuss dividend distribution.

This Shareholders' Meeting will discuss dividend distribution based on the resolution proposal adopted by the Board of Directors to distribute cash dividend NT\$ 313,402,000 to shareholders. This matches with dividend policy of the Company enacted according to the Corporation By-laws.

7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this shareholders' meeting :

There will be no stock dividend distribution proposed or adopted at this shareholders' meeting and there will be no effect upon business performance and earnings per share.

8. Employee remuneration and remuneration of Director and Supervisor :

- (1) Information of Employee compensation and Director and Supervisor compensation regulated in Corporation By-Law:

If the Company makes a profit in a year, it shall allocate 0.1% to 15% as employee remuneration. When employee remuneration is paid out in stock or cash, the recipients shall include employees of controlling companies or subsidiaries who met certain criteria. However, when the Company still suffers a cumulative deficit, it shall reserve the amount in advance to compensate it. If the Company makes a profit in a year, it may allocate no more than 3% as the directors' remuneration depending on the business performance. However, when the Company still suffers a cumulative deficit, it shall reserve the amount in advance to compensate it.

- (2) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

For the current period, estimate amount of employee compensation is NT\$25, 738, 000 and estimate amount of Director compensation is NT\$ 0 based on percentages prescribed in Corporation By-Law at 5.3% and 0% by deducting profit before distributing employee and director remuneration from profit before tax of current fiscal year.

Employee compensation is distributed in cash and if there is difference between the amount of actual distribution and estimate, that is because of change of accounting estimate and adjustment made according to profit and loss of the current fiscal year.

- (3) Compensation distribution approved by the Board of Directors:

- A. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

On March 7, 2022, the Board of Director Meeting decided to distribute employee compensation at the amount of NT\$25,738,000 and director compensation of NT\$0. Employee compensation is distributed in cash and there has been no discrepancy between the actual distribution amount and estimated figure.

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

This is not applicable since this year no stock dividend will be distributed to employees.

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

In 2020, the estimated amount of employee compensation was NT\$ 21,848,000 and director compensation was NT\$0 and there had no discrepancy between the amount of actual distribution and estimated amount.

9. Repurchases already completed : None.

II. Issuing of Corporate Bond (including overseas) : None.

III. Issuing of Preferred Stock: None.

IV. Issuing of GDR: None.

V. ESO Issuing and Restrictions of ESO Conversion into Shares: None.

VI. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall specify the following matters:
None.

VII. Implementation of the company's capital allocation plans

As of the previous quarter before publishing this annual report, the Company has no uncompleted issuing or privately raised securities or has no effectiveness of capital allocation plans within the most recent three fiscal years.

V. Operations

I. Sales Contents

1. Sales Scope

(1) Main Sales Content:

- A. The design, testing, accessory, processing, packing, and trading of IC.
- B. Bumping, COF packing, and related product design,.
- C. Product reliability validation service and failure analysis service.
- D. Information software service.
- E. Manufacturing of electronic parts and components.

(2) Business proportion:

Unit: In NTD thousands

Product	2021	Percentage
Testing service	1,160,228	37.59%
WLCSP service	1,926,164	62.41%
Total	3,086,392	100.00%

(3) Carrying items (services):

The Company is a professional IC packing firm and the principal business engagement is wafer and IC testing service, product reliability validation, and failure analysis, WLCSP service, Bumping service, Cu Pillar Bump Flip Chip packing service and chip grinding and cutting service.

(4) New products (services) Development Plan:

- Development of advanced process wafer packing technology such as 3nm advanced process wafer packing and testing.
- Development of testing technology of New Wafer Level Packing and precision Packing and precision balls distance testing.
- 5G R/F component testing technology, integrated IC testing technology.
- R&D of MEMS product testing technology
- Development of integrated classifier technology.
- Development of Pin Scale/J750 testing software
- Development of Fan Out/RDL testing.
- Continue the development of WLCSP and 5 side/6 side protection package service.
- Development of advanced packing technology for providing System on Chip and System in Package service.
- Flip chip packing.
- Plasma wafer dicing technology.

- Polylaminate wiring packing technique
- SiC/GaN special dicing service.
- Back side metalization process. °
- Silicon optical component wafer testing.
- Ultra thin wafer dicing service.

2. Industry Outlook

(1) Industry Outlook and Prospect

According to the statistics of WSTS released at the end of 2021, the value of the global semiconductor market is expected to grow from 6.8% in 2020 to 25.6% in 2021, which approximated market size of about USD553 billion. This was the highest growth from 31.8% since 2010. It is also expected that the growth rate in 2022 will approximate 8.8%. All regions are also expected to grow by 2 digits. The semiconductor market in North America was up by 24.6%, the semiconductor market in Japan was up by 19.5%, the semiconductor market in Europe was up by 25.6% and the market in Asia was up by 26.7%. The semiconductor market as a whole was not affected by the extensive spreading of the COVID-19 in 2021. Strong consumer demand drove main items grow by 2 digits except optoelectronics. The major contribution came from memory (34.6%), analog (30.9%) and logic (27.3%). It is expected that the global semiconductor market will grow further in 2022. Driven by the growth of sensors and logic by 2 digits, the global semiconductor market is expected to pick up growth by 8.8% to USD601 billion.

The growth of demand in the domestic semiconductor markets could be driven by 3 major factors: affected by the pandemic, people tended to work at home and students study through distance education, which in turn triggered home economy. Accordingly, the demand for NB PC and cloud server continue to growth; (2) the market of smart phone and automotive electronics picked up momentum again in the second half of 2020; and (3) The switching order effect triggered by the US-China trade war. About 80% of NB PC of the world were assembled in Taiwan, which enable the semiconductor industry in Taiwan perform much better than the others of the word in 2021. The growth of the semiconductor industry shifted from demand for NB PC driven by the thriving home economy triggered by the pandemic to the demand for newly emerged application of 5G, AI, IoT and automotive electronics in the second half of 2021. Taiwan has advanced packing and testing capacity and heterogeneous wafer integration packing and testing skills, which can satisfy the high level integration and high capacity performance of chip required for electronic terminal products in substantial growth of shipment volume.

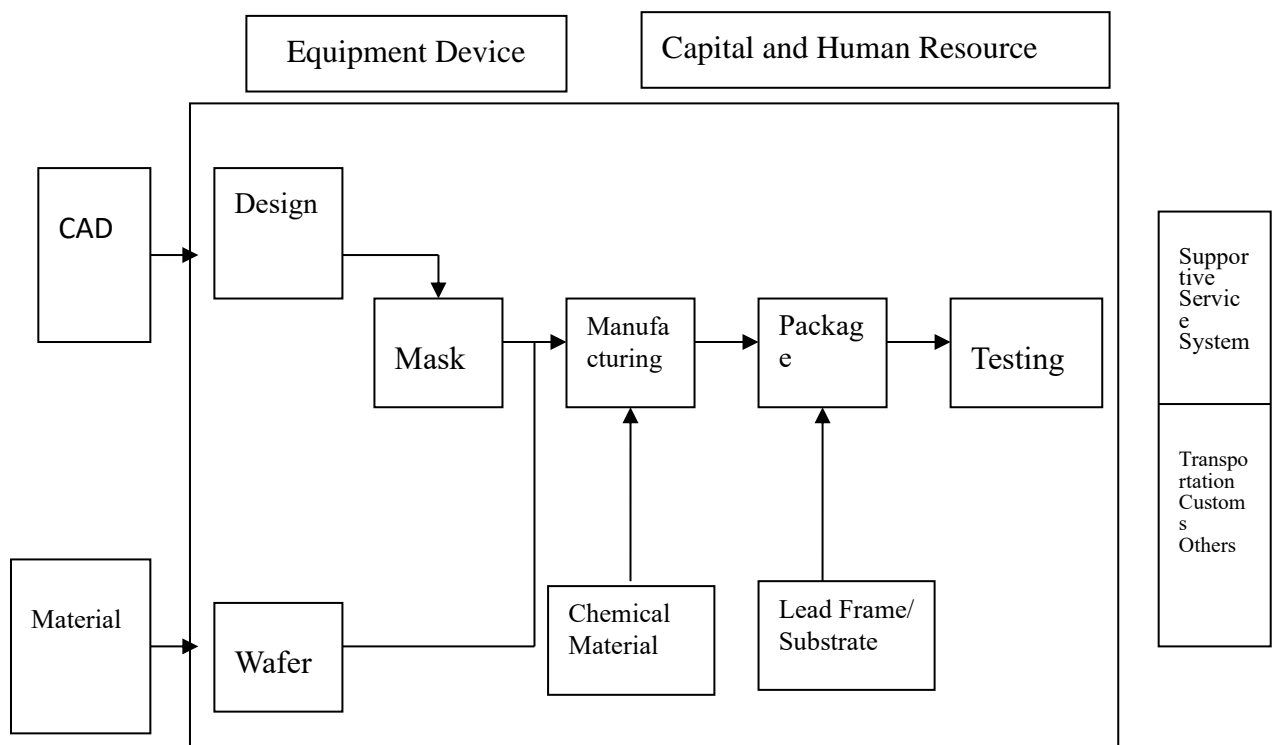
According to the statistics released by IEK in February 2022, the value of the IC

industry in Taiwan surpassed NT\$4 trillion for the first time at NT\$4.08 trillion, which was an increase of 26.7% from the same period of 2020. The value of the IC design industry amounted to NT\$1.2147 trillion at annual growth rate of 42.4%. The value of IC manufacturing amounted to NT\$2.2289 trillion at annual growth rate of 22.4% where the value of wafer foundry amounted to NT\$1.941 trillion at annual growth rate of 19.1%. The value of memory and other manufacturing amounted to NT\$287.9 billion at annual growth rate of 51%. The value of IC packing industry amounted to NT\$435.4 billion. The value of IC testing industry amounted to NT\$203 billion at annual growth rate of 18.4%.

(2) The association of the upstream, midstream and downstream industries

The semiconductor industry in Taiwan is developed into vertical division of labor in industrial structure. The upstream to downstream industries are IC design, IC manufacturing, IC packing, and IC testing. The vertical division of labor and industrial clustering in Taiwan give competitive advantage to the IC industry in terms of agility, speed, low cost.

Relationship diagram of upstream, midstream, downstream suppliers of Taiwan's IC industry is shown below:



Source: Economic Information Center, Industrial Technology Research Institute IT IS Project of

(3) Various trends of development toward products

Looking forward toward the application trends of semiconductor in the future, we shall orient to artificial intelligence, Internet of Things (IoT), intelligent vehicles, high-speed computing among other applications. The requirements of chips for IC manufacturing industry shall focus on multi-function, high-speed execution and access, low power consumption among other items.s

In terms of the existent consumers-oriented electronic products, the change in the ship specifications is intended to enhance the performance of processors. Continual introduction to advanced manufacturing process shall be the major trend ahead. Looking ahead toward the future, there will be a mounting demand for advanced semiconductor manufacturing process from the IT application product specifications. Those key packaging and testing plants will, as well, continually develop and provide a variety of chip system-level heterogeneous integration technologies to satisfy the need of electronic terminal products characterized by a slim type to continually boost efficiency of electronic terminals and to, meanwhile, minimize power consumption.

In the field of automotive chips amidst the intellectuals for whole vehicles in AI-related applications, e.g., vehicular intelligence, autonomous driving, IoT have come into being, leading to the quantity of semiconductors to be consumed as been in an astonishing increase. Ahead in the future, vehicles will be designed toward the direction of electrification and automotive processor chips will, as well, strengthen the demand for advanced processes.

Taking Taiwan Semiconductor Manufacturing Co., Ltd.(TSMC), the very foundry leader of the world as an example, in terms of its technology development direction, other than continually toward process micro-technology including 5 nm that has been under mass production, its 3nm and 2nm are, as well, scheduled to be mass production by 2022 and 2023. The ASE Group along with SPIL thereunder have expanded their productivity in 2.5D, Fan-out as well as the mid-level HPC chips as the top mainstream FC-BGA manufacturing process which have been continually expanded in productivity, the Group is to continually develop FC-PoP packaging and FC-AiP packaging.

(4) Circumstances in competition

In terms of future development trends on semiconductor industry amidst the characteristics where the size does matter, the large ones will become increasingly larger. They will launch market reorganization, alliance and merger. Here at the Company, in an attempt to attain the greater economies of scale and expand scope of product supply, we have invested in the subsidiary (ies) which primarily engage(s) in chip bumps and

waster packaging services. Sigurd Microelectronics Corporation becomes ultimate holding company after acquiring the equity of the key shareholder(s) of our Company. That would enhance the effective use of resources and complementary performance into effective use of resources within the Group. In turn, the Company will render more extensive services to further diversify customer bases.

Technologically speaking, under the trend of shrinking size amidst increasing functionality of terminal electronic products, the Company's Technology Research & Development Department shall continually strive toward 5G radio frequency component test technology, integrated IC test technology, system packaging (SiP Module), 3D IC(Wafer to Wafer), (Higher I/O Density), wafer copper column bump technology, ultra-thin wafer grinding and over-crystalline packaging technology, integrated passive component technology and miniaturization. The Company will extend the scope of packaging and testing services to provide customers with product system assembly (SMT), reliability verification services as well as failure analysis services. We shall continually team up with partners as ID designers to jointly develop new products for the future to lower the cost down toward high-performance packaging and testing technologies and lay out differentiated competitive strategies.

In Taiwan, the main IC professional packaging and testing plants include notably ASE Technology Holding Co., Ltd., Licheng Group, Jingyuan Electric, Xinquan and Lingsheng and the like Here at the Company, we have set up long-term cooperative strategic ties with customers with advanced packaging and testing engineering capabilities, automated IT/MES production management system, sound quality and accurate lead time

In China, the semiconductor industry has continually launched policies and plans to back up the development of IC industry in its central and local governments into gradually integrated industry clusters. In 2021 amidst the undersupply in the tight wafer markets the world over, we carried out the expansion of investment and production of Chinese wafer foundries . That effort will boost our IC self-production rate in China into further growth. The official IC Insights statistics indicates that in Mainland China, the self-production rate for IC was 16.2% in 2020 which is anticipated to rise up to 18.1% by 2025.

In terms of the global semiconductor markets, amidst the prolonged dispute of semiconductor distribution, those key countries have shifted from global division of labor to protectionism and began to set up their own semiconductor production strongholds. At the same time while countries try to set up their own supply chains, the United States

continually suppresses China evolution toward advanced semiconductor technology by means of cooperation with Indo-Pacific allies and related policies virtually and horizontally. That will further affect the development of the global semiconductor supply chain layout in the upcoming stage.

3. Profiles in technology and research & development

(1) Technological level in business lines:

In response to the trend of ID design which becomes increasingly complicated, in the aspect of testing technology services, our Company focuses on logic testing, simulation testing, mixed-signal semiconductor testing, RF semiconductor testing, SoC testing along with other testing e.g., image sensor testing, focusing on high-end technology level field. Through unceasing research & development and innovation and upgrade of manufacturing process, we assure integrated solution available to customers.

To satisfy the customers' need toward high performance, versatile functions, slim type, the Company has successfully developed wafer bump technology services including lead-free bump technology (tin silver and tin copper) integrated circuit wafer bump technology (Lead free bumps), integrated circuit bump technology (Cu pillar bump), 8"/12" lead-free tin ball phytochemical wafer level packages (8"/12" WLCSP).

(2) R&D:

The Company set up its own Research & Development Department at the very inception to assume the responsibilities for research & development and introduction to new manufacturing process, new equipment, software & hardware integration and automated engineering to respond to the rapid vicissitude in the markets and the demand in the mainstream IC markets. The Company has committed itself to profound cultivation technologically. Other than research & development into new products on our own, we try hard to bring in new know-how by means of technical cooperation. Our Research & Development Teammates possess extensive technical capabilities in development of software & hardware for testing, hardware programs as well as advanced packaging capabilities. We provide customers with new product process development failure analyses and reliability verification services.

(3) The costs invested onto research & development in the most recent year as of the publication date of the Annual Report.

Item	Unit: In NTD thousands	
	2021	March 31, 2022
R& D Expenditure	13,737	3,338

(4) Technologies or products successfully developed in the most recent year as of the publication date of the Annual Report.

- 16/12/10/7/5 nm advanced process wafer testing
- 40um tiny matrix type integrated circuit wafer copper column bump chip test
- Edge & Cloud AI wafer or finished products testing
- Bitcoin wafer or finished products testing
- DTV wafer or finished products testing
- Game Console wafer testing
- USB3.x Hard disk control wafer or finished products testing
- 4G-LTE related wafer or finished products testing
- Digital products 12/16 sites finished products parallel testing
- 80um~150um pitch matrix type integrated circuit wafer copper column bump technology (80um~150um pitch Cu pillar bump)
- 12" lead-free tin solder bulb phyco-sphere wafer level package (12" WLCSP)
- 40um~80um pitch matrix type integrated circuit wafer copper column bump technology (80um~150um pitch Cu pillar bump)
- Low-temperature cyclized polyimide dielectric layer process technology (Low Cure Temp PI process)
- 12/7/5 copper column bump cladding of advanced nanofabrication (Cu Pillar Bump Flip Chip) packaging service and wafer level chip size packaging (WLCSP) services
- 8" wafer level packaging services
- Silicon photonic chip wafer level packaging services
- FCCSP/FCBGA cladding packaging services

4. long-term and short-term programs for business development

(1) Short-term development programs

A. The Company tries by all available means to render diversified services in a wider range to further diversify its customer bases and broaden the scope of product supply. We primarily invest to subsidiaries that aim at services on chip bumps and wafer-level packaging and testing services and further extend the scope of services to cover over-crystalline packaging and customer product reliability certification services, failure analyses and other services concerned. We put our sophisticated capability in technologies, hands-on experiences accumulated with teamwork with customers in the international community along with the renowned wafer foundry

mills to extend and enhance the Company's competitive edge. Meanwhile, with continual and uninterrupted efforts, we bring in other international wafer mills and renowned international level design houses to boost customer bases in Europe, North America and elsewhere in Asia. Thanks to such policies, we will expand the range of customer products and minimize the potential risk with over centralized customers.

- B. At an accelerated pace, we develop packaging and testing technology closely oriented to the markets. Meanwhile, we continually upgrade output efficiency to satisfy customers in their needs while we minimize the investment costs.
- C. We put the Group's resources, in particular testing machine platform conversion technology into maximum possible utilization to enhance productivity efficiency, provide customers with optimal solution, minimize production costs and enhance quality. As a natural result, we maintain very close cooperative ties with customers.

(2) Long-term development programs:

- A. We put our own sophisticated testing technologies and international level wafer strategies into maximum possible use to continue advanced manufacturing process wafer testing technology & know-how (e.g., 3 nm process chips) to pep up the Company's competitive edge. Meanwhile, in coordination with the customers' investment strategy for the back-end advanced processes to facilitate the expansion of testing of wafers to disperse customer bases, upgrade product utilization to prevent the problem of potential over concentration of product application and, in turn, minimize potential risk in business operation.
- B. Continually as always, we implement a variety of improvement programs toward manufacturing processes to assure effective outputs, conserve cost expenditures, improve yield, enhance customer satisfaction level. Furthermore, we team up with customers and equipment suppliers to jointly develop high-level parallel testing capabilities to, in turn, cut production costs and boost industrial competitive edge.
- C. With unceasing efforts, we carry out on-the-job training programs for entire staff. We work out plans to retain talented staff members to upgrade the employees both qualitatively and quantitatively to effectively boost productivity and quality as a means to deal with the potential human resources shortage which tends to hit the current industrial circumstances.
- D. We launch total turnkey solution services in response to customer needs. Continually and unceasingly, we develop new style packaging and testing technologies.

- E. To satisfy customers in their needs in high-end product testing, we launch research & development program toward testing platforms with low costs, high yield and probe card maintenance know-how to maintain and boost yield rate.
- F. We spare no effort to strengthen research & development toward utilization of information technology (IT) to boost operating efficiency. Meanwhile, toward the goal of manpower streamlining, we try to pep up profitability in concert with the global goal toward energy saving & carbon reduction.

II. Market and Production and Sales Status

1. Market Analyses

(1) Main Product (Service) Sales (Provision) Region:

Unit: In NTD thousands

Region \ Year	2020		2021	
	Amount	%	Amount	%
Domestic Sales	750,436	28.71%	1,196,619	38.77%
Export	1,863,098	71.29%	1,889,773	61.23%
Total	2,613,534	100.00%	3,086,392	100.00%

(2) Market Share

According to release of IEK in February, 2022, revenue of Taiwan's semiconductor package and testing services totaled NT\$638.4 billion and sales revenue of the Company was NT\$3.09 billion in 2021, accounting for 0.48% of market share. In 2020, revenue of Taiwan's semiconductor package and testing services totaled NT\$549 billion and sales revenue of the Company was NT\$2.61 billion in 2020, accounting for 0.48% of market share.

(3) Market's Future Supply and Demand and Growth

Factors that push Taiwan's IC industry to grow include launch of various 5G SoC smartphone chips by IC design leaders, increasing penetration of 5G smartphones, AIoT/high-performance computing and growth of image processing chips for (electric) cars, transfer order effect of the Sino-US technology war since 2020, equipment device demands because of spreading COVID-19, dominant trend of AI, recovery of economy and trading activities after prevalence of vaccination that increase sales of consumer electronics and automotive electronic products. Taiwan has the world's most abundant advanced package and testing capabilities and technologies and with high penetration in highly integrated and high-performance market demands, we are able to meet demands of global consumers for chips.

(4) Competitive Advantages

- A. Management team of the Company has been equipped with professional background, rich experience, and quick response and management abilities of testing and packing. The Company has establish a set of comprehensive and strict operation system to timely respond to any problem of manufacturing process and quickly provide testing result to customers for them to alter wafer and design IC.
- B. We are able to effectively shorten customer's product verification time, reduce development time, and save cost.

- C. By introducing automation equipment and high precision machinery made by world's leading companies, we are able to respond to increasingly complicate product design of our customers, to meet their demands and future trend, and to improve service quality.
 - D. For the long time, the Company has been cooperating with international leaders with recognized professional services and technologies.
 - E. The Company, at the same time, provide on-stop services for wafer package and testing to effectively reduce product shipment time, cost, and risk. We meet customers' demands and boost our own competitiveness.
 - F. The Company has utilized the Internet to transmit information that allows our customers to timely understand product status and progress. This also optimizes yield , quickly solves problems, and enhances customers' value.
- (5) Advantage and Disadvantage for Future Development and Responsive Measure
- A. Advantages:
 - a. Our R&D and manufacturing staff have many years of industrial and professional experience to quickly respond to customers' questions. In pursuit of customer-oriented principle, we provide the best solutions and become the most reliable partner.
 - b. The Company provides customers one-stop wafer package and testing services for customers. With one order, customers can request all processing items to simplify manufacturing process, reduce shipment time, and save cost. In addition, to respond to market and customer demands, we have pre-deployed capacity expansion and invested in the most advanced equipment to satisfy customers' needs and provide customers the most competitive solutions.
 - c. In terms of the field of AIoT and 5G high-performance computing, we have begun mass production five nanometer wafer bumping with flip chip technology with its contractor that continuously leads to satisfy customers' demands for advanced package and testing. Due to uncertainties of Sino-US diplomatic and trading relationship, we expect the Company and Taiwan's IC industry will continuously benefit from derived business opportunities.
 - B. Disadvantage and Responsive Measure:
 - a. Between 2021 and 2022, the global IT industry fluctuates and that significantly increases operational risks of package and testing factories. In the IC production system, package and testing come in the end stage of production and thus, we have been impacted greatly by business cycle of the IC industry.

If there is imbalance of the semiconductor market, chip price fluctuates accordingly and this directly affects profit of package and testing in the back end of semiconductor supply system.

Responsive measure: In addition to active coordination with machine operation to shorten programming writing and execution time, we provide upstream wafer manufacturers and IC design companies quick and accurate delivery services to retain and attract customers to maintain long-term partnership. For capacity expansion, we continuously adopt stable and active investment strategy to prevent from the failure to grasp market opportunities due to lack of capacity. On the other hand, we also avoid operational risks of idled equipment caused by quick expansion. Meanwhile, we strengthen cooperation mode and communication efficiency with our customers. We continuously develop new customers for sufficient and stable utilization of capacity.

- b. Capitals are needed because capacity expansion requires purchase of expensive advanced package and testing equipment. That is why operators in our industry have more urgent demands for working capital and investment capital than before.

Responsive measure: The Company has robust and solid financial structure with high percentage of funds in the hand of the Company. Our demands for capitals can be funded via net cash flow from operation as well as financing of capital market.

- c. Competition pressure from the Chinese semiconductor industry due to its accelerating policies of independent control and export alternatives.

Responsive Measure: The Company will work closely to develop new products with international customers. With our own technology strength, we will continuously improve manufacturing capability, shorten production cycle, assist customers to reduce cost so as to attract more long-term cooperation with international customers.

2. Important Function and Production and Manufacturing Process of Main Product

(1) Usage of Product

Main Product or Service Item	Important Usage or Function
------------------------------	-----------------------------

Testing Service-Wafer Testing (Wafer Sort)	Inspect defect of wafer before IC package.
Testing Service- Integrated Circuit Testing (Final Test)	With precise high-tech machinery and equipment, we conduct tests according to customer request to test and classify attributes of IC finished products in order to assure compliance with quality and stability requested by customers.
Wafer Grade and Chip Dimension Package (Wafer Level CSP) Dimension Package of Chip with flip Technology (Flip Chip CSP)	Main applications include those used in computers, telecommunication networks, networks, and electronic products including laptops, tablets, smartphones, feature phones, wearable devices, smart home appliances, STBs, LED TVs, digital cameras, game consoles, IoT, and finger identification devices.

(2) Production and Manufacturing Process

Testing Services:

Stock in→IQC→Stock in →Machine Setup→Chip Probe/IC Sort→QVM→Bake→FQC→Stock out→Delivery

Package Services:

Stock in →IQC→Bumping→Cutting→Die Bonding→Underfill→Top Mark→WLCSP→Apperance Inspection→Inspection→Finished Goods in→Stock out

3. Supply of Main Materials

The Company mainly provide customers IC processing services and supply of main materials used for package is described below:

Main Materials	Main Suppliers	Supply Situation
Taping	Lindeke Advanced Technology Co., Ltd.	Good
Photo Graphy Material Lithography Materials	SHOWA DENKO MATERIALS(HONG KONG) CO. LTD	Good
	AKROS	Good
Plating Material Plating Materials	AMPOC FAR-EAST CO., LTD.	Good
	DDP Specialty Products Taiwan Co., Ltd.	Good
	MACDERMID PERFORMANCE SOLUTIONS TAIWAN LTD.	Good
Etching Material Etching Materials	CHEMLEADER CORPORATION	Good
	MELTEX TAIWAN INC.	Good
General Chemical	KANTO-PPC Inc.	Good

4. A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the two most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

(1) Main Sales Customers

Items	2020				2021			
	Name	Amount (NT\$1,000)	Percentage accounting for annual net sales (%)	Relations with Issuer	Name	Amount (NT\$1,000)	Percentage accounting for annual net sales (%)	Relations with Issuer
1	Company E	500,834	19.16	None	Company E	1,060,567	34.36	None
2	Company B	200,938	7.69	None	Company B	406,885	13.18	None
3	Company G	193,476	7.40	None	Company G	361,982	11.73	None
4	Company D	996,767	38.14	None	Company D	-	-	None
5	Other	721,519	27.61	None	Other	1,256,958	40.73	None
	Total	2,613,534	100.00		Total	3,086,392	100.00	

Description for increase/decrease change: Company E is a domestic IC design company and we provide it testing and package services.

Company B is an international semiconductor corporation.

Company D is an international package company and the technology service contract matured in 2021 fiscal year and therefore, there was no revenue.

(2) Main Trade Creditors

Items	2020				2021			
	Name	Amount (NT\$1,000)	Percentage accounting for annual net purchase (%)	Relations with Issuer	Name	Amount (NT\$1,000)	Percentage accounting for annual net purchase (%)	Relations with Issuer
1	Company A	44,991	8.60	None	Company A	49,791	7.92	None
2	Company B	118,277	22.61	None	Company B	139,052	22.14	None
4	Other	359,938	68.79	None	Other	439,356	69.94	None
	Total	523,206	100.00		Total	628,199	100.00	

Increase/Decrease Change Description: the amount and percentage of goods supplied varies according to change of goods specification.

5. Table of Production Quantity and Value in the Most Recent Two Fiscal Years

Unit: Wafer; thousand chips; NT\$1,000

Production Year Value of Quantity	2020			2021		
	Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Main Products						
Wafer Testing	Note	174,789	609,927	Note	249,112	665,927
IC Testing		92,925			137,279	
Wafer Package	660,000	325,836	1,570,279	660,000	379,171	1,708,900
Total			2,180,206			2,374,827

Note: Because testing capacities are calculated according to time not quantity, information of main production machines is disclosed. As of the end of 2020 and the end of 2021, there were 122 and 131 testing machines respectively.

6. Table of Sales Quantity in the Most Recent Two Fiscal Years

Unit: Wafer; Thousand Chips; NT\$1,000

Sales Year Value of Quality	2020				2021			
	Domestic Sales		Export		Domestic Sales		Export	
Main Products	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wafer Testing	60,238	171,714	114,551	268,660	92,280	177,388	156,832	483,906
IC Testing	69,125	165,033	23,800	100,946	112,761	351,465	24,518	126,212
Wafer Package	54,822	378,694	271,014	1,493,222	130,442	662,575	248,729	1,257,018
Others (Note)		34,995		270		5,191		22,637
Total		750,436		1,863,098		1,196,619		1,889,773

Note: Including machine rental services, engineering development services, and testing program development services.

III. In the recent two fiscal years and as of the date when this annual report is published, number of employees, average seniority, average age, and education background distribution rate.

Year		2020	2021	As of April 12, 2022 in current fiscal year
Number of employees	Direct	253	288	289
	Indirect	425	476	491
	Management	73	70	70
	Total	751	834	850
Average Age		36.6	37.3	37.0
Average Seniority		6.6	7.0	6.7
Educational Background Distribution Rate	PhDs	0.00%	0.00%	0.0%
	Master	9.90%	8.15%	8.0%
	University Graduate	62.70%	63.79%	62.9%
	High School	25.30%	25.90%	26.4%
	High School and Lower	2.10%	2.16%	2.7%

IV. Information of Environmental Protection Expense

1. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None

2. Future Responsive Measure:

The Company will continuously promote relevant energy saving and carbon reduction policy and implement relevant measures. The Company has established designated environmental protection and work safety units in charge of management and monitoring.

(1) Waste water management: The real-time waste water monitoring system is set up and external verification agency has been entrusted to inspect effluent quality as requested by environmental protection laws.

(2) Emission management: Continuous exhaust monitoring system is set up and external verification agency has been entrusted to inspect emission quality as requested by environmental protection laws.

- (3) Waste disposal: An eligible agency has been entrusted to disposal waste and conduct regular inspection.
 - (4) Contractor Management: Contracts have been audited periodically to jointly take work safety and environmental protection responsibility.
 - (5) Energy Management: Save water, electricity, and gas consumption and increase recycle and reuse.
3. Future expected annual environmental protection expense:
- To respond to expansion of production line and improvement of waste water, emission, and waste disposal facilities and energy saving and carbon reduction measures, the Company expects to spend NT\$95,340,000 and 59,947, 000 of capital expenses respectively in 2022 and 2023.

V. Labor Relationship

1. List employee welfare measures, pension system, and execution as well as negotiation between the employer and employees.

- (1) Employee Welfare Measure:

The Employee Welfare Committee is in charge of employee welfare affairs and periodically organizes tourist and exchange activities for employees to relax from work stress.

Besides labor insurance, the Company has purchased various types of insurance such as group insurance and casualty insurance,

medical insurance, national health insurance. The Company allocates budget to conduct

employee trainings to promote professional skills and advance career development of employees.

- (2) Pension System and Execution:

The Company has enacted the Rules Governing Employee Pension and according to the Labor Standard Acts, with the approve of 91 Fu She Tzi Tzi Letter # 9100045465 on May 20, 2011, the “Labor Pension Preparation and Monitoring Committee” was established to allocation pension preparation fund to the designated account at Bank of Taiwan. Since July, 2005, the new Labor Pension Scheme has been applied to employees with certain seniority to allocate the pension. The Company allocates 6% and up of monthly salary of these employees as pension funds to their individual accounts.

- (3) Negotiation between the Employer and the Employee:

The Company maintains harmony labor relations and respect employees’ opinions.

Through employer-employee meetings and opinion box, effective communications with employees are maintained.

(4) Training, Development, and Execution:

To improve human resource quality and development strength, the “Rules Governing Educational Training” and annual training plan have been enacted to strengthen operational advantages of the Company and the ability to satisfy customers’ needs. When new employees start working, they will receive professional orientation. Employees also receive regular and professional training from time to time (including internal and external one) with aims to cultivate professional talents, improve management performance and utilize and develop their potential. Employee Training of the Current Fiscal Year:

Items	Number of Sessions	Number of Participants	Total Hours	Total Expenditure (NT\$1,000)
1. Orientation for New Employees	520	2,098	2,059	3
2. Professional Vocational Trainings	80	644	1,412	490
3. General Educational Training	12	6,999	3,150	0
4. Self-motivation Training	8	179	296	8
5. Environmental Safety and Health Related Issues	52	1,069	1,428	75
Total	672	10,989	8,345	576

2. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

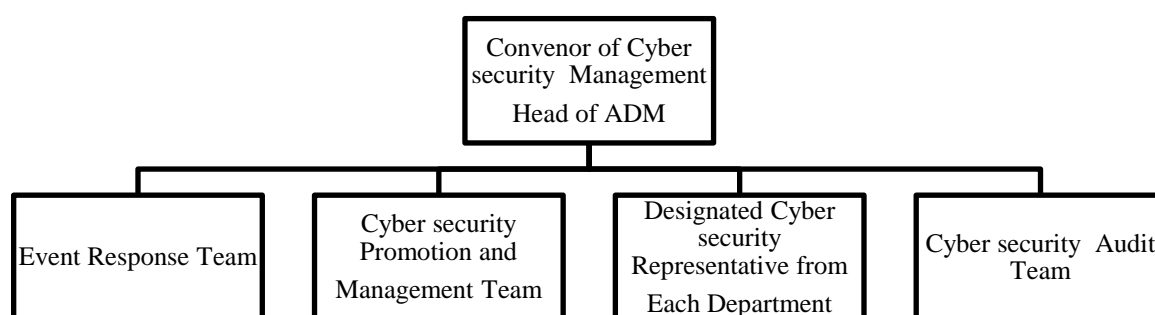
VI. Cyber security Management

1. Cyber security Risk Management Structure

(1) Governance Structure of Business Cyber security

In 2021, the Company has established the “Cyber security Team” composed of head of the Administration Department, the convenor, and representatives from different units to take charge of enactment of cyber security policy and to audit cyber security plan, allocate resources, and promote relevant cyber security work. Each year, work meetings are held periodically or convened or prolonged according to actual needs.

(2) Organizational Structure of Business Cyber security



2. Cyber security Policy

To ensure and strengthen confidentiality, integrity, and usability of information assets of the Company, to increase employee awareness towards cyber security , and to comply with relevant legal requirement to avoid internal or external intentional or accidental threat.

To promote and execute cyber security management measures, the Cyber security Team is responsible for convening periodical meetings or meetings as needed, plan and promote various cyber security task, execute cyber security inspection, and appropriately adjust resource use and propose directions and measures of cyber security management. Cyber security Audit Team is responsible for cyber security audit operations and propose cyber security audit report and provide relevant suggestions to the Cyber security Committee. Additionally, all employees have received relevant educational trainings of cyber security and comply with relevant rules of the Company.

3. Concrete Management Initiatives of Cyber security

- (1) Assets of the Company are classified according to their attributes and use and management is sorted according to confidentiality level to adopt proper control measures. The “Information Asset List” has been prepared and managed by designated personnel to periodically examine accuracy and implement control measures. In addition to information safety educational training plan executed annually, all new employees are required to receive cyber security training and shall pass exams after training.
- (2) Protection measures of Information Room physical and environmental safety are enacted and relevant maintenance operations are periodically conducted.
- (3) Communication and operational safety management measures including network security management, information equipment management, general equipment management, general equipment management, and safety management of data and software exchange are enacted.
- (4) Uses of portable devices and software are clearly defined, accesses control to account and password and backups are authorized to prevent from unauthorized accesses.
- (5) Acquisition, development, and maintenance of information system shall be conducted according to relevant rules of the Company to prevent from occurrence of cyber security hazards.
- (6) Response procedure to cyber security incident management has been enacted.
- (7) Internal audit is conducted each year periodically to audit cyber security and correct preventative management.

4. Resources Put in Cyber Security

- (1) System
 - A. Vulnerabilities of major systems such as Exchange Proxy Logon, Microsoft Print Spooler RCE, Apache Log4J, and Samba VFS Fruit are monitored, analyzed, and amended to improve system safety.
 - B. Conduct inventory check and remove unnecessary software on portable devices to reduce risks caused by APT attacks.
 - C. Multi-Factor Authentication (MFA) mechanism has been introduced to dramatically reduce risks of unauthorized accesses.
 - D. Review and amend accesses of devices connected via USB to reduce disclosure risks of confidential information.
- (2) Structure
 - A. Centralized network security monitoring platform has been established to monitor unauthorized devices and conduct active isolation from networks.
 - B. Isolation scheme of cyber security network in FAB area has been introduced to

reduce impact scope of cyber security incidents.

C. Mail safety structure has been adjusted to enhance interception rate of mails containing malicious links and attachments.

D. Transmission encryption mechanism of mails has been introduced to avoid transmission risks.

(3) Management

A. Cyber security training materials have been amended to include description of access controls and uses of confidential information.

B. Formats of confidential documents of the factory have been unified to provide guidance of quick accesses by employees.

C. Safety inspection procedure of production lines and machines are amended to ensure no damages of new machines are caused by viruses.

D. Application procedure for visitors to carry out devices with them to the factory has been amended to strictly control device safety in areas visited by visitors.

E. Cyber security information has been continuously promoted to reduce network phishing risks.

5. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts: the contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Nature of Contract	Person Involved	Contract Term	Main Contents	Restrictive Covenants
Long-term Credit Contracts	Mega International Commercial Bank	2020.12.02 ~ 2025.11.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Hua Nan Bank	2021.02.09 ~ 2026.01.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Taipei Fubon Bank	2021.04.08 ~ 2026.03.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Bank SinoPac	2021.04.22 ~ 2026.04.15	Rooting in Taiwan Accelerated Investment Loan for Taiwanese Businesses	None
Long-term Credit Contracts	Mega International Commercial Bank	2021.10.22 ~ 2026.10.22	Credit Loan	None
Long-term Credit Contracts	Taishin Bank	2022.01.20 ~ 2025.01.19	Credit Loan	None

VI. Financial Status

I. Condensed balance sheet and comprehensive income statement most recent 5 fiscal years.

1. Condensed balance sheet and comprehensive income statement

(1) Condensed balance sheet —IFRSs

Unit: In NTD thousands

Item \ Year		Financial Statement of the Most Recent Five Fiscal Years (Note)				
		2017	2018	2019	2020	2021
Current Assents		3,873,474	3,636,955	4,206,648	3,813,896	3,378,430
Property, plant, and equipment		2,103,064	2,084,149	2,101,684	1,768,742	2,667,119
Intangible Assets		21,453	20,815	32,132	52,115	121,992
Other Assets		44,781	38,092	75,581	58,207	170,710
Total Amount of Assets		6,042,772	5,780,011	6,416,045	5,692,960	6,338,251
Current Liabilities	Before Distribution	1,715,985	541,508	889,134	639,675	683,581
	After Distribution	1,893,125	705,022	1,093,526	807,193	996,983
Non-current Liabilities		16,490	664,092	637,915	323,892	778,759
Total Amount of Liabilities	Before Distribution	1,732,475	1,205,600	1,527,049	963,567	1,462,340
	After Distribution	1,909,615	1,369,114	1,731,441	1,131,085	1,775,742
Equity attributable to owners of parent company		4,310,297	4,574,411	4,888,996	4,729,393	4,875,911
Capital stock		1,362,617	1,362,617	1,362,617	1,362,617	1,362,617
Capital surplus		366,243	366,243	366,243	366,243	366,243
Retained earnings	Before Distribution	2,649,369	2,807,636	3,205,990	3,204,006	3,429,121
	After Distribution	2,472,229	2,644,122	3,001,598	3,036,488	3,115,719
Other Liabilities		(67,932)	37,915	(45,854)	(203,473)	(282,070)
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total equity	Before Distribution	4,310,297	4,574,411	4,888,996	4,729,393	4,875,911
	After Distribution	4,133,157	4,410,897	4,684,604	4,561,875	4,562,509

Note: Financial information has been audited and certified by CPAs.

(2) Condensed Comprehensive Income Statement—IFRSs

Unit: In NTD thousands

Item \ Year	Financial Statement of the Most Recent Five Fiscal Years (Note)				
	2017	2018	2019	2020	2021
Revenue	2,842,923	2,869,643	2,942,669	2,613,534	3,086,392
Gross Profit	427,019	661,533	883,193	433,328	711,565
Net amount of other non-operating income and expenses	930,355	-	-	-	-
Operating Profit and Loss	1,091,257	435,840	655,616	227,031	480,391
Other non-operating income and expenses	(148,419)	20,372	85,017	715	(9,251)
Net Profit before Tax	942,838	456,212	740,633	227,746	471,140
Net Profit from Continuing Operation	727,651	329,820	567,643	209,398	393,931
Valuation Loss of Shutdown	-	-	-	-	-
Current Net Profit (Loss)	727,651	329,820	567,643	209,398	393,931
Current Other Comprehensive Income (Net after Tax)	(83,861)	102,151	(89,544)	(164,609)	(79,895)
Total Amount of Current Comprehensive Income	643,790	431,971	478,099	44,789	314,036
Net Profit Belonging to Owners of Mother Company	727,651	329,820	567,643	209,398	393,931
Net Profit Belonging to Non-Controlling Interests	-	-	-	-	-
Total Amount of Comprehensive Income Belonging to Owners of Mother Company	643,790	431,971	478,099	44,789	314,036
Total Amount of Comprehensive Income Belonging to Non-Controlling Interests	-	-	-	-	-
Earnings per share (NTD)	5.34	2.42	4.17	1.54	2.89

Note: Financial information has been audited and certified by CPAs.

(3) Parent Company Only Condensed Balance Sheet - IFRSs

Unit:NT\$1,000

Item	Year	Financial Statement of the Most Recent Five Fiscal Years (Note)				
		2017	2018	2019	2020	2021
Current Assents		1,619,952	1,101,396	1,479,572	1,085,549	798,092
Property, plant, and equipment		656,746	694,059	708,503	687,374	1,183,958
Intangible Assets		6,551	5,014	18,450	39,747	111,722
Other Assets		2,433,214	3,297,677	3,299,605	3,144,592	3,104,489
Total Amount of Assets		4,716,463	5,098,146	5,506,130	4,957,262	5,198,261
Current Liabilities	Before Distribution	389,740	263,276	410,114	195,862	294,138
	After Distribution	566,880	426,790	614,506	363,380	607,540
Non-current Liabilities		16,426	260,459	207,020	32,007	28,212
Total Amount of Liabilities	Before Distribution	406,166	523,735	617,134	227,869	322,350
	After Distribution	583,306	687,249	821,526	395,387	635,752
Equity attributable to owners of parent company		4,310,297	4,574,411	4,888,996	4,729,393	4,875,911
Capital Stock		1,362,617	1,362,617	1,362,617	1,362,617	1,362,617
Capital surplus		366,243	366,243	366,243	366,243	366,243
Retained earnings	Before Distribution	2,649,369	2,807,636	3,205,990	3,204,006	3,429,121
	After Distribution	2,472,229	2,644,122	3,001,598	3,036,488	3,115,719
Other Liabilities		(67,932)	37,915	(45,854)	(203,473)	(282,070)
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total equity	Before Distribution	4,310,297	4,574,411	4,888,996	4,729,393	4,875,911
	After Distribution	4,133,157	4,410,897	4,684,604	4,561,875	4,562,509

Note: Financial information has been audited and certified by CPAs.

(4) Parent Company Only Condensed Income Statement - IFRSs

Unit:NT\$1,000

Item	Year	Financial Statement of the Most Recent Five Fiscal Years (Note)				
		2017	2018	2019	2020	2021
Revenue		1,020,772	1,085,489	1,268,512	749,533	1,162,807
Gross Profit		230,007	407,943	598,923	139,605	494,301
Net amount of other non-operating income and expenses		649,597	-	-	-	-
Operating Profit and Loss		731,284	292,366	479,404	28,490	379,098
Other non-operating income and expenses		154,216	135,524	215,072	168,144	79,974
Net Profit before Tax		885,500	427,890	694,476	196,634	459,072
Net Profit from Continuing Operation		727,651	329,820	567,643	209,398	393,931
Valuation Loss of Shutdown		-	-	-	-	-
Current Net Profit (Loss)		727,651	329,820	567,643	209,398	393,931
Current Other Comprehensive Income (Net after Tax)		(83,861)	102,151	(89,544)	(164,609)	(79,895)
Total Amount of Current Comprehensive Income		643,790	431,971	478,099	44,789	314,036
Net Profit Belonging to Owners of Mother Company		727,651	329,820	567,643	209,398	393,931
Net Profit Belonging to Non-Controlling Interests		-	-	-	-	-
Total Amount of Comprehensive Income Belonging to Owners of Mother Company		643,790	431,971	478,099	44,789	314,036
Total Amount of Comprehensive Income Belonging to Non-Controlling Interests		-	-	-	-	-
Earnings per share (NTD)		5.34	2.42	4.17	1.54	2.89

Note: Financial information has been audited and certified by CPAs.

2. Name of CPAs and Auditor's Opinion of the Most Recent Five Fiscal Years

Year	CPAs	Name of Responsible Unit	Auditor's Opinion
2017	Wei Hsing-Hai, Huang Hai-Ling	KPMG in Taiwan	Unqualified Opinion
2018	Li Ding-Yi, Chiang Tsai-Yen	PwC Taiwan	No
2019	Li Ding-Yi, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion
2020	Hsieh Chi-Cheng, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion
2021	Hsieh Chi-Cheng, Chiang Tsai-Yen	PwC Taiwan	Unqualified Opinion

II. Financial Analyses of the Most Recent Five Fiscal Years

1. Consolidated Financial Analyses—IFRSs

Analysis Item		Financial Analyses of the Most Recent Five Fiscal Years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt Ratio	28.67	20.86	23.80	16.93	23.07
	Long term funds to fixed assets	205.74	251.35	259.10	284.37	211.39
Solvency (%)	Current Ratio	225.73	671.63	473.12	596.22	494.23
	Quick Ratio	218.99	648.46	461.26	581.53	472.95
	Times Interest Earned	15.76	19.56	50.30	30.69	100.23
Management Ability	Receivables Turnover Ratio(Times)	2.45	3.08	3.08	2.93	4.44
	Average Collection Turnover	149.07	118.33	118.68	124.62	82.22
	Inventory Turnover Ratio(Times)	33.41	29.43	26.12	28.21	26.00
	Payable Turnover Ratio(Times)	21.91	25.77	34.99	28.21	26.06
	Day's Sales in Inventory	10.92	12.4	13.97	12.94	14.04
	Fix Assets Turnover Ratio(Times)	1.11	1.37	1.40	1.34	1.39
	Total Assets Ratio(Times)	0.43	0.49	0.48	0.43	0.51
Profitability	Return on assets (%)	11.85	5.88	9.50	3.58	6.61
	Return on Equity (%)	17.98	7.42	12.00	4.35	8.20
	Net profit before tax to capital (%)	69.19	33.48	54.35	16.71	34.58
	Net profit rate (%)	25.60	11.49	19.29	8.01	12.76
	Earnings per share (NTD)	5.34	2.42	4.17	1.54	2.89
Cash Flow	Cash Flow Ratio (%)	113.16	282.05	114.01	187.19	140.96
	Cash Flow Adequacy Ratio (%)	272.99	249.53	274.55	258.05	160.89
	Cash Re-investment Ratio (%)	11.93	8.14	4.79	5.93	4.62
Leverage Degree	Degree of Operation Leverage	0.95	2.55	2.16	3.96	2.31
	Degree of financial leverage	1.06	1.06	1.02	1.03	1.01
Reasons for Changes of Various Financial Ratios in the Most Recent Two Years (If increase/decrease has not reached 20% , no analyses are needed.)						
1. Debt ratio: bank loan increases in this fiscal year to drive debt ratio to go up.						
2. Long term funds to fixed assets ratio: Fixed assets increase in this fiscal year and that decreases long term funds to fixed assets ratio.						
3. Times Interest Earned: Current net profit before tax increases and so does Times Interest Earned.						
4. Average Collection Turnover and Average Inventory Turnover Days: Net sales value increases in this fiscal year and that drives up Average Collection Turnover and reduces Average Inventory Turnover Days.						
5. Profitability Ratio (assets return ratio, equity return ratio, operation income to capital before tax, and EPS): Due to the increase of current operation income, current net profit after tax increases and profitability also significantly increases.						
6. Cash flow ratio: Due to decrease of net operating cash flow and current liabilities, current cash flow ratio decreases.						
7. Cash flow adequacy ratio and cash re-investment ratio: Due to the increase of current capital expenses, cash flow adequacy ratio and cash re-investment ratio drops.						
8. Degree of operating leverage: Due to increase of revenue, operating profit grows and current degree of operating leverage is lower.						

Note: The said financial information is acquired from financial statements certified by CPAs.

Formulas of the said ratios are shown below:

A. Financial structure

(A) Debt Ratio = Total Liabilities / Total Assets

- (B) Long term funds to fixed assets = $(\text{Total Equity} + \text{Non-current Liabilities}) / (\text{Net Fixed Assets} + \text{Net Right-of-use asset})$ °
- B. Debt service ability
- (A) Current Ratio = $\text{Current Assets} / \text{Current Liabilities}$
- (B) Quick Ratio = $(\text{Current Assets} - \text{Inventory} - \text{Prepayment}) / \text{Current Liabilities}$
- (C) Times Interest Earned = $\text{Net Profit before Tax and Interest Expense} / \text{Current Interest Expense}$
- C. Management Ability
- (A) Receivable (including payment and bill receivable generated from operations) Turnover Rate = $\text{Net Sales} / \text{Average Receivable Balances (including payment and bill receivable generated from operations)}$
- (B) Days sales in account receivable = $365 / \text{account receivable turnover}$
- (C) Inventory Turnover = $\text{Cost of Goods Sold} / \text{Average Inventory}$
- (D) Payable (including payment and bill payable generated from operations) Turnover Rate = $\text{Net Sales} / \text{Average Payable Balances (including payment and bill payable generated from operations)}$
- (E) Days sales in account receivable = $365 / \text{account receivable turnover}$
- (F) Fixed Assets Turnover = $\text{Net Sales} / (\text{Average Net Fixed Assets} + \text{Average Net(Right-of-use asset)})$
- (G) Total Assets Turnover = $\text{Net Sales} / \text{Total Average Assets}$
- D. Profitability
- (A) Return on Assets = $[\text{Income after Tax} + \text{Interest Expense} \times (1 - \text{Tax Rate})] / \text{Total Average Assets}$
- (B) Return on Equity = $\text{Income after Tax} / \text{Total Average Equity}$
- (C) Profit Margin = $\text{Income after Tax} / \text{Net Sales}$
- (D) Earning per Share = $(\text{Income belonging to Owners of Mother Company} - \text{Preferred Stock Dividend}) / \text{Average Weighted Shares Outstanding (Note 4)}$
- E. Cash Flow
- (A) Cash Flow Ratio = $\text{Operating Cash Flow Ratio} / \text{Current Liabilities}$
- (B) Cash Flow Adequacy Ratio = $\text{Operating Cash Flow Ratio of the Most Recent Five Fiscal Year} / (\text{Capital Expense} + \text{Increase of Inventory} + \text{Cash Dividend})$
- (C) Cash Re-investment Ratio = $(\text{Operating Cash Flow Ratio} - \text{Cash Dividend}) / (\text{Gross Fixed Assets} + \text{Gross Right-of-use Asset} + \text{Long-term Investment} + \text{Other Nun-Current Assets} + \text{Working Capital})$
- F. Leverage:
- (A) Degree of Operating Leverage = $(\text{Net Operating Revenue} - \text{Operating Cost and Expenses}) / \text{Operating Profit}$
- (B) Degree of Financial Leverage = $\text{Operating Profit} / (\text{Operating Profit} - \text{Interest Expenses})$

2. Parent Company Only Financial Analyses—IFRSs

Analysis Item		Financial Analyses of the Most Recent Five Fiscal Years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt Ratio	8.61	10.27	11.21	4.60	6.20
	Long term funds to fixed assets	658.81	696.61	689.44	690.06	413.12
Solvency (%)	Current Ratio	415.65	418.34	360.77	554.24	271.33
	Quick Ratio	407.03	402.55	355.77	547.63	267.41
	Times Interest Earned	NA	1089.78	143.98	70.04	10931.29
Management Ability	Receivables Turnover Ratio(Times)	4.14	4.65	4.89	4.05	8.85
	Average Collection Turnover	88.23	78.63	74.6	90.14	41.25
	Inventory Turnover Ratio(Times)	NA	NA	NA	NA	NA
	Payable Turnover Ratio(Times)	293.96	343.41	593.61	459.11	305.39
	Day's Sales in Inventory	NA	NA	NA	NA	NA
	Fix Assets Turnover Ratio(Times)	1.37	1.61	1.77	1.05	1.24
	Total Assets Ratio(Times)	0.23	0.22	0.24	0.14	0.23
Profitability	Return on assets (%)	16.58	6.73	10.78	4.06	7.76
	Return on Equity (%)	17.98	7.42	12	4.35	8.20
	Net profit before tax to capital (%)	64.99	31.4	50.97	14.43	33.69
	Net profit rate (%)	71.28	30.38	44.75	27.94	33.88
	Earnings per share (NTD)	5.34	2.42	4.17	1.54	2.89
Cash Flow	Cash Flow Ratio (%)	187.23	266	188.4	178.34	220.70
	Cash Flow Adequacy Ratio (%)	148.34	219.12	228.45	235.26	150.30
	Cash Re-investment Ratio (%)	6.52	5.69	6.07	1.55	5.17
Leverage Degree	Degree of Operation Leverage	0.33	1.6	1.6	7.96	1.54
	Degree of financial leverage	1.00	1.00	1.01	1.11	1.00
Reasons for Changes of Various Financial Ratios in the Most Recent Two Years (If increase/decrease has not reached 20% , no analyses are needed.)						
1. Debt ratio: Current income tax liability increases to result in increase of current debt ratio.						
2. Long term funds to fixed assets ratio: Fixed assets increase in this fiscal year and that decreases long term funds to fixed assets ratio.						
3. Current ratio and quick ratio: Financial assets amortized according to cost measurement decreases than previous fiscal year and that decreases current ratio and quick ratio in this fiscal year.						
4. Times Interest Earned: Due to increase of net profit after tax in this fiscal year, times interest earned also increases.						
5. Receivable turnover and average days of sales in inventory: Current net sales increases to drive receivable turnover up and decrease average days of sales in inventory.						
6. Payable turnover rate: Due to increase of payable in this fiscal year, payable turnover rate is lower.						
7. Total assets turnover: Due to increase of net sales, total assets turnover increases than that of previous fiscal year.						
8. Profitability Ratio (assets return ratio, equity return ratio, operation income to capital before tax, and EPS): Due to the increase of current operation income, current net profit after tax increases and profitability also significantly increases.						
9. Cash flow ratio and cash re-investment ratio: Due to increase of net cash generated from operations, current cash flow ratio and cash re-investment ratio both increases.						
(Continue)						
10. Cash flow adequacy ratio: Due to increase of capital expense in this fiscal year, cash flow adequacy ratio decreases.						
11. Degree of operating leverage: Due to increase of operating profit, current degree of operating leverage is weaker.						

The said financial information is acquired from financial statements certified by CPAs.

Formulas of the said ratios are shown below:

A. Financial structure

- (A) Debt Ratio = Total Liabilities / Total Assets
- (B) Long term funds to fixed assets = (Total equity + Non-current assets) / Net fixed assets
- B. Debt service ability
- (A) Current Ratio = Current Assets / Current Liabilities
- (B) Quick Ratio = (Current Assets – Inventory – Prepayment) / Current Liabilities
- (C) Times Interest Earned = Net Profit before Tax and Interest Expense / Current Interest Expense
- C. Management Ability
- (A) Receivable (including payment and bill receivable generated from operations) Turnover Rate = Net Sales / Average Receivable Balances (including payment and bill receivable generated from operations)
- (B) Days sales in account receivable = 365 / account receivable turnover
- (C) Inventory Turnover = Cost of Goods Sold / Average Inventory
- (D) Payable (including payment and bill payable generated from operations) Turnover Rate = Net Sales / Average Payable Balances (including payment and bill payable generated from operations)
- (E) Days sales in account receivable = 365 / account receivable turnover
- (F) Fixed assets turnover = Net sales / Average fixed assets
- (G) Total Assets Turnover = Net Sales / Total Average Assets
- D. Profitability
- (A) Return on Assets = [Income after Tax + Interest Expense × (1 – Tax Rate)] / Total Average Assets
- (B) Return on Equity = Income after Tax / Total Average Equity
- (C) Profit Margin = Income after Tax / Net Sales
- (D) Earning per Share = (Income belonging to Owners of Mother Company – Preferred Stock Dividend) / Average Weighted Shares Outstanding (Note 4)
- E. Cash Flow
- (A) Cash Flow Ratio = Operating Cash Flow Ratio / Current Liabilities
- (B) Cash Flow Adequacy Ratio = Operating Cash Flow Ratio of the Most Recent Five Fiscal Year / (Capital Expense + Increase of Inventory + Cash Dividend)
- (C) Cash Re-investment ratio = (Net Operating cash flow – cash dividend) / (gross fixed assets + long-term investment + other non-current liabilities + working capital)
- F. Leverage:
- (A) Degree of Operating Leverage = (Net Operating Revenue – Operating Cost and Expenses) / Operating Profit
- (C) Degree of Financial Leverage = Operating Profit / (Operating Profit – Interest Expenses)

III. Report of the Audit Committee towards Financial Statements in the Most Recent Fiscal Year

Winstek Semiconductor Co., Ltd.

Audit Committee's Audit Report

The Board of Directors prepared the Company's 2021 Business Report, financial statements, and statement of the earnings distribution, among which the consolidated and standalone financial statements were audited by Hsieh, Chih-Cheng and Chiang, Tsai- Yen, CPAs at PwC Taiwan, by whom an audit report was issued. We have reviewed the Business Report, statement of the earnings distribution, and consolidated and standalone financial statements and discovered no inconsistency; thus, we have issued a report in accordance with Article 14-4 of the Securities and Exchange Act and Article 29 of the Company Act. Please proceed to review it.

It is hereby presented to
The 2022 Shareholders' Meeting of the
Company

Convenor of the Audit Committee : LinMin-Kai

March 7, 2022

IV. Financial Statements of the Most Recent Fiscal Year:

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 policies 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		December 31, 2020		
		Amount	%	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		<u>3,378,430</u>	<u>53</u>	<u>3,813,896</u>	<u>67</u>
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		<u>2,959,821</u>	<u>33</u>	<u>1,879,064</u>	<u>33</u>
1XXX	Total assets		<u>\$ 6,338,251</u>	<u>100</u>	<u>\$ 5,692,960</u>	<u>100</u>

(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		December 31, 2020	
			Amount	%	Amount	%
	Current liabilities					
2130	Contract liabilities -current	6 (15)	\$	-	\$	-
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		<u>683,581</u>	<u>11</u>	<u>639,675</u>	<u>11</u>
	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		<u>778,759</u>	<u>12</u>	<u>323,892</u>	<u>6</u>
2XXX	Total liabilities		<u>1,462,340</u>	<u>23</u>	<u>963,567</u>	<u>17</u>
	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		<u>4,875,911</u>	<u>83</u>	<u>4,729,393</u>	<u>83</u>
	Material commitments and contingencies	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 6,338,251</u>	<u>100</u>	<u>\$ 5,692,960</u>	<u>100</u>

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 Comprehensive Income
January 1 to December 31 of 2021 and 2020

Unit: NT\$ thousand

		(except for unit of earnings per share which is NTD)					
		2021		2020			
Items	Notes	Amount	%	Amount	%		
4000	Revenue	\$ 3,086,392	100	\$ 2,613,534	100		
5000	Operating cost	(2,374,827)	(77)	(2,180,206)	(83)		
5950	Net gross profit	<u>711,565</u>	<u>23</u>	<u>433,328</u>	<u>17</u>		
Operating expenses							
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	<u>(231,174)</u>	<u>(8)</u>	<u>(206,297)</u>	<u>(8)</u>		
6900	Operating profit	<u>480,391</u>	<u>15</u>	<u>227,031</u>	<u>9</u>		
Non-operating income and expenses							
7100	Interest income	7,369	-	23,708	1		
7010	Other income	2,091	-	463	-		
7020	Other gains and losses	13,963	-	15,786	(1)		
7050	Financing cost	(4,748)	-	(7,670)	-		
7000	Total non-operating income and expenses	<u>9,251</u>	<u>-</u>	<u>715</u>	<u>-</u>		
7900	Profit before tax	<u>471,140</u>	<u>15</u>	<u>227,746</u>	<u>9</u>		
7950	Income tax expense	(77,209)	(2)	(18,348)	(1)		
8200	Net profit of this period	<u>\$ 393,931</u>	<u>13</u>	<u>\$ 209,398</u>	<u>8</u>		

(To be continued on next page)

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		2020	
		Amount	%	Amount	%
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	

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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

	Notes	Equity attributable to owners of parent company					The balance of translation of the financial statements of foreign operating institutions	Total equity
		Share	Capital surplus	Legal capital reserve	Special capital reserve	Retained earnings		
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		<u>1,362,617</u>	<u>366,243</u>	<u>693,278</u>	<u>45,854</u>	<u>2,464,874</u>	<u>(203,473)</u>	<u>4,729,393)</u>

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					The balance of translation of the financial statements of foreign operating institutions	Total equity
		Share	Capital surplus	Legal capital reserve	Special capital reserve	Retained earnings		
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 6(11) in current period		-	-	-	-	(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
<u>Cash flow from operating activities</u>		
	\$ 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)

Winstek Semiconductor Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31 of 2021 and 2020

Unit: NT\$ thousand

Notes	January 1 To December 31, 2021	January 1 To December 31, 2020
<u>Cash flow from investment activities</u>		
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)	(<u>559,520</u>)	(<u>66,554</u>)
<u>Cash from financing activities</u>		
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	(<u>145,835</u>)	(<u>489,838</u>)
Impacts on exchange rates	(<u>12,100</u>)	(<u>6,835</u>)
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) <u>\$ 1,603,413</u>	<u>\$ 1,065,623</u>

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		Details
			December 31, 2021	December 31, 2020	
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

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

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

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

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

	<u>2021</u>	<u>2020</u>
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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 761,947	\$ 627,438
Accounts receivable - related parties	991	1,662

	762,938	629,100
Less: allowance for losses and bad debts	-	-
	<u>\$ 762,938</u>	<u>\$ 629,100</u>

The Group does not have accounts provided as hypothecation security.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
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	-	-
	<u>\$ 762,938</u>	<u>\$ 629,100</u>

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

(IV) Inventory

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

The cost of inventories recognized as expense for the period:

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

(V) Property, plant, and equipment

2021

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment and other equipment</u>	<u>Equipment awaiting examination</u>	<u>Total</u>
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)
	<u>\$ 194,924</u>	<u>\$ 57,127</u>	<u>\$ 1,277,878</u>	<u>\$ 223,582</u>	<u>\$ 15,231</u>	<u>\$ 1,768,742</u>
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	<u>\$ 194,924</u>	<u>\$ 60,122</u>	<u>\$ 2,017,882</u>	<u>\$ 354,181</u>	<u>\$ 40,010</u>	<u>\$ 2,667,119</u>
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)
	<u>\$ 194,924</u>	<u>\$ 60,122</u>	<u>\$ 2,017,882</u>	<u>\$ 354,181</u>	<u>\$ 40,010</u>	<u>\$ 2,667,119</u>

2020

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment and other equipment</u>	<u>Equipment awaiting examination</u>	<u>Total</u>
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)
	<u>\$ 194,924</u>	<u>\$ 66,776</u>	<u>\$ 1,478,671</u>	<u>\$ 239,876</u>	<u>\$ 121,437</u>	<u>\$ 2,101,684</u>
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	<u>\$ 194,924</u>	<u>\$ 57,127</u>	<u>\$ 1,227,878</u>	<u>\$ 223,582</u>	<u>\$ 15,231</u>	<u>\$ 1,768,742</u>
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)
	<u>\$ 194,924</u>	<u>\$ 57,127</u>	<u>\$ 1,277,878</u>	<u>\$ 223,582</u>	<u>\$ 15,231</u>	<u>\$ 1,768,742</u>

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

- 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.
- 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.
- 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
	<u>\$ 7,883</u>	<u>\$ 8,296</u>

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

- 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:

	<u>2021</u>	<u>2020</u>
<u>Items of influence of current profit and loss</u>		
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

- 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.
- In 2021 and 2020, rental income has been recognized as \$463 and \$463 respectively according to operating lease contracts and there has been no change of lease payment change.
- Analyses of maturity date of lease payment of operating lease of the Company is shown below:

	<u>2021</u>	<u>2020</u>
2022	\$ 453	\$ 288
2023	349	219
2024	349	114
2025	320	114
2026	117	86
Total	<u>\$ 1,588</u>	<u>\$ 821</u>

(VIII) Intangible asset

	2021		
	<u>Computer software</u>		
January 1	-		
Cost			197,793
Accumulated amortization and impairment		(<u>145,678</u>)
			<u>52,115</u>
January 1			52,115
Add - derived from separate gain			95,009
Amortization		(24,825)
Net exchange differences		(<u>307</u>)
December 31			<u>121,992</u>
December 31			
Cost			289,606
Accumulated amortization and impairment		(<u>167,614</u>)
			<u>121,992</u>
	2020		
	<u>Technical royalties</u>	<u>Computer software</u>	<u>Total</u>
January 1			
Cost	\$ 35,976	\$ 172,105	\$ 208,081
Accumulated amortization and impairment	35,976	139,973	175,949
	(((
	<u>\$ -</u>	<u>\$ 32,132</u>	<u>\$ 32,132</u>
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	<u>\$ -</u>	<u>\$ 52,115</u>	<u>\$ 52,115</u>
December 31			
Cost	\$ -	\$ 197,793	\$ 197,793
Accumulated amortization and impairment	-	145,678	145,678
	(((
	<u>\$ -</u>	<u>\$ 52,115</u>	<u>\$ 52,115</u>

The amortization details of intangible assets are as follows:

	2021	2020
Operating cost	\$ 21,540	\$ 6,907
Administrative expenses	3,285	4,034
	<u>\$ 24,825</u>	<u>\$ 10,941</u>

(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
	<u>497,744</u>	<u>393,311</u>

(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
					<u>746,000</u>
Less: Long-term loans due within one year or one operating cycle					-
					<u>\$ 746,000</u>

<u>Loan type</u>	<u>Loan period and repayment method</u>	<u>Interest range</u>	<u>Collateral</u>	<u>Remark</u>	<u>December 31, 2020</u>
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
					<u>430,500</u>
Less: Long-term loans due within one year or one operating cycle					<u>(145,000)</u>
					<u>\$ 285,500</u>

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:

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

(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
	<u>52,662</u>	<u>(25,716)</u>	<u>26,946</u>
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
	<u>1,614</u>	<u>(316)</u>	<u>1,298</u>
Provision of pension funds	-	(1,606)	(1,606)
Pay pension	(379)	379	-
Balance as of December 31	<u>\$ 53,897</u>	<u>(\$ 27,259)</u>	<u>\$ 26,638</u>

	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
	<u>44,740</u>	<u>(23,318)</u>	<u>21,422</u>
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
	<u>7,660</u>	<u>(670)</u>	<u>6,990</u>
Provision of pension funds	-	(1,596)	(1,596)
Balance as of December 31	<u>\$ 52,400</u>	<u>(\$ 25,584)</u>	<u>\$ 26,816</u>

(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
	<u>\$</u>	<u>21,470</u>

- 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

	<u>2021</u>	<u>2020</u>
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.

	<u>Issue premium</u>	<u>2021</u> Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries
January 1/December 31	\$ 250,734	\$ 115,509

	<u>Issue premium</u>	<u>2020</u> 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 shall 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	<u>431,262</u>	<u>2.30</u>
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Note: Please visit the Market Observation Post System for information about dividend distribution decided by the Board of Directors of the Company.

(XV) Revenue

	<u>2021</u>	<u>2020</u>
Revenue from customer contracts	<u>\$ 3,086,392</u>	<u>\$ 2,613,534</u>

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:

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

2. Contract assets and liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract assets:			
Contract assets - packaging testing	<u>\$ 22,510</u>	<u>\$ 50,529</u>	<u>\$ 20,401</u>
Contract liabilities	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ -</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities	<u>\$ 396</u>	<u>\$ -</u>

(XVI) Interest income

	2021	2020
Interest from bank deposits	\$ 894	\$ 2,092
Interest income from financial assets at amortized cost	6,475	21,616
	<u>7,369</u>	<u>23,708</u>

(XVII) Other income

	2021	2020
Rental income	\$ 463	\$ 463
Government subsidy	1,628	-
	<u>2,091</u>	<u>463</u>

(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
	<u>(\$ 13,963)</u>	<u>(\$ 15,786)</u>

(XIX) Financial cost

	2021	2020
Interest expense	\$ 4,699	\$ 8,026
Other financial expenses	95	147
Capitalized interest	(46)	(503)
	<u>\$ 4,748</u>	<u>7,670</u>

(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
Tax on undistributed profit	16,975	-

Overestimation of prior year's annual income tax	(<u>75,681</u>)	(<u>30,077</u>)
Total income tax in the period	<u>1,528</u>	<u>25,436</u>
Deferred income tax:		
Initial recognition and reversal of temporary differences	(<u>1,528</u>)	<u>7,088</u>
Total deferred income tax	(<u>1,528</u>)	<u>7,088</u>
Income tax expense	<u>\$ 77,209</u>	<u>\$ 18,348</u>

2. Relation between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
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	(<u>16,975</u>)	(<u>30,077</u>)
Other	<u>926</u>	(<u>2,422</u>)
Income tax expense	<u>\$ 77,209</u>	<u>\$ 18,348</u>

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

	<u>2021</u>		
	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	<u>2,163</u>	(<u>183</u>)	<u>1,980</u>
Subtotal	<u>24,360</u>	<u>2,806</u>	<u>21,554</u>
- Deferred income tax liabilities:			
Unrealized exchange gains	(1,471)	1,133	(338)
Other	(<u>145</u>)	<u>145</u>	<u>-</u>
Subtotal	(<u>1,616</u>)	<u>1,278</u>	(<u>338</u>)
Total	<u>\$ 22,744</u>	(<u>\$ 1,528</u>)	<u>\$ 21,21</u>

	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	<u>19,676</u>	<u>4,684</u>	<u>24,360</u>
- Deferred income tax liabilities:			
Unrealized exchange gains	(3,598)	2,127	(1,471)
Other	(422)	277	(145)
Subtotal	<u>(4,020)</u>	<u>2,404</u>	<u>(1,616)</u>
Total	<u>\$ 15,656</u>	<u>\$ 7,088</u>	<u>\$ 22,744</u>

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\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	\$ 393,931	136,262	\$ 2.89
<u>Diluted earnings per share</u>			
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	<u>\$ 393,931</u>	<u>137,206</u>	<u>\$ 2.87</u>

	2020		
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders of the parent company	\$ 209,398	136,262	\$ 1.54
<u>Diluted earnings per share</u>			
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			Total liabilities from financing activities
	<u>Leasing obligations</u>	<u>Long-term loans (note)</u>	<u>Deposit Received</u>	
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	<u>1,836</u>	<u>-</u>	<u>-</u>	<u>1,836</u>
December 31	<u>\$ 8,077</u>	<u>\$ 746,000</u>	<u>\$ 267</u>	<u>\$ 754,344</u>
	2020			Total liabilities from financing activities
	<u>Leasing obligations</u>	<u>Long-term loans (note)</u>	<u>Deposit Received</u>	
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	<u>(2,035)</u>	<u>-</u>	<u>-</u>	<u>(2,035)</u>
December 31	<u>\$ 8,344</u>	<u>\$ 430,500</u>	<u>\$ 288</u>	<u>\$ 439,072</u>

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

<u>Name of related party</u>	<u>Relation with the Company</u>
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

	<u>2021</u>	<u>2020</u>
Ultimate parent company	<u>\$ 8,782</u>	<u>\$ 9,995</u>

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

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
Ultimate parent company		
Other payables-processing services	<u>\$ 646</u>	<u>\$ 257</u>
Ultimate parent company	<u>\$ 93</u>	<u>\$ -</u>

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:

Ultimate parent company	2021		2020	
	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	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:

Assets	Book value		Collateral purpose
	December 31, 2021	December 31, 2020	
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			
	<u>The second</u>	<u>The third</u>	<u>The fourth</u>	<u>The fifth</u>
	<u>year</u>	<u>year</u>	<u>year</u>	<u>year</u>
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
	<u>\$ 81,510</u>	<u>\$ 75,385</u>	<u>\$ 63,795</u>	<u>\$ 54,560</u>

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	
	<u>The sixth year</u>	<u>The seventh year</u>
Minimum purchase amount	<u>\$ 30,000</u>	<u>\$ 30,000</u>

- (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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant, and equipment	<u>\$ 832,810</u>	<u>\$ 178,309</u>

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
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 1,603,413	\$ 1,065,623
Financial assets measured at amortized cost (including noncurrent)		
Accounts receivable	821,740	2,002,660
Accounts receivable - related parties	791,947	627,438
Other receivables	991	1,662
Other receivables - related parties	1,913	4,538
Refundable Deposits	2,097	0
	4,503	3,851
	\$ 3,196,604	\$ 3,705,772

	December 31, 2021	December 31, 2020
<u>Financial liability</u>		
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			Carrying
				Currency (in	Exchange		
				thousands)	rate		
				(NT\$)			
(Foreign currency: functional currency)							
<u>Financial asset</u>							
<u>Monetary items</u>							
US\$:NT\$	\$	19,785		27.68	\$	547,649	
NT\$:US\$			442,662		0.036	442,662	
<u>Financial liability</u>							
<u>Monetary items</u>							
US\$:NT\$	\$	696		27.68	\$	19,265	
NT\$:US\$			1,014,687		0.036	1,014,687	

				December 31, 2020			
				Foreign			Carrying
				Currency (in	Exchange		
				thousands)	rate		
				(NT\$)			
(Foreign currency: functional currency)							
<u>Financial asset</u>							
<u>Monetary items</u>							
US\$:NT\$	\$	14,831		28.48	\$	422,387	
NT\$:US\$			427,936		0.035	427,936	
<u>Financial liability</u>							
<u>Monetary items</u>							
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)			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 5,476	\$ -
NT\$:US\$	1%	4,427	-
<u>Financial liability</u>			
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)			
<u>Financial asset</u>			
<u>Monetary items</u>			
US\$:NT\$	1%	\$ 4,224	-
NT\$:US\$	1%	4,279	-
<u>Financial liability</u>			
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
<u>December 31, 2021</u>						
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>December 31, 2020</u>						
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
	<u>\$ 1,366,800</u>	<u>\$ 2,804,978</u>

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
<u>Non-derivative financial liabilities:</u>				
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
<u>Non-derivative financial liabilities:</u>				
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:

	Testing business segment	Bumping business segment	Adjustment and elimination	Total
<u>2021</u>				
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
	Testing business segment	Bumping business segment	Adjustment and elimination	Total
<u>2020</u>				
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

	Testing business segment	Bumping business segment	Adjustment and elimination	Total
December 31, 2021				
Segment assets	\$ 2,240,036	\$ 4,204,041	(\$ 105,826)	\$ 6,338,251
December 31, 2020				
	\$ 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	\$ 3,086,392	\$ 2,796,994	\$ 2,613,534	\$ 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	Characteristi c of fund lent to others (Note 4)	Business transaction amount	Reason for short-term loans	Amount of provision for loss allowance	Collateral		Limit of The Parent Company Only lending	Total limit of funds lent to others	Note
													Name	Value			
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 public 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/gu arantee	The object receiving endorsement/guarantee		Maximum amount of endorseme nt/guarante e for a single enterprise (Note 3)	Maximum balance of endorsement/gu arantee 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/guarante e 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

Purchase (Sale) Company	Name of Counterparty	Relationship	Transaction Nature				Nature and reasons for the difference between trade terms and general trade (Note 1)		Bills and accounts receivable (payable)		
			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.

Wintek 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			As a Percentage of Consolidated Revenues or Total Assets (Note 3)
				Account	Amount	Trade Terms	
0	Wintek Semiconductor Corporation	Wintek Semiconductor Corporation	Technology	1	Revenue	\$ 356,985	It is to be processed in accordance with the price and conditions agreed by both parties. 11.57%
0	Wintek Semiconductor Corporation	Wintek Semiconductor Corporation	Technology	1	Accounts receivable	92,443	It is to be processed in accordance with the price and conditions agreed by both parties. 3.00%
0	Wintek Semiconductor Corporation	Wintek Semiconductor Corporation	Technology	1	Dividend income	162,090	- 5.25%
0	Wintek Semiconductor Corporation	Wintek Semiconductor Corporation	Technology	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-subsidary 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-subsidary 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.

Wintek 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			
Wintek Semiconductor Corporation	Wintek 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.

V. Parent Company Only Financial Statements and Auditors' Report

Independent Auditors' Report

(111) PWCR 21003386

To the Winstek Semiconductor Co., Ltd.:

Opinion

The Parent Company Only Balance Sheets as on December 31, 2021 and December 31, 2020; Parent Company Only Statements Of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flows from January 1, 2020 to December 31 2020 and December 31 2021; and the Notes to the Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) of Winstek Semiconductor Co., Ltd., have been audited by the certified public accountant (hereafter referred to as "CPA").

In the opinion of the CPA, all the material items prepared in the above-mentioned Parent Company Only Financial Statements are in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", which properly present the financial position of Winstek Semiconductor Co., Ltd. as of December 31 2020 and December 31 2021 and Parent Company Only financial performance and Parent Company Only cash flows from January 1, 2020 to December 31 2020 and in 2021.

Basis for 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. Our CPAs will further explain the responsibilities auditors shall execute during the audit of Parent Company Only Financial Statements under the above principles. The personnel of our accounting firm who are subject to independent regulations have acted according to the ROC CPA Code of Professional Ethics to remain neutral from Winstek Semiconductor Co., Ltd. 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

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the year 2021 of Winstek Semiconductor Co., Ltd., based on the professional judgment of the accountant. Such matters have been taken into account in audit of the overall Parent Company Only Financial Statements and have been considered to the formation of audit opinions, therefore the CPA is not giving any personal opinions on such key matters.

The key audit matters of the Parent Company Only Financial Statements of the year 2021 of Winstek Semiconductor Co., Ltd. are as followings:

Audits of Real Estate, Plant, and Equipment Capitalization

Matters descriptions

Winstek Semiconductor Co., Ltd. and Subsidiaries increase capital expenditures along with their operations. Please refer to Note 4 (XII) of the consolidated balance sheet for accounting policies 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: Evaluate and examine the effectiveness of the internal control of the time for the addition and recognition for depreciation of property, plant, and equipment with a random selection of the purchase orders and invoices to ascertain the appropriate approval of the transactions and the accuracy of bookkeeping. Acceptance documents have also been examined, on a selective basis, to determine the asset is in working condition and the timing for entry into asset index and starting to recognize for depreciation.

The responsibility of the management and governance units for the Parent Company Only 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" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of The Parent Company Only Financial Statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When preparing the Parent Company Only Financial Statements, the management is also responsible for the assessment of Winstek Semiconductor Co., Ltd.'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 Semiconductor Co., Ltd. (including the Audit Committee) had the responsibility to supervise the financial reporting process.

The responsibility of CPAs when auditing Parent Company Only Financial Statements

Our objective when auditing the parent company only 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 those false contents involved could be reasonably expected to affect the financial decision making of users of Parent Company Only 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 Parent Company Only Financial Statements because of fraudulence of errors, designing and executing proper counter measures against the risks identified, and 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 Semiconductor Co., Ltd.
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 Semiconductor Co., Ltd. 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 Parent Company Only Financial Statements to look out for related disclosures in the Parent Company Only 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 Semiconductor Co., Ltd. no longer being able for going concern.
5. Evaluating the overall expression, structure, and contents of the Parent Company Only Financial Statements (including related notes) and whether the Parent Company Only Financial Statements could appropriately express related transactions and events.
6. Obtaining sufficient and appropriate audit evidence regarding the finance in Winstek Semiconductor Co., Ltd. to establish our opinion about the Parent Company Only Financial Statements. We were responsible for guiding, supervising, and executing the audit work for the Company 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 Parent Company Only Financial Statements of Winstek Semiconductor Co., Ltd. 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

Chiang Tsai-Yen

Former Executive Yuan Financial Supervisory Commission
(FSC)

SC Approved Certificate No. 0990042599

Financial Supervisory Commission (FSC)

FSC Approved Certificate No. 1060025097

March 7, 2022

Winstek Semiconductor Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2020 and 2021

Unit: NT\$ thousand

Assets	Notes	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 433,040	8	\$ 468,568	10
1136	Financial assets measured at amortized cost - current	6(2) and 8	25,000	1	385,440	8
1140	Contract assets - current	6(14)	11,056	-	8,381	-
1170	Net accounts receivable	6(3)	172,018	3	\$ 90,184	2
1180	Accounts receivable from related parties (net)	6(3) and 7	93,434	2	57,536	1
1200	Other receivables		14	-	639	-
1210	Other accounts receivable - related parties	7	13,264	-	43,815	1
1220	Income tax assets in the current period		32,791	1	12,523	-
1410	Prepayments		11,551	-	15,614	-
1479	Other current assets		5,924	-	2,849	-
11XX	Total current assets		<u>798,092</u>	<u>15</u>	<u>1,085,549</u>	<u>22</u>
Non-current asset						
1535	Financial assets measured at amortized cost - non-current	6(2) and 8	12,000	-	12,000	-
1550	Investment under equity method	6(4)	2,958,225	57	3,113,377	63
1600	Property, plant, and equipment	6(5)	1,183,958	23	687,374	14
1755	Right-of-use assets	6(6)	3,127	-	2,622	-
1780	Intangible assets	6(8)	111,722	2	39,747	1
1840	Deferred income tax assets	6(20)	17,024	1	14,884	-
1990	Other non-current assets		114,113	2	1,709	-
15XX	Total non-current assets		<u>4,400,169</u>	<u>85</u>	<u>3,871,713</u>	<u>78</u>
1XXX	Total assets		<u>\$ 5,198,261</u>	<u>100</u>	<u>\$ 4,957,262</u>	<u>100</u>

(To be continued on next page)

Winstek Semiconductor Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2020 and 2021

Unit: NT\$ thousand

	Liability and shareholder's equity	Notes	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
Current liability						
2170	Accounts payable		\$ 2,846	-	\$ 1,532	-
2180	Accounts payable-related parties	7	803	-	-	-
2200	Other payables	6(9)	216,294	4	189,882	4
2220	Other payables - related parties	7	1,505	-	608	-
2230	Current income tax liabilities	6(20)	68,585	2	-	-
2250	Liability reserve - current	6(10)	-	-	160	-
2280	Lease obligations-current		1,781	-	1,159	-
2399	Other current liabilities - others		2,324	-	2,521	-
21XX	Total current liabilities		<u>294,138</u>	<u>6</u>	<u>195,862</u>	<u>4</u>
Non-current liability						
2540	Long-term loans		-	-	-	-
2570	Deferred income tax liabilities	6(20)	107	-	289	-
2580	Lease obligations-non-current		1,367	-	1,481	-
2640	Net defined benefit liability - non-current	6(10)	26,638	-	26,816	1
2670	Other non-current liabilities – others		100	-	3,421	-
25XX	Total non-current liabilities		<u>28,212</u>	<u>-</u>	<u>32,007</u>	<u>1</u>
2XXX	Total liabilities		<u>322,350</u>	<u>6</u>	<u>227,869</u>	<u>5</u>
Equity						
Capital						
3110	Capital from ordinary share	6(11)	1,362,617	26	1,362,617	27
Capital reserve						
3200	Capital surplus	6(12)	366,243	7	366,243	7
Retained earnings						
3310	Legal reserve	6(13)	713,519	14	693,278	14
3320	Special reserve		203,472	4	45,854	1
3350	Undistributed earnings		2,512,130	48	2,464,874	50
Other equity						
3400	Other equity		(282,070)	(5)	(203,473)	(4)
3XXX	Total equity		<u>4,875,911</u>	<u>94</u>	<u>4,729,393</u>	<u>95</u>
Material commitments and contingencies						
Significant subsequent events						
3X2X	Total liabilities and equity	11	<u>\$ 5,198,261</u>	<u>100</u>	<u>\$ 4,957,262</u>	<u>100</u>

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.
Parent Company Only Statement of Comprehensive Income
January 1, to December 31, 2021 and 2020

Unit: NT\$ thousand
(Except for earnings per share)

Items	Notes	2021		2020	
		Amount	%	Amount	%
4000 Revenue	6(14) and 7	\$ 1,162,807	100	\$ 749,533	100
5000 Operating cost		(668,506)	(57)	(609,928)	(81)
5950 Net gross profit		<u>494,301</u>	<u>43</u>	<u>139,605</u>	<u>19</u>
Operating expenses	6(18)(19)				
6100 Selling expenses		(6,183)	-	(11,413)	(2)
6200 General and administrative expenses		(102,781)	(9)	(92,851)	(12)
6300 Research and development expenses		(6,239)	(1)	(6,851)	(1)
6000 Total operational expenses		(115,203)	(10)	(111,115)	(15)
6900 Operating profit		<u>379,098</u>	<u>33</u>	<u>28,490</u>	<u>4</u>
Non-operating income and expenses					
7100 Interest income	6(15)	859	-	5,540	1
7010 Other income	6(15)	463	-	463	-
7020 Other gains and losses	6(16)	(6,841)	-	(15,111)	(2)
7050 Financing cost	6(17)	(42)	-	(2,848)	(1)
7070 Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	6(4)	<u>85,535</u>	<u>7</u>	<u>180,100</u>	<u>24</u>
7000 Total non-operating income and expenses		<u>79,974</u>	<u>7</u>	<u>168,144</u>	<u>22</u>
7900 Profit before tax		<u>459,072</u>	<u>40</u>	<u>196,634</u>	<u>26</u>
7950 Income tax expense	6(20)	(65,141)	(6)	(12,764)	(2)
8200 Net profit of this period		<u>\$ 393,931</u>	<u>34</u>	<u>\$ 209,398</u>	<u>28</u>
Other comprehensive gain or loss Items that will not be reclassified to profit or loss:					
8311 Remeasurements of defined benefit plans	6(10)	(\$ 1,298)	-	(\$ 6,990)	(1)
8310 Total amount of items that will not be reclassified subsequently to profit or income		(1,298)	-	(6,990)	(1)
Items that may be reclassified to profit or loss					
8361 Foreign currency translation difference of financial statements of overseas business units	6(4)	(78,597)	(7)	(157,619)	(21)
8360 Total amount of items that may be reclassified subsequently to profit of loss		(78,597)	(7)	(157,619)	(21)
8500 Total comprehensive income		<u>\$ 314,036</u>	<u>27</u>	<u>\$ 44,789</u>	<u>6</u>
Earnings per share	6(21)				
9750 Basic earnings per share		<u>\$ 2.89</u>		<u>\$ 1.54</u>	
9850 Diluted earnings per share		<u>\$ 2.87</u>		<u>\$ 1.52</u>	

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.
Parent Company Only Statement of Changes in Equity
January 1, to December 31, 2021 and 2020

Unit: NT\$ thousand

	Notes	Retained earnings				Retained earnings	The balance of translation of the financial statements of foreign operating institutions	Total equity
		Share	Capital surplus	Legal capital reserve	Special capital reserve			
<u>2020</u>								
Balance as at 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
Net income 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(13)							
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		<u>\$ 1,362,617</u>	<u>\$ 366,243</u>	<u>\$ 693,278</u>	<u>\$ 45,854</u>	<u>\$ 2,464,874</u>	<u>(\$ 203,473)</u>	<u>\$ 4,729,393</u>
<u>2021</u>								
Balance as of January 1, 2021		<u>\$ 1,362,617</u>	<u>\$ 366,243</u>	<u>\$ 693,278</u>	<u>\$ 45,854</u>	<u>\$ 2,464,874</u>	<u>(\$ 203,473)</u>	<u>\$ 4,729,393</u>
Net profit		-	-	-	-	393,931	-	393,931
Other comprehensive income		-	-	-	-	(1,298)	(78,597)	(79,895)
Total amount of comprehensive income		-	-	-	-	392,633	(78,597)	314,036
2020 surplus distribution and allocation	6(13)							
Appropriated as Legal reserve		-	-	20,241	-	(20,241)	-	-
Appropriated as special surplus reserve		-	-	-	157,618	(157,618)	-	-
Cash dividend		-	-	-	-	(167,518)	-	(167,518)
Balance as of December 31, 2021		<u>\$ 1,362,617</u>	<u>\$ 366,243</u>	<u>\$ 713,519</u>	<u>\$ 203,472</u>	<u>\$ 2,512,130</u>	<u>(\$ 282,070)</u>	<u>\$ 4,875,911</u>

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
Parent Company Only Statement of Cash Flow
January 1, to December 31, 2021 and 2020

Unit: NT\$ thousand
January 1
To December 31,
2020

Notes	January 1 To December 31, 2021	January 1 To December 31, 2020
<u>Cash flow from operating activities</u>		
Current net profit before tax	\$ 459,072	\$ 196,634
Adjusted items		
Income expense items		
Depreciation expenses	6(5)(6)(18) 185,968	192,450
Amortization expenses	6(8)(18) 19,944	5,871
Interest expense	6(18) 42	2,848
Interest income	6(15) (859)	(5,540)
Disposition of plant, property, and equipment	6(16) (4,253)	(3,008)
The share of gains and losses of subsidiaries recognized by the equity method	6(4) (85,535)	(180,100)
Changes in assets and liabilities relating to operating activities		
Net change in assets relating to operating activities		
Contract assets	(2,675)	(1,666)
Accounts receivable	(81,834)	189,015
Accounts receivable - related parties	(35,898)	(25,102)
Other receivables	2,681	(2,637)
Other accounts receivable--related parties	12,669	(4,685)
Prepayments	1,391	7,552
Other current assets	(3,075)	(833)
Net change in liabilities related to operating activities		
Accounts payable	1,314	407
Accounts receivable - related parties	803	-
Other payables	21,431	(44,225)
Other payables - related parties	897	83
Provisions	(160)	(1,118)
Other current liabilities	(198)	(593)
Net defined benefit liability	(1,476)	(1,391)
Other non-current liabilities	(3,335)	-
Cash flow from operating activities	486,914	323,962
Interest income received	1,475	7,433
Dividends received	6(4) 162,090	148,673
Interest paid	(42)	(2,885)
Income tax paid	(1,264)	(127,877)
Net cash inflow from operating activities	649,173	349,306
<u>Cash flow from investment activities</u>		
Financial assets acquired at amortized cost	(197,060)	(1,224,790)
Disposal of financial assets at amortized cost	557,500	1,719,170
Acquisition of property, plant, and equipment	6(22) (792,055)	(94,841)
Acquire intangible assets	6(8) (91,919)	(27,168)
Amount from disposal of property, plant and equipment	8,598	4,840
Increased margin deposit	(901)	-
Decrease of refundable deposits	-	14
Net cash (outflow) inflow from investing activities	(515,837)	377,225
<u>Cash from financing activities</u>		
Return of long-term borrowing	-	(240,000)
Amount returned for long-term borrowing	6(23) (1,360)	(24,848)
Increase in guarantee deposits	6(23) 38	24
Decrease in guarantee deposits	6(23) (24)	(23)
Cash dividends paid	6(13) (167,518)	(204,392)
Net cash outflow from financing activities	(168,864)	(469,239)
Impacts of exchange rate on cash and cash equivalents	-	410
Increase in cash and cash equivalents (decrease) in the current period	(35,528)	257,702
Cash and cash equivalents at beginning of year	6(1) 468,568	210,866
Cash and cash equivalents at end of year	6(1) \$ 433,040	\$ 468,568

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.
Notes to the Parent Company Only Financial Statements
2021 and 2020

Unit: NT\$ thousand
(unless otherwise specified)

I. Overview

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 is mainly engaged in the testing of integrated circuits 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 Parent Company Only Financial Statements was approved and 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.

The Company has assessed that the above standards and interpretations have no significant influence on the Company's financial position and financial 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 IFRS 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

The Company has assessed that the above standards and interpretations have no significant influence on the Company's financial position and financial 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	January 1, 2023

liabilities arising from a single transaction”.

The Company has assessed that the above standards and interpretations have no significant influence on the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

Accounting policies applied in preparing this Parent Company Only Financial Statements are listed below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of Compliance

The Parent Company Only Financial Statements has been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of Preparation

1. The Parent Company Only Financial Statements are prepared at historical cost, except for the following significant items:

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

2. Some material accounting estimates will be used for the preparation of financial reports to comply with IFS, IAS, interpretation and interpretation announcement (hereafter referred to as IFRSs), and also will be applied by the management for judgment in the application of the Company's accounting policies. For the items involving high judgment or complexity, or items involving material hypotheses and estimates of The Parent Company Only financial reports, please refer to the specific Note V.

(III) Foreign currency translation

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

All Group's entities, related companies and joint agreements with different functional currency and presentation currency, the operating results and financial position of which are translated to presentation currency in the following ways:

- (1) The assets and liabilities presented in each balance sheet are translated at the closing rate of the balance sheet date;
- (2) The assets and liabilities presented in each composite income sheet are translated at the current average exchange rate; and
- (3) All translation differences generated by translations are recognized as other comprehensive income.

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

1. Assets shall be classified as current assets if comply with one of the following conditions:
 - (1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
 - (2) The asset is held mainly for transaction purposes.
 - (3) The asset is expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those are restricted because of exchange at least twelve months after the date of the balance sheet or using for liquidation of liabilities.

The Company classifies all assets that do not comply with the conditions above as non-current assets.

2. Liabilities shall be classified as current liabilities if comply with one of the following conditions:
 - (1) The liability is expected to be settled in the normal operation cycle.
 - (2) The asset is held mainly for transaction purposes.

- (3) The liability is expected to be settled due within 12 months after the date of the balance sheet.
- (4) The settlement term of the liability cannot be deferred unconditionally to at least 12 months after the date of the balance sheet. The terms of liability, which may lead to the settlement by issue equity instruments at the option of the counterparty, shall not affect the classification of assets.

The Company classifies all liabilities that do not comply with the conditions above as non-current liabilities.

(V) Cash equivalents

Cash equivalents is a short-term investment with highly liquidity that can be readily converted into quota cash at any time with little risk of change in value. Fixed deposits are classified as cash equivalents if they comply with the above mentioned definitions and are held for meeting short-term cash commitments in operating.

(VI) 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 flow generated on a specific date from the contractual terms of the financial asset is solely for the payment of interest on the principal and the amount of principal outstanding.
2. The Company uses the trade day accounting for financial assets measured at amortized cost complied with trade practices.
3. The Company originally recognized the financial assets measured at its fair value plus transaction costs. Subsequently, the Company 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 comply with the definitions of cash equivalents held by the Company are measured by the amount of investment due to the short holding period and the insignificant influence of the discounting.

(VII) 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 Company measures at the original invoice amount due to the immaterial influence of discounting.

(VIII) Impairments of financial assets

For the financial assets measured at amortized cost on each balance sheet date, the Company, after consideration of all reasonable and verifiable information (including prospective information), and the credit risk of which has not increased significantly since the initial recognition, measures the allowance losses by the amount of expected credit losses within 12 months; For the credit risk of those has increased significantly since the initial recognition, measures the allowance losses by the amount of the lifetime expected credit losses; For those accounts receivables or contract assets that do not include significant financial components, measures the allowance losses by the amount of lifetime expected credit losses.

(IX) Derecognition of financial assets

When the Company's contractual right to receive cash flows from financial assets lapses, the financial assets will be derecognized.

(X) Operating lease (lessee)

The benefits of an operating lease, less receipts from the lessor for any inducements, shall be amortized and recognized as current gains and losses during the lease term under the straight-line method.

(XI) Investment / Subsidiaries under equity method

1. A subsidiary is an entity controlled by the Company (including structural The Parent Company Only s). When the Company is exposed to the participation on changes in remuneration of the entity or is entitled to the rights to such changes, and has the ability to influence such remuneration through its power over the entity, the Company controls the entity.
2. The unrealized gains and losses between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary in line with those adopted by the Company.
3. The Company recognized the share of gain and loss after acquisition of the subsidiary as current gain and loss, and the other comprehensive gain and loss after acquisition of the subsidiary as other comprehensive gain and loss. The Company shall continue to recognize losses in proportion to its shareholding if the company's share of losses recognized on the subsidiary is equal to or greater than its equity in the subsidiary.
4. As stipulated in "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current gains and losses and other comprehensive income in the Parent Company Only Financial Statements shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the

consolidated financial statements, and the owners' equity in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company's owners in the consolidated financial statements.

(XII) Property, plant, and equipment

1. Property, plant and equipment are on the accounting foundation of acquisition cost, capitalize relevant interest during the period of acquisition and construction.
2. The subsequent costs shall be included in the carrying amount of the assets or recognized as a separate asset only if the future economic benefits related to the project are likely to flow to the Company and the cost of the project can be measured reliably. The carrying amount of the replacement shall be derecognized All other maintenance expenses are recognized as current gains and losses when incurred.
3. The property, plant and equipment shall be subsequently measured by the cost model, and the depreciation of which, except for the land, shall be itemized for depreciation under straight-line method according to the estimated useful life. If each item of property, plant and equipment is significant, it should be itemized for depreciation The Parent Company Only.
4. In the end of each financial year, the Company reviews the residual value, useful life and depreciation method of each assets, 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 useful life of each asset is as follows:

Building	5 ~ 25 years
Machinery equipment	3 ~ 8 years
Office and other equipment	3 ~ 8 years

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

1. Lease asset on the available day to the Company 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 Company'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.

(XIV) 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.

(XV) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicators of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount refers to the fair value less costs of disposal of the assets or its use value, whichever is higher. 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.

(XVI) Loan

1. Refers to the long-term or short-term funds borrowed from a bank. The Company originally recognizes the loans measured at its fair value abating transaction costs, and subsequently recognizes interest expense as gain and loss within the period of circulation adopting the effective interest method in accordance with the amortization procedure in respect of any balance between the price after transaction costs abatement and the redemption value.
2. Expenses paid at the establishment of the borrowing limit, if it is likely to withdraw some or all of the limit, shall be recognized as the transaction cost of the loan, deferred to the withdrawal incurrence and recognized as the adjustment of the effective interest rate; When it is unlikely to withdraw some or all of the limit, the expenses shall be recognized as advance payment and amortized over the period in which the limit is relevant.

(XVII) 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 Company measures them by the original invoice amount due to the immaterial influence of discount.

(XVIII) Derecognition of financial liabilities

The Company shall, upon the performance, cancellation or expiration of obligations under the agreement, derecognize the financial liabilities.

(XIX) 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. Liability reserve is measured by the best estimated present value required to pay for the settlement to the obligation at the balance sheet date. The discounting rate adopts the pre-tax discounting rate reflecting the current market assessment of the time value of the currency and the specific risks of the liability, and the amortization of which is recognized as interest expense. Future operating losses shall not be recognized as liability reserves.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by expected payment amount for non-discounting, and are recognized as expenses at the time of service delivery.

2. Retirement allowance

(1) Defined allocation plan

Defined allocation plan is to recognize the amount of the pension fund to be allocated as the current retirement allowance cost on an accrual basis. Allocation funds paid in advanced are recognized as assets within the scope that they are refundable in cash or reduce future benefit.

(2) Defined benefit plan

A. Net obligations under defined benefit plan are calculated by discounting the amount of future benefits earned by the employee from the current or past services, and by present value of defined benefit obligations abating the fair value of plan assets on the balance sheet date. Defined benefit net obligation is calculated annually by the actuary adopting the projected unit credit method, and the discounting rate adopts the market yield-to-maturity

of government bonds (at the balance sheet date).

B. The amount of remeasurement generated from defined benefit plan are recognized as other comprehensive income in the current period and presented in retained earnings.

3. Other long-term employee benefits

The Company 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

Employees' bonus and consideration of directors, with legal or constructive obligations and the amount of which can be reasonably estimated, are recognized as expenses and liabilities. If there is any difference between the actual allocation amount and the estimated amount after resolution, it shall be treated by the changes in accounting estimates.

(XXI) 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 Company 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 shall be recognized as the temporary difference generated between the levy foundation of assets and liabilities and the carrying amount of the amalgamated balance sheet adopting the balance sheet method. Deferred income tax liabilities generated from the goodwill of original recognition shall not be recognized, and deferred income tax liabilities generated from the original

recognition of assets or liabilities in transactions (excluding enterprise merger) shall not be recognized if the accounting profits or taxable income (taxable loss) are not influenced at the time of the transaction. The temporary differences generated from investment in subsidiaries, the reversal time point of which can be controlled by the Company, and which is likely not to reverse in the foreseeable future, shall not be recognized. Deferred income tax shall adopt the tax rate (and tax law) on which already has legislation or substantially legislation on the balance sheet date and is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized within the scope of that temporary differences are likely to be used to offset future taxable income, and will be reassessed on those unrecognized and recognized on each balance sheet date.
5. Unconsumed deferred income tax deduction generated from the procurement of equipment or technology and spending on R&D development carried forward to subsequent period should be recognized as income tax assets within the scope of possible use as income tax deduction for taxation in the future.

(XXII) 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.

(XXIII) 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.

(XXIV) Revenue recognition

1. Revenue from labor services

The Company engages in 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 Company 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 Company 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 Company retains production capacity to provide semiconductor testing 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 Company 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.

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

While preparing this Parent Company Only financial report, the management has applied its judgment to determine the accounting policies to be adopted and has made accounting estimates and hypotheses on reasonable expectations of future events based on the current situation on the balance sheet date. The material accounting estimates and hypotheses have been made may differ from the actual results, and the historical experience and other factors will be taken into account for continuous assessment and adjustment. Such estimates and hypotheses carry the risk of leading to material adjustments in the carrying amounts of assets and liabilities in the next financial year. Please refer to the following descriptions of uncertainty of material accounting judgments, estimates and hypotheses:

(I) Important judgment of accounting policy adoption

None.

(II) Significant accounting estimates and hypotheses

None.

VI. Description of major accounting subjects

(I) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 100	\$ 100
Checking deposit and demand deposit	432,940	468,468
Total	<u>\$ 433,040</u>	<u>\$ 468,568</u>

1. The credit quality of the financial institutions with which the Company has transactions is good, and the Company has transactions with a number of financial institutions to spread credit risk and the possibility of an expected default is low.
2. The Company has not pledged cash or cash equivalents under lien.

(II) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits	\$ -	\$ 385,440
Pledged Time deposit	25,000	-
Total	<u>\$ 25,000</u>	<u>\$ 385,440</u>
Non-current items:		
Pledged Time deposit	<u>\$ 12,000</u>	<u>\$ 12,000</u>

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

	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 527</u>	<u>\$ 4,844</u>

2. The fixed deposits of amount of \$37,000 and \$12,000, 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.

(III) Accounts receivable

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 172,018	\$ 90,184
Accounts receivable - related parties	93,434	57,536
	<u>265,452</u>	<u>147,720</u>
Less: allowance for losses	-	-
	<u>\$ 265,452</u>	<u>\$ 147,720</u>

There is no such situation of that the Company have accounts provided as hypothecation security.

1. The aging analysis of accounts receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not overdue	\$ 265,088	\$ 146,463
≤30 days	-	364
31-90 days	364	395
91-180 days	-	498
	<u>\$ 265,452</u>	<u>\$ 147,720</u>

The above is an aging analysis based on overdue days.

2. Balance amounts of account receivables on December 31, 2021 and December 31, 2020 both were generated from customer contracts and additionally, the amount of account receivable on January 1, 2020 arising from customer contracts was \$279,199.
3. Without regard to other credit enhancement, the maximum amounts of exposure at default best representing credit risk of the Company's accounts receivable on 2021 and December 31, 2020 are \$265,452 and \$147,720, respectively.
4. For credit risk information, please refer to Note 12 (2).

(IV) Investment under equity method

	<u>2021</u>	<u>2020</u>
January 1	\$ 3,113,377	\$ 3,239,569
Share of interests from investments under equity method	85,535	180,100
Surplus allocation of investments under equity method	(162,090)	(148,674)
Changes in other equity	(78,597)	157,618
December 31	<u>\$ 2,958,225</u>	<u>\$ 3,113,377</u>
	December 31,	December 31,
	2021	2020
Subsidiary	<u>\$ 2,958,225</u>	<u>\$ 3,113,377</u>

For information about the company's subsidiaries, please refer to Note 4 (3) to the combined financial statements of the company in the year of 2021.

(V) Property, plant and equipment

2021

	Buildings				Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
	Land	For self-use	For leasing	Subtotal				
January 1								
Cost	\$ 194,924	\$ 469,843	\$ 382,560	\$ 852,403	\$ 3,462,140	\$ 488,487	\$ 13,754	\$ 5,011,708
Accumulated depreciation	-	(430,564)	(364,712)	(795,276)	(3,140,923)	(388,135)	-	(4,324,334)
	<u>\$ 194,924</u>	<u>\$ 39,279</u>	<u>\$ 17,848</u>	<u>\$ 57,127</u>	<u>\$ 3,212,177</u>	<u>\$ 100,352</u>	<u>\$ 13,754</u>	<u>\$ 6,873,744</u>
January 1	\$ 194,924	\$ 39,279	17,848	57,127	321,217	100,352	13,754	687,374
Additions	-	13,310	-	13,310	586,739	84,661	856	685,566
Disposal	-	-	-	-	(195)	(4,150)	-	(4,345)
Reclassification	-	-	-	-	2,673	11,081	(13,754)	-
Depreciation expenses	-	(7,661)	(2,654)	(10,315)	(133,143)	(41,179)	-	(184,637)
December 31	<u>\$ 194,924</u>	<u>\$ 44,928</u>	<u>\$ 15,194</u>	<u>\$ 60,122</u>	<u>\$ 777,291</u>	<u>\$ 150,765</u>	<u>\$ 856</u>	<u>\$ 1,183,958</u>
December 31								
Cost	\$ 194,924	\$ 472,619	\$ 382,560	\$ 855,179	\$ 3,838,959	\$ 531,599	\$ 856	\$ 5,421,517
Accumulated depreciation	-	(427,691)	(367,366)	(795,057)	(3,061,668)	(380,834)	-	(4,237,559)
	<u>\$ 194,924</u>	<u>\$ 44,928</u>	<u>\$ 15,194</u>	<u>\$ 60,122</u>	<u>\$ 777,291</u>	<u>\$ 150,765</u>	<u>\$ 856</u>	<u>\$ 1,183,958</u>

2020

Buildings								
	Land	For self-use	For leasing	Subtotal	Machinery equipment	Office equipment and other equipment	Equipment awaiting examination	Total
January 1								
Cost	\$ 194,924	\$ 468,733	\$ 382,560	\$ 851,293	\$ 3,400,675	\$ 465,877	\$ -	\$ 4,912,769
Accumulated depreciation	-	(422,460)	(362,057)	(784,517)	(3,056,405)	(363,344)	-	(4,204,266)
	<u>\$ 194,924</u>	<u>\$ 46,273</u>	<u>\$ 20,503</u>	<u>\$ 66,776</u>	<u>\$ 344,270</u>	<u>\$ 102,533</u>	<u>\$ -</u>	<u>\$ 708,503</u>
January 1	\$ 194,924	\$ 46,273	20,503	66,776	344,270	102,533	-	708,503
Additions	-	1,110	-	1,110	106,109	25,117	13,754	146,090
Disposal	-	-	-	-	(1,832)	-	-	(1,832)
Depreciation expenses	-	(8,104)	(2,655)	(10,759)	(127,330)	(27,298)	-	(165,387)
December 31	<u>\$ 194,924</u>	<u>\$ 39,279</u>	<u>\$ 17,848</u>	<u>\$ 57,127</u>	<u>\$ 321,217</u>	<u>\$ 100,352</u>	<u>\$ 13,754</u>	<u>\$ 687,374</u>
December 31								
Cost	\$ 194,924	\$ 469,843	\$ 382,560	\$ 852,403	\$ 3,462,140	\$ 488,487	\$ 13,754	\$ 5,011,708
Accumulated depreciation	-	(430,564)	(364,712)	(795,276)	(3,140,923)	(388,135)	-	(4,324,334)
	<u>\$ 194,924</u>	<u>\$ 39,279</u>	<u>\$ 17,848</u>	<u>\$ 57,127</u>	<u>\$ 321,217</u>	<u>\$ 100,352</u>	<u>\$ 13,754</u>	<u>\$ 687,374</u>

The capitalized amount of the borrowing costs of property, plant and equipment was \$0 in both 2021 and 2020.

(VI) Lease transactions – Lessee

1. The subject matter of lease of the Company is company vehicle. The lease contract usually ranged from 2 to 4 years. All lease contracts are negotiated The Parent Company Only and include various terms and conditions. Except for pledge and guarantee purposes, no other restrictions have been imposed.
2. The lease term of the buildings, equipment and transportation equipment leased by the company is not more than 12 months, and the leased assets are low-value target assets are buildings and machinery and equipment.
3. Information of book value and depreciation expense of right-of-use asset is described below:

	<u>December 31,2021</u>	<u>December 31, 2020</u>
	<u>Book Value</u>	<u>Book Value</u>
Machinery equipment	\$ -	\$ -
Transportation equipment (Company vehicles)	3,127	2,622
	<u>\$ 3,127</u>	<u>\$ 2,622</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Depreciation Expense</u>	<u>Depreciation Expense</u>
Machinery equipment	\$ -	\$ 25,828
Transportation equipment (Company vehicles)	1,331	1,235
	<u>\$ 1,331</u>	<u>\$ 27,063</u>

4. The addition of right of use assets for the Company in 2021 and 2020 amounted to \$1,836 and \$1,072, respectively.
5. Information of profit and loss items related to lease contracts is shown below:

	<u>2021</u>	<u>2020</u>
<u>Items impacting current profit and loss</u>		
Interest income of lease obligations	\$ 32	\$ 113
Expenses of short-term lease contracts	42,674	30,702
Expenses of low-value asset lease	1,997	4,349

6. The total cash outflow for lease of the Company in 2021 and 2020 amounted to \$46,063 and \$60,012, respectively.

(VII) Lease transactions – Lessor

1. Underlying assets of leased out by the Company include any buildings and generally, the lease term is one to five years. Lease contracts are negotiated The Parent Company Only and include various terms and conditions.
2. In 2021 and 2020, rental income has been recognized as \$2,654 and \$2,655 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 are shown below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
2021	\$ 453	\$ 288
2022	349	219
2023	349	114
2024	320	114
2025	117	86
Total	<u>\$ 1,588</u>	<u>\$ 821</u>

(VIII) Intangible asset

	<u>2021</u>	<u>2020</u>
	<u>Computer software</u>	<u>Computer software</u>
January 1		
Cost	\$ 84,592	\$ 57,424
Accumulated amortization	(44,845)	(38,974)
	<u>\$ 39,747</u>	<u>\$ 18,450</u>
January 1	\$ 39,747	\$ 18,450
Additions	91,919	27,168
Amortization expenses	(19,944)	(5,871)
December 31	<u>\$ 111,722</u>	<u>\$ 39,747</u>
December 31		
Cost	\$ 176,512	\$ 84,592
Accumulated amortization	(64,790)	(44,845)
	<u>\$ 111,722</u>	<u>\$ 39,747</u>

The amortization details of intangible assets are as follows:

	2021	2020
Operating cost	\$ 18,267	\$ 4,042
Administration expenses	1,677	1,829
	<u>\$ 19,944</u>	<u>\$ 5,871</u>

(IX) Other payables

	December 31, 2021	December 31, 2020
Bonus and salaries payable	\$ 59,586	\$ 45,351
Compensation payable to employees and remuneration payable to Directors	25,738	21,848
Payables on equipment	71,887	66,873
Others	59,083	55,810
	<u>\$ 216,294</u>	<u>\$ 189,882</u>

(X) Retirement allowance

1. (1) In accordance with the provisions of the "Labor Standards Law", the Company has developed 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". If the employee is eligible for retirement, the retirement allowance payment shall be calculated based on the service length and the average salary of 6 months before retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. The Company shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee.

(2) The amounts recognized in the balance sheet 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	<u>\$ 26,638</u>	<u>\$ 26,816</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance as of January 1	\$ 52,400	(\$ 25,584)	\$ 26,816
Interest expense (income)	<u>262</u>	<u>(132)</u>	<u>130</u>
	<u>52,662</u>	<u>(25,716)</u>	<u>26,946</u>
Remeasurement:			
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	<u>1,114</u>	<u>-</u>	<u>1,114</u>
	<u>1,614</u>	<u>(316)</u>	<u>1,298</u>
Provision of pension funds	<u>-</u>	<u>(1,606)</u>	<u>(1,606)</u>
Pay pension	<u>(379)</u>	<u>379</u>	<u>-</u>
Balance as of December 31	<u>\$ 53,897</u>	<u>(\$ 27,259)</u>	<u>\$ 26,638</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance as of January 1	\$ 44,297	(\$ 23,080)	\$ 21,217
Interest expense (income)	<u>443</u>	<u>(238)</u>	<u>205</u>
	<u>44,740</u>	<u>(23,318)</u>	<u>21,422</u>
Remeasurement:			
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	<u>3,425</u>	<u>-</u>	<u>3,425</u>
	<u>7,660</u>	<u>(670)</u>	<u>6,990</u>
Provision of pension funds	<u>-</u>	<u>(1,596)</u>	<u>(1,596)</u>
Balance as of December 31	<u>\$ 52,400</u>	<u>(\$ 25,584)</u>	<u>\$ 26,816</u>

(4) The Company's defined benefit retirement plan fund assets, is handled entrusted operating by Bank of Taiwan, within the scope of the entrusted operating ratio and amount defined by the fund's annual investment application

plan, in accordance with items in article 6 of the regulations for the custody and use of the income and expenditure of the labor retirement fund (namely the deposit in financial institutions at home and abroad, investment on equity securities listed at home and abroad, over-the-counter (OTC) or private placed, and investment of property securitization products at home and abroad, etc.), related use is supervised by the Board of Supervisors of the Labor Pension Fund. For the utilization of the fund, the minimum annual income allocated in the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair value of the total assets of the fund as in 2021 and at 31 December 2020, please refer to the annual report on the use of the labor pension fund published by the government.

- (5) Actuarial hypotheses relating to retirement allowance are summarized as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.750%</u>	<u>0.500%</u>
Future increase rate of wage	<u>3.000%</u>	<u>3.000%</u>

The Sixth and Fifth Experience Mortality Table of Taiwan's life insurance industry estimates the assumptions for future mortality rate of 2021 and 2020. The analysis of present value of defined benefit obligations affected by the changes of main actuarial hypotheses adopted is as follows:

	<u>Discount rate</u>		<u>Future increase rate of wage</u>	
	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>	<u>Increase of 0.25%</u>	<u>Decrease of 0.25%</u>
December 31, 2021				
Impact on the present value of defined benefit obligations	(\$ <u>1,721</u>)	<u>\$ 1,800</u>	<u>\$ 1,733</u>	(<u>\$ 1,667</u>)
December 31, 2020				
Impact on the present value of defined benefit obligations	(<u>\$ 1,762</u>)	<u>\$ 1,846</u>	<u>\$ 1,773</u>	(<u>\$ 1,703</u>)

The above sensitivity analysis is based on the influence of the change of a single hypothesis with other hypotheses unchanged. In practice many of the changes in hypotheses may be linked. The methodology used for sensitivity

analysis is consistent with that used to calculate the net pension liabilities of the balance sheet.

The methods and assumptions used in preparing the current sensitivity analysis are the same as those used in the previous period.

- (6) The Company's projected allocation to the retirement plan for the year 2021 is \$1,664.
- (7) As at 31 December 2021, the weighted average duration of the retirement plan is 13 years. The maturity analysis of retirement allowance payment is as follows:

Within 1 year	\$	620
1 - 2 years		644
2 - 5 years		9,183
5-10 years		11,023
	\$	<u>21,470</u>

2. (1) As of July 1, 2005, the Company, in accordance with the "Labor Pensions Ordinance", has developed the method to define retirement allowance, which applies to employees of the nationality. For the retirement system as provided in "Labor Pensions Ordinance" chose by employees, the Company transfer labor retirement allowance of 6% of monthly salary to personal accounts of employees in Labor Security Bureau. Employees can draw the retirement allowance by monthly pension payments or one-time payment based on the amount person pension account and accumulated income of employees.
- (2) The retirement allowance costs recognized by the Company by the above-mentioned retirement allowance method were \$11,104 and \$10,056 respectively in the years of 2021 and 2020.
3. The Company shall provide employees other long-term employee benefit plans (pension for death) and measures other long-term employee benefit liabilities with actuarial technique. As of December 31 2021 and December 31 2020 other long-term employee benefit liabilities amounted to \$0 and \$3,335, respectively.

(XI) 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 nominal amount of \$10 per share. Share payments for the Company's issued stocks have been collected in full.

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

	2021	Unit: 1,000 shares 2020
January 1/December 31	<u>136,262</u>	<u>136,262</u>
(XII) <u>Capital surplus</u>		

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 or disposal of a subsidiary and its book value
January 1/December 31	<u>\$ 250,734</u>	<u>\$ 115,509</u>

	2020	
	Issue premium	Difference in the share price and nominal value of the acquired or disposed shares in subsidiaries or disposal of a subsidiary and its book value
January 1/December 31	<u>\$ 250,734</u>	<u>\$ 115,509</u>

(XIII) 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 allocation policy of the Company shall consider the factors of surplus situation 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 after-tax surplus in current year, but shall be retained and not assigned if EPS is below \$0.5 or dividend allocation will result in a breach of contract. The Company's surplus may be allocated with stock dividends or cash dividends, of which the cash dividends shall not be less than 10% of the total dividends.

3. The company is required to compile, report, and submit a proposal for earnings distribution or audit results after accounting every half year. After checking, the committee should notify the committee in advance that the distribution of the surplus has reached the threshold. When actually received, this limit is not applicable. Article 240 of the law stipulates that declarations shall be made; cash distribution shall be subject to regulations.
4. The legal capital reserve shall not be used except to cover the Company's deficiency and to issue new shares or cash in proportion to the original shares held by shareholders with the limit of the portion of the reserve exceeding 25% of the paid-in capital.
5. The Shareholders Meeting of the Company resolved on 07.13.2021 and 06.09.2020 to pay out earnings of 2020 and 2019 specified as follows:

	2020		2019	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 20,241	\$ -	\$ 56,187	\$ -
Special reserve	157,618	-	45,854	-
Cash dividends	167,518	1.23	204,392	1.50
Total	\$ 345,377	\$ 1.23	\$ 306,433	\$ 1.50

6. On March 7, 2022, the Company's 2021 earnings distribution proposal proposed by the board of directors is as follows, and the proposal has yet to be passed by the shareholders' meeting:

	2021	
	Amount	Dividend per share (NT\$)
Legal reserve	\$ 39,263	\$ -
Special reserve	78,597	-
Cash dividends(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.

(XIV) Operating revenue

	2021	2020
Revenue from customer contracts	\$ 1,162,807	\$ 749,533

1. Disaggregation of revenue from client contract

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

	Testing income	Other Service income	Total
<u>2021</u> Segment Revenue	\$ 1,125,562	\$ 37,245	\$ 1,162,807
Revenue from external customer contracts	\$ 1,125,562	\$ 37,245	\$ 1,162,807
<u>2020</u> Segment Revenue	\$ 694,804	\$ 54,729	\$ 749,533
Revenue from external customer contracts	\$ 694,804	\$ 54,729	\$ 749,533

2. Contract assets

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

	December 31, 2021	December 31, 2020	January 31, 2020
Contract assets:			
Contract asset - testing	\$ 11,056	\$ 8,381	\$ 6,715

(XV) Interest income and other income

	2021	2020
Interest income:		
Interest from bank deposits	\$ 332	\$ 696
Interest income from financial assets at amortized cost	527	4,844
Total interest income	859	5,540
Rental income	463	463
	\$ 1,322	\$ 6,003

(XVI) Other gains and losses

	2021	2020
Interests from disposal of property, plant, and equipment	\$ 4,256	\$ 3,008
Foreign exchange gains (losses)	(15,119)	(20,172)
Miscellaneous expenses		
Other gains and losses	4,025	2,053
	<u>\$ 6,841</u>	<u>\$ 15,111</u>

(XVII) Financial cost

	2021	2020
Interest expense	\$ -	\$ 2,722
Other financial expenses	42	126
	<u>\$ 42</u>	<u>\$ 2,848</u>

(XVIII) Additional information on the nature of expense

	2021	2020
Employee benefit expenses	<u>\$ 351,337</u>	<u>\$ 304,760</u>
Depreciation expenses of property, plant, and equipment	<u>\$ 185,968</u>	<u>\$ 192,450</u>
Amortization expenses of intangible assets	<u>\$ 19,944</u>	<u>\$ 5,871</u>

(XIX) Employee benefits expense

	2021	2020
Wages and salaries expenses	\$ 305,220	\$ 262,596
Labor and health insurance expenses	26,183	21,373
Pension expense	11,234	10,261
Other employment expenses	8,700	10,530
	<u>\$ 351,337</u>	<u>\$ 304,760</u>

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. Employee's remuneration may be distributed in shares or cash, and the counterparty to whom shares or cash are distributed may include the employees of its subordinate companies that meet certain criteria. Bur if the Company still has an accumulated deficiency, the amount to cover should be retained in advance. If the

Company earns profits during the year, less than 3% of which shall be appropriated as bonus to directors depending on the situation of the business. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance.

2. The estimated amount of employee bonus of the Company in the years of 2021 and year 2020 is \$25,738 and \$21,848 respectively; The estimated amount of bonus to directors is \$0. The foregoing amount is accounted in the subject of pay expense account.

The amount of employees' bonus and bonus to directors that had been resolved by the board of directors are the same as the amount recognized in the financial report of 2020.

Information regarding employees' bonus and bonus to directors approved by the board of directors of the Company can be found at the open information observatory.

(XX) Income tax

1. Income tax expense (benefit)

(1) Income tax expense components:

	2021	2020
Current income tax:		
Income tax incurred in current period	\$ 77,029	\$ 2,748
Over-estimation of income tax in previous period	(9,566)	(15,838)
Total income tax in the period	67,463	13,090
Deferred income tax:		
Initial recognition and reversal of temporary differences	(2,322)	(326)
Total deferred income tax	(2,322)	(326)
Income tax expense (benefit)	\$ 65,141	(\$ 12,764)

2. The relationship between income tax expense and accounting profit

	2021	2020
Income tax calculated on net profit before tax by statutory tax rate	\$ 91,814	\$ 39,094
Costs exempted as tax law requirement	(17,107)	(36,020)
Over-estimation of income tax in previous period	9,566	15,838
Income tax expense (benefit)	\$ 65,141	(\$ 12,764)

3. The amounts of deferred income tax assets or liabilities generated from temporary differences are as follows:

	2021		
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 11,062	\$ 595	\$ 12,197
Unrealized exchange loss	3,250	1,427	4,677
Others	32	(118)	150
Subtotal	<u>14,884</u>	<u>2,140</u>	<u>17,024</u>
Deferred income tax liabilities			
Unrealized exchange gains	(144)	(37)	(107)
Others	(145)	(145)	-
Subtotal	<u>(289)</u>	<u>(182)</u>	<u>(107)</u>
Total	<u>\$ 14,595</u>	<u>\$ 2,322</u>	<u>\$ 16,917</u>
	2020		
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>December 31</u>
Deferred income tax assets:			
- Temporary differences:			
Tax differentials in depreciation expenses	\$ 11,007	\$ 595	\$ 11,602
Unrealized exchange loss	4,402	1,152	3,250
Others	256	(224)	32
Subtotal	<u>15,665</u>	<u>781</u>	<u>14,884</u>
Deferred income tax liabilities			
Unrealized exchange gains	(322)	(178)	(144)
Others	(422)	(277)	(145)
Subtotal	<u>(744)</u>	<u>(455)</u>	<u>(289)</u>
Total	<u>\$ 14,921</u>	<u>(\$ 326)</u>	<u>\$ 14,595</u>

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

(XXI) Proprietors of parent company

	2021		Earnings per share (NT\$)
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	\$ 393,931	136,262	\$ 2.89
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	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 in the current period	\$ 393,931	137,206	\$ 2.87

	2020		Earnings per share (NT\$)
	After-tax amount	Weighted average flow Number of outstanding shares (thousand shares)	
<u>Basic earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	\$ 209,398	136,262	\$ 1.54
<u>Diluted earnings per share</u>			
Net profit of this period attributable to the ordinary shareholders			
Net profit of this period	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 in the current period	\$ 209,398	137,333	\$ 1.52

(XXII) Supplement information of Cash flow

Investment activities with only partial cash payment:

	<u>2021</u>	<u>2020</u>
Purchase of property, plant, and equipment	\$ 685,566	\$ 140,090
Add: Prepayment for equipment at the end of the period (Note)	111,503	-
Add: payable on equipment at the beginning of period	66,873	15,624
Less: payable on equipment at the end of the period	(71,887)	(66,873)
Cash paid in the period	<u>\$ 792,055</u>	<u>\$ 94,841</u>

Note: List on "Other non-current assets."

(XXIII) Changes in liabilities generated from financing activities

	<u>Leasing obligations</u>	<u>Deposit Received</u>	<u>Total liabilities from financing activities</u>
January 1, 2021	\$ 2,640	\$ 86	\$ 2,726
Changes in cash flows from financing activities	(1,360)	(14)	(1,346)
Change of other non-cash items			
Interest costs	32	-	32
Increase of current period	1,836	-	1,836
December 31, 2021	<u>\$ 3,148</u>	<u>\$ 100</u>	<u>\$ 3,248</u>

	<u>Leasing obligations</u>	<u>Long-term loans (note)</u>	<u>Deposit Received</u>	<u>Total liabilities from financing activities</u>
January 1, 2020	\$ 27,928	\$ 240,000	\$ 85	\$ 268,013
Changes in cash flows from financing activities	(24,848)	(240,000)	(1)	(264,847)
Change of other non-cash items				
Interest costs	113	-	-	113
Impact of exchange rate	410	-	-	410
Increase of current period	1,072	-	-	1,072
Reversal of leasehold liabilities	(2,035)	-	-	(2,035)
December 31, 2020	<u>\$ 2,640</u>	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ 2,726</u>

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

VII. Related-party transactions

(I) Parent Company and ultimate controlling party

The Company was previously under the control of Bloomeria Limited (incorporated and registered in Singapore). After the assignment of the shares held by Bloomeria Limited on 07.06.2020, the Company was under the control of Ge-Shing Corporation since then with the holding of 51.09% of the stakes of the Company. The ultimate parent company and controller of the company is Sigurd Co., Ltd. (incorporated and registered in Taiwan, the Republic of China).

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sigurd Microelectronics Corporation	Ultimate parent company
Bloomeria Limited	Parent company (before July 06, 2020)
Ge-Shing Corporation	Parent company (after July 06, 2020)
Winstek Semiconductor Technology Corporation	Subsidiary
Sirize Technology(Suzhou) Corporation	Affiliate

(II) Material transactions with affiliates

1. Operating revenue

	<u>2021</u>	<u>2020</u>
Ultimate parent company	\$ 8,782	\$ 9,995
Subsidiary	356,985	173,503
Total	<u>\$ 365,767</u>	<u>\$ 183,498</u>

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

2. Restock

	<u>2021</u>	<u>2020</u>
Service purchase :	\$	\$
Subsidiary	769	-
Total	<u>\$ 769</u>	<u>\$ -</u>

Services are purchased on normal commercial terms and conditions from affiliates and The Parent Company Only s controlled by a member of key management.

3. Receivables from related parties

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Ultimate parent company	\$ 991	\$ 1,662
Subsidiary	92,443	55,874
Subtotal	<u>93,434</u>	<u>57,536</u>
Other receivables - plant leasing:		
Subsidiary	325	325
Other receivables - management services and services support:		
Subsidiary	2,900	1,243
Other receivables - advance money for another:		
Subsidiary	7,943	15,436
Other receivables -Selling Miscellaneous Acquisitions:		
Affiliate	2,096	-
Subtotal	<u>13,264</u>	<u>17,004</u>
Total	<u>\$ 106,698</u>	<u>\$ 74,540</u>

The receivables from related parties mainly come from the provision of labor services. The receivables are unsecured and non-interest bearing. There is no provision for liability reserve for the receivables from related parties. For information on the Lessor, refer to Note 6 (7).

4. Accounts payables to related parties

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables		
Subsidiary	803	-
Subtotal	<u>803</u>	<u>-</u>
Other payables - machine leasing:		
Ultimate parent company	\$ 93	\$ -
Other payables - business support:		
Subsidiary	1,412	484

Other payables - advance			
money for another:			
Subsidiary		-	124
		<u>1,505</u>	<u>608</u>
Total	\$	<u>2,308</u>	\$ <u>608</u>

The payables to related parties are mainly from related parties providing labor services, machine leasing and business support and machine leasing. There is no bearing interest on the amount payable.

The payables to related parties mainly come from the machine rental and business support provided by the affiliates.

5. Property transactions

Disposal of property, plant and equipment:

	2021		2020	
	Disposal price	Disposal interest	Disposal price	Disposal interest
Ultimate parent company	\$ -	\$ -	\$ 4,840	\$ 3,008

6. Other transactions

	Accounting subject	Amount of transaction	
		2021	2020
Subsidiary	Rental income (accounting for operating costs reduction)	\$ <u>2,655</u>	\$ <u>2,655</u>
	Manage revenue from services and business support (accounting for operating costs and operating expenses reduction)	\$ <u>38,931</u>	\$ <u>19,534</u>
	Business support cost (recorded as operating cost and operating expenses)	\$ <u>19,240</u>	\$ <u>6,563</u>
Ultimate parent company	Rental expenses	\$ <u>831</u>	\$ <u>131</u>

7. Fund loan and related person

Loan from related parties

Amount :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary	\$ <u>692,000</u>	<u>-</u>

On December 21, 2021, the Company's subsidiary was approved by the Board of Directors to loan funds to the Company, with a total amount of US\$25 million (\$692,000). Interest is calculated monthly, and the interest is charged at an annual interest rate of 1.05%. As of December 31, 2021, the actual expenditure has not been paid, so no interest expense has been recognized.

8. Endorsement guarantee provided by affiliates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary	\$ <u>300,000</u>	\$ <u>900,000</u>

9. Linked tax regime

Since 2016, the Company and its subsidiaries Winstek Semiconductor Technology have adopted the linked tax regime for combined settlement to declare the affiliates accounts receivable (payable) generated from business income tax. The Company estimates the linked tax receivable (payable) under linked tax regime as follows (presented under the titles of other receivables – related parties and other payables – related parties, as of December 31, 2021 and December 31, 2020):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary	(\$ <u>8,637</u>)	\$ <u>26,811</u>

(III) Compensation information of main management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 18,479	\$ 22,019
Benefits after retirement	<u>324</u>	<u>405</u>
Total	\$ <u>18,803</u>	\$ <u>22,424</u>

VIII. Pledged Assets

The details of the asset pledged as collateral provided by the Company are as follows:

Assets	Book value		Guarantee use
	December 31, 2021	December 31, 2020	
Hypothecated time deposits (financial assets account measured at amortized cost - non-current)	\$ 37,000	\$ 12,000	Customs security

IX. Significant contingent liabilities and unrecognized contractual commitments

(II) The Company 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 Company and Winstek Semiconductor Technology 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 Company and Winstek Semiconductor Technology at the agreed minimum purchase quantity for each year at the agreed price, that is, the Company and Winstek Semiconductor Technology 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 Company and Winstek Semiconductor Technology 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 Company and Winstek Semiconductor

Technology 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
	<u>\$ 81,510</u>	<u>\$ 75,385</u>	<u>\$ 63,795</u>	<u>\$ 54,560</u>

STATS ChipPAC Ltd. did not meet the minimum purchase quantity in year 2 and year 3. The Company and Winstek Semiconductor Technology Corporation 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 Company and Winstek Semiconductor Technology 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:

- (6) 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 Company and Winstek Semiconductor Technology of as follows:

	Currency: US\$ 1,000	
	The sixth year	The seventh year
Minimum purchase amount	<u>\$ 30,000</u>	<u>\$ 30,000</u>

- (7) The Company and Winstek Semiconductor Technology retain the capacity of US \$40,000,000 per contract year for the extend period of two years to STATS ChipPAC Ltd.
- (8) 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.
- (9) STATS ChipPAC Ltd. agrees to purchase from the Company and Winstek Semiconductor Technology on a preferential basis during the fourth year of contract.
- (10) Based on the above commercial interests and the long-term cooperative

relationship between the two parties, the Company and Winstek Semiconductor Technology 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 Company 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 company and Winstek Semiconductor Technology Corporation have claimed compensation and recognized income according to the contract.
5. The consolidated purchase amount made by STATS ChipPAC Ltd. with the Company and Winstek Semiconductor Technology Corporation 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.

(III) Capital expenditures contracted but not yet incurred

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant, and equipment	<u>\$ 772,617</u>	<u>\$ 16,771</u>

X. Material disaster losses

None.

XI. Material subsequent events

3. 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.
4. 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) Capital management

The Company's strategy of the year 2021 remains the same as that of the year 2020, all are dedicating to reduce the debt-to-capital ratio to a reasonable level of risk. As at December 31, 2021 and December 31, 2020.

The Company's debt-to-capital ratios were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total borrowing	\$ -	\$ -
Less: cash and cash equivalent	(433,040)	(468,568)
Net debt	(-)	(-)
Total equity	4,875,911	4,729,393
Total capital	<u>\$ 4,875,911</u>	<u>\$ 4,729,393</u>
Capital and liabilities ratio	<u>-</u>	<u>-</u>

(II) Financial instrument

1. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 433,040	\$ 468,568
Financial assets measured at amortized cost - current	25,000	385,440
Accounts receivable	172,018	90,184
Accounts receivable - related parties	93,434	57,536
Other receivables	14	3,311
Other accounts receivable - related parties	13,264	43,815
Refundable deposits	2,610	1,709
Financial assets measured at amortized cost - non-current	12,000	12,000
	<u>\$ 751,380</u>	<u>\$ 1,062,563</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	\$ 2,846	\$ 1,532
Accounts payable- related parties	803	-
Other payables	216,294	134,072
Other payables- related parties	1,505	608
Liability reserve	-	160
Guarantee deposits	100	86
	<u>\$ 221,548</u>	<u>\$ 136,458</u>
Lease obligations-non-current	<u>\$ 3,148</u>	<u>\$ 2,640</u>

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 Company, and take the responsibilities for development and control of the risk management policies of the Company.
- (2) The risk management policy of the Company is established to identify and analyze risks encountered by the Company, set appropriate risk limits and controls, 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 Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and procedures to enable all employees to understand their roles and obligations.
- (3) The audit committee of the Company shall supervise the management level to monitor the compliance of the Company's risk management policies and procedures, and review the appropriateness of the Company's relevant management framework for the risks encountered. Internal auditors assist the Company's audit committee in a supervision role. These auditors conduct review on risk management controls and procedures and report the review results to the audit committee.

3. Nature and degree of material financial risks

(1) Market risks

Exchange rate risk

- A. The company is engaged in business involving several non-functional currencies. The functional currency of the Company is New Taiwan dollar. 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)			
<u>Financial asset</u>			
Monetary items			
US\$:NT\$	\$ 19,785	27.68	\$ 547,649
<u>Long-term equity investments under equity method</u>			
US\$:NT\$	\$ 106,872	27.68	\$ 2,958,225

December 31, 2020			
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
Monetary items			
US\$:NT\$	\$ 14,831	28.48	\$ 422,387
<u>Long-term equity investments under equity method</u>			
US\$:NT\$	\$ 109,318	28.48	\$ 3,113,377

- B. The monetary items of the Company have significant influence due to the exchange rate fluctuations and have been recognized and disclosed in the aggregate amounts of exchange gains (losses) of \$15,119 and \$20,172 respectively in the years of 2021 and 2020.
- C. The foreign currency market risks of the Company due to material exchange rate fluctuations are analyzed as follows:

	2021		
	Range of change	Affect the profit and loss	Affect other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
Monetary items			
US\$:NT\$	1%	\$ 5,476	\$ -
<u>Long-term equity investments under equity method</u>			
US\$:NT\$	1%	\$ -	\$ 29,582

	2020		
	Foreign Currency (in thousands)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
Monetary items			
US\$:NT\$	\$ 1%	\$ 4,224	\$ -
<u>Long-term equity investments under equity method</u>			
US\$:NT\$	1%	\$ -	\$ 31,134

(2) Credit risk

- A. The Company's credit risk is the risk of financial loss to the Company due to the failure of the customer or counterparty of the financial instrument to perform its contractual obligations, and is mainly from the failure of the counterparty to settle accounts receivable payable under the terms of collection and the contractual cash flows of classified as debt instrument investment measured by amortized cost.
- B. The company's credit risk management is to set the banks and financial institutions with which only those with good credit ratings can be accepted as transaction partners. Management and credit risk analysis must be carried out before the terms and conditions of payment and delivery are set according to the internal credit policy. Internal risk control is to assess the credit quality of customers by taking into account their financial status, past experience and other factors. The Parent Company Only risk limits are established based on internal or external ratings, and the use of credit lines is regularly monitored.
- C. According to the credit risk management procedures of the company, when the counterparty fails to meet the payment terms agreed in the contract for a certain period of time, it is deemed that a default has occurred.
- D. The Company groups customers' accounts receivable and contract assets

according to the characteristics of customer ratings, using a simplified approach to estimate expected credit losses based on a reserve matrix.

- E. The company adopts IFRS 9 to provide the following assumptions as a basis for judging whether the credit risk of financial instruments has increased significantly since the original recognition: When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the financial asset has been issued from the original recognition. Credit risk has increased significantly since listing.
- F. The indicators used by the Company to determine credit impairment on debt instrument investments are as follows:
- (A) The possibility of the issuer experiencing material financial difficulties or entering into bankruptcy or other financial restructuring increases;
 - (B) The issuer loss the active market for the financial assets due to financial difficulties;
 - (C) Arrearage or non-payment of interest or principal from the issuer;
 - (D) Adverse changes in national or regional economic conditions that result in issuer default.
- G. The Company mainly provides testing service for designated customers in IC and wafer testing. It assesses the credit risk of particular customers to estimate the provision for loss from account receivables under the customers' loss rate in forethought with chronological adjustment and information on hand. The provision matrix as of December 31, 2021 and December 31, 2020 is shown below:

	Not overdue	Overdue within 30 days	Overdue 31-90 days	Overdue 91-180 days	Overdue more than 181 days	Total
<u>December 31, 2021</u>						
Expected loss rate	0.110%	0.190%	3.66%~7.74%	50.000%	100%	
Total book value	\$ 276,144	\$ -	\$ 364	\$ -	\$ -	\$ 276,508
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						-
<u>December 31, 2020</u>						
Expected loss rate	0.001%	0.001%	0.001%-30%	0.004%-50%	100%	
Total book value	\$ 146,463	\$ 364	\$ 395	\$ 498	\$ -	\$ 147,720
Provision for bad debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(3) Liquidity risk

- A. Details of the Company's undrawn borrowing are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fixed interest rate		
Due within 1 year	\$ 333,400	\$ 616,538
Due for more than 1 year	400,000	600,000
	<u>\$ 733,400</u>	<u>\$ 1,216,538</u>

B. The below table is the non-derivative financial liabilities of the Company and the derivative financial liabilities delivered in net or total amount, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to contract expiration date, while derivative financial liabilities are analyzed according to the remaining period from the balance sheet date to expected maturity. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2021	<u>Less than 6 months</u>	<u>Between 6 months to 1 year</u>	<u>Between 1 to 2 years</u>	<u>Between 2 to 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 2,846	\$ -	\$ -	\$ -
Accounts payable- - related parties	803	-	-	-
Other payables	216,294	-	-	-
Other payables - related parties	1,505	-	-	-
Leasing obligations	913	895	912	466
Guarantee deposits	-	-	-	100
December 31, 2020	<u>Less than 6 months</u>	<u>Between 6 months to 1 year</u>	<u>Between 1 to 2 years</u>	<u>Between 2 to 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 1,532	\$ -	\$ -	\$ -
Other payables	189,882	-	-	-
Other payables - related parties	608	-	-	-
Leasing obligations	602	602	1,205	290
Guarantee deposits	-	-	-	86

(III) Fair value information

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

The book value of cash and cash equivalents, account receivables (including related-parties), other receivables (including related-parties), financial assets measured at

amortized cost, refundable security deposits, payables (including related-parties), other payables (including related-parties), and cash on receipt are the reasonable approximation of fair value.

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 property amounting to NT\$300 million or more than 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 instrument's 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

None.

(IV) Information on dominant shareholders

Please refer to Appendix Table 6

XIV. Segment Information

Please refer to consolidated financial report of 2021 for details.

(Blank below)

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	Characterist ic of fund lent to others (Note 4)	Business transactio n amount	Reason for short-term loans	Amount of provision for loss allowance	Collateral Name	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 basis 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 public 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 (Note 2)	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 8: The description of the number column is as follows:

(3) The issuer shall fill in 0.

(4) The investees are numbered in alphabetical order beginning with the Arabic numeral 1.

Note 9: 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:

(8) Companies which are doing business with each other.

(9) Companies of which the Company directly or indirectly holds more than 50% of the voting shares.

(10) Companies of which directly or indirectly hold more than 50% of the voting shares in the Company.

(11) Among companies of which the Company directly or indirectly holds more than 90% of the voting shares.

(12) 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.

(13) Companies which are endorsed/guaranteed by all shareholders based on their shareholding percentage due to joint investment.

(14) 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 10: 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 11: The maximum balance of endorsement/guarantee for others in the current year.

Note 12: 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 13: The actual amount drawn by the company endorsed/guaranteed within the balance of the endorsement/guarantee shall be filled here.

Note 14: 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

Purchase (Sale) Company	Name of Counterparty	Relationship	Transaction Nature				Nature and reasons for the difference between trade terms and general trade (Note 1)		Bills and accounts receivable (payable)		
			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 3

Serial No. (Note 1)	Name of Related Company	Counterparty	Relationship With the Counterparty (Note 2)	Transaction Nature			As a Percentage of Consolidated Revenues or Total Assets (Note 3)
				Account	Amount	Trade Terms	
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-subsiidiary 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-subsiidiary 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 4

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 3: 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 4: In cases other than those described in Note 1, the following information shall be provided:

- (4) 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.
- (5) 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.
- (6) 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 5

Name of major shareholders	Quantity of shareholdings	Shares of Stock	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.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. The company shall review and analyze its financial position and financial performance, and shall assess its risks.

I. Comparative Analyses of Financial Position

Unit: In NTD thousands

Items \ Year	110.12.31	109.12.31	Discrepancy	
			Amount	%
Current Assents	3,378,430	3,813,896	(435,466)	(11.42)
Property, plant, and equipment	2,675,002	1,777,038	897,964	50.53
Intangible Assets	121,992	52,115	69,877	134.08
Other Assets	162,827	49,911	112,916	226.23
Total Amount of Assets	6,338,251	5,692,960	645,291	11.33
Current Liabilities	683,581	639,675	43,906	6.86
Non-current Liabilities	778,759	323,892	454,867	140.44
Total Amount of Liabilities	1,462,340	963,567	498,773	51.76
Equity attributable to owners of parent company	4,875,911	4,729,393	146,518	3.10
Capital stock	1,362,617	1,362,617	-	-
Capital surplus	366,243	366,243	-	-
Retained earnings	3,429,121	3,204,006	225,115	7.03
Other Liabilities	(282,070)	(203,473)	(78,597)	38.63
Treasury Stock	-	-	-	-
Non-controlling Interests	-	-	-	-
Total equity	4,875,911	4,729,393	146,518	3.10

For any change between current and previous fiscal years exceeds more than 20% and at the amount higher than NT\$10,000, analyses and description of the main reason is provide below:

1. Fixed assets:

Current fixed assets increase mainly because of purchase of machines.

2. Intangible assets:

Current intangible assets increase due to purchase of software.

3. Other assets:

Other assets in this fiscal year increases mainly because of increase of deferred tax assets and other non-current assets.

4. Other non-current liabilities:

Non-current liabilities in this fiscal year increases mainly because of increase of

bank loan.

5. Other equity:

Current other equity increases mainly because of discrepancy of conversion made by foreign institutions due to the appreciation of New Taiwan Dollars.

II. Financial Performance Analyses

Unit: NT\$1,000

Items \ Year	2021	2020	Discrepancy	
			Amount	%
Net Operating Revenue	3,086,392	2,613,534	472,858	18.09
Operating Cost	2,374,827	2,180,206	194,621	8.93
Gross Profit	711,565	433,328	278,237	64.21
Operating Expenses	231,174	206,297	24,877	12.06
Operating Profit	480,391	227,031	253,360	111.60
Other non-operating income and expenses	(9,251)	715	(9,966)	(1393.85)
Current Net Profit before Tax	471,140	227,746	243,394	106.87
Income tax expense (profit)	77,209	18,348	58,861	320.80
Current Net Profit	393,931	209,398	184,533	88.13
Other comprehensive income (net after tax)	(79,895)	(164,609)	84,714	(51.46)
Total Amount of Current Comprehensive Income	314,036	44,789	269,247	601.15

1. For any change between current and previous fiscal years exceeds more than 20% and at the amount higher than NT\$10,000, analyses and description of the main reason is provide below:

(1) Gross profit, operating profit, current net profit before tax:

Current operating income increases than that of last year due to increase of customer demands that brought more gross profit and net profit before tax.

(2) Income Tax Expense (Profit):

Current income tax expense is higher than that of last year due to increase of profit.

(3) Other comprehensive income (net after tax):

Other comprehensive income (net after tax) in this fiscal year increases than that of last year due to conversion discrepancy on financial statements of foreign operating institutions.

2. Expected sales quantity and its basis as well as possible impacts on future financial affairs of the Company and responsive plan

The Company based on operational plan to put industrial planning and past performance into consideration to enact annual sales target. In the future, we will regard customer demands for services and products to continuously maintain partnership with existing customers and actively explore new customers to expand market share. Our company expects in the next fiscal year sales quantity and revenue would still grow.

III. Cash Flow Analyses

1. Analyses of Cash Flow Change in the Most Recent Fiscal Year

Unit: In NTD thousands

Cash balances at the beginning of the year	Net cash flow from this year's operating activities	Net cash flow from this year's investment and financing	Impact of exchange rate change on cash and cash equivalents	Cash balances at the end of the	Reactive measures for insufficient cash balances	
					Investment plan	Financing plan
1,065,623	963,575	(413,685)	(12,100)	1,603,413	–	–
Analyses of cash flow change:						
<ol style="list-style-type: none"> 1. Net operating cash flow mainly generates from this year's profit growth from operating activities. 2. Net cash flow from investment activities increases mainly because of increase of purchase of fixed assets. 3. Net cash flow from financing activities is mainly from bank loan and distribution of stock interest. 						

2. Cash flow analyses in the future fiscal year

Unit: In NTD thousands

Cash balances at the beginning of the year	Net cash flow from this year's operating activities	Net cash flow from this year's investment and financing	Cash balances at the end of the	Reactive measures for insufficient cash balances	
				Investment plan	Financing Plan
1,603,413	1,311,206	(1,755,363)	1,159,256	–	–
Analyses of cash flow:					
<ol style="list-style-type: none"> 1. Operating activities: Operating income and profit are expected to increase net cash flow. 2. Investment activities: Fixed assets purchase is expected to result in decrease of net cash flow. 3. Financing activities: Cash dividends and new bank loans are expected to increase net cash flow. 					
Analyses of responsive measure for insufficient cash and liquidity: None.					

IV. Major capital expense of the most recent fiscal year on finance: none.

V. Re-investment policy and reason and improvement plan and future one-year investment plan of the most recent fiscal year:

1. Re-investment policy

In consideration of operating needs, main investment is focused on related fields of our industry and therefore, the Company is able to provide more comprehensive services and maintain a diverse customer base. Currently, the 100% owned re-invested Winstek Semiconductor Co., Ltd. mainly provide package services for bump and wafer.

2. Profit or Loss of Reinvestment and Improvement Plan

Unit: In NTD thousands

Name of Company Invested	Name of Company Reinvested	Among of Profit(Loss) Recognized in 2021	Main Reason of Profit or Loss	Improvement Plan
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	85,535	The 2021 sales revenue of Winstek Semiconductor Co., Ltd. 110 grew by 11.6% than that of last year with stable operation and continuous profit making.	NA

3. Investment plan in the next one year:

On March 7, 2022, the Board of Directors Meeting resolved to expand operation base due to the need of development and proposed to fund the establishment of 100% owned subsidiary, Winstek Semiconductor Co., Ltd., to engage in industrial factory lease affairs.

VI. Analyses and Assessment of Risks of the Most Recent Fiscal Year and Up to the Date when this Annual Report was Published

1. Impact and responsive measures of impacts of interest rate, foreign exchange rate change, and inflation:

Unit: NT\$1,000

Item/Year	2020	2021
Net Operating Revenue	2,613,534	3,086,392

Net interest expense	7,523	4,653
Percentage of interest expenses accounting for operating income (%)	0.29%	0.15%
Net exchange profit(loss)	(28,303)	(23,840)
Percentage of net exchange income accounting for operating income (%)	-1.08%	-0.77%

(1) Interest Change

In 2020 and 2021, interest expense accounts for 0.29% and 0.15% of net sales respectively and therefore, interest rate change has no significant impact on the Company and its subsidiaries. The Company has paid close attention to interest rate change and maintain good relationship with banks to acquire better interest rate. We also appropriately adjust our financing tool to reduce change of interest rate. Hence, we expect change of interest rate will not bring major risks to income of the Company.

(2) Exchange Rate Change

The Company and its subsidiaries adopt natural hedge principle to offset liabilities and assets for sales and purchase transaction in foreign currencies to maximize exposure to the risk of foreign exchange rate fluctuation. We closely contact with foreign exchange departments of banks to understand the trend of foreign exchange change as the reference basis of foreign currency trading and conversion. When necessary, we use foreign exchange tools with hedge purpose to reduce impact of foreign exchange rate fluctuation on operating cost.

(3) Inflation

Major impact of inflation on the Company and its subsidiaries In the future, we will watch market price fluctuation and maintain good interactive relationship with customers and suppliers. We will properly adjust product price and ensure stable supply of raw material to reduce impact of inflation.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future :

The company has not engaged in high-risk investments, highly leveraged

investments, and derivatives transactions and the Company has endorsed only its subsidiaries and provided them guarantees. The Company has normal financial position and complied with relevant rules and the “Procedure for Lending Funds to Other Parties and Guarantee” and there has been no related losses arising.

3. Future R&D and Expected R&D Expenses:

The Company will continuously engage in new manufacturing process of package and testing and research and develop and introduce new technologies; in the future, coordinating with demands of new products of customers towards multi-functions, high speed, high reliability, and high precision, we will actively research and develop and introduce new technologies. In the future, expected R&D expenditure would account for no more than 2% of annual revenue.

4. Impact of important domestic and international legal changes on financial position of the Company and responsive measures:

In the most recent fiscal year, there has been no impact of important domestic and international legal changes on financial position of the Company and responsive measures.

5. Impact of technology (including risks of cyber security) and industrial change on financial position of the Company and responsive measures:

In terms of risk of cyber security, the Company has established business cyber security structural framework, policies, and management initiatives to ensure and strengthen confidentiality, integrity, and usability of information assets of the Company and cyber security awareness of the employees has been enhanced. We have complied with relevant rules and regulations to avoid internal or external intentional or accidental threats. Additionally, the Company has been keen to technology changes in the industry and assessed impacts of new technologies on operations. In the most recent fiscal year, there has been no major impact of technology change on financial position of the Company.

6. Impact of business image change on risk management and responsive measures:

Since its establishment, the Company has continuously strengthened its internal management and quality management abilities. In the most recent, fiscal year, there have been no major change of company image and no negative reports on company image.

7. Expected effectiveness, possible risk and responsive measures for M&A:

In the most recent fiscal year and up to the date when this annual report was published, there had been no M&A plan.

8. Expected effectiveness, possible risk, and responsive measures of factory expansion:

On March 7, 2022, the Board of Directors Meeting resolved to expand operation base due to the need of development and proposed to fund the establishment of 100% owned subsidiary, TST Co., Ltd., to engage in industrial factory lease affairs.

9. Risk of concentrated purchase and sales and responsive measures:

(1) Risk of concentrated purchase

To respond to frequently changing market demands, main materials needed by operations of the Company are supplied by several stable suppliers and each year, we have plan to evaluate new suppliers and actively look for new qualified suppliers and alternative materials. Main material suppliers of the Company are internal leaders with robust financial position to ensure sufficient supply of materials. Hence, there has been no risk of concentrated purchase.

(2) Risk of concentrated sales

In the recent years, due to market demands, the Company actively look for new customers based on its adjusted capacity to improve overall competitive advantages and to diverse risk of concentrated sales.

10. The Company's director, supervisor, or any major shareholder with a stake of more than 10 percent in the most recent 2 fiscal years transferred or changed impacts on the Company and describe related risks and responsive measures: None.

11. Impact, risk, and counter measures towards management right change: None.

12. Handling of litigation and non-litigation event: None.

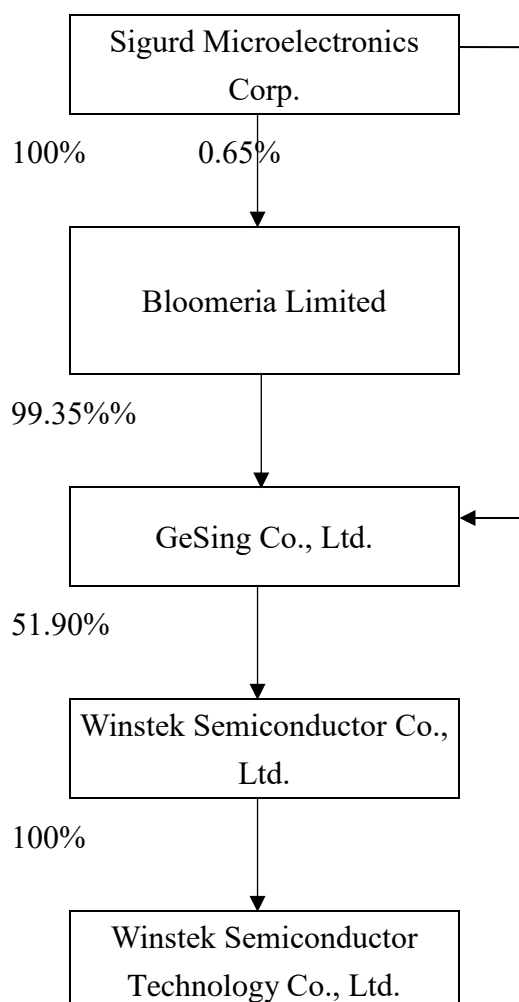
13. Other important risks and responsive measures: None.

VII. Other important items: None.

VIII. Other matters especially recorded

I. Relevant information of affiliated companies:

1. Organizational Chart of Affiliated Companies



2. Basic Information of Affiliated Companies

Name of Company	Date of Establishment	Address	Paid-in Capital	Main Operating or Production Items
Winstek Semiconductor Technology Co., Ltd.	Sep 29, 2025	#176-5, Luliao Keng, Hualong Village, Chunlin Xiang, Hsinchu County	NT\$3,100,000, 000	Bump and Chip with Flip Technology Package Services

3. Assumed holding and affiliating relations: None.

4. Industries covered by operations of overall affiliated companies:

The Company and its affiliated companies have operations that cover package services of bump and chips with flip technology as well as semiconductor testing services.

5. Name of Directors, Supervisors, and General Managers of Affiliated Companies and their Holding and Controlling:

December 31, 2021; Unit: 1,000 shares

Name of Company	Occupational title	Name or Representative:	Shares of Stocks Held	
			Number of Share	Holding Percentage
Winstek Semiconductor Technology Co., Ltd.	Chairman	Representative of Winstek Semiconductor Co., Ltd.: Hsing-Yang Huang	3,100,000	100%
	Director	Representative of Winstek Semiconductor Co., Ltd.: Weng Li-Chi		
	Director	Representative of Winstek Semiconductor Co., Ltd.: Wu Min-Hung		

6. Operations of Affiliated Companies :

December 31, 2021; Unit: NT\$1,000

Name of Company	Amount of Capital	Amount of Total Assets	Total Amount of Liabilities	Net Value	Revenue	Operating Income	Current Net Profit (after Tax)
Winstek Semiconductor Technology Co., Ltd.	3,100,000	4,204,041	1,245,816	2,958,225	2,283,150	101,293	85,535

7. Consolidated Financial Statements of Affiliated Companies

In the 2021 fiscal year (from January 1 to December 31), the Company complies with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” to include consolidated financial statements covering affiliated companies and make sure that they are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries. The relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, there is no need to additionally compiled consolidated financial statements of affiliated companies.

8. Affiliation Report

Winstek Semiconductor Co., Ltd.

(Ticker Symbol:3265)

Affiliation Report

2021

Winstek Semiconductor Co., Ltd.

Statement of Affiliation Report

In the 2021 fiscal year(from January 1 to December 31), the Company complies with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” to compile the Statement of Affiliation Report and information disclosed has no major discrepancy with relevant information disclosed on financial statements in the same period.

Name of Company: Winsteck Semiconductor Co., Ltd.

Responsible Person: Huang Hsing-Yang

March 7, 2022

Winstek Semiconductor Co., Ltd.
CPA's Re-Audit Report towards Affiliation Report

Tzi Kui Tzung Tzi # 21018801

To Winstek Semiconductor Co., Ltd.

Winstek Semiconductor Co., Ltd. complies with its 2021 Affiliation Report according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” and information disclosed has been found no major discrepancy with relevant information disclosed on financial statements in the same period after re-audited by CPAs

CPA's re-audit result found that Winstek Semiconductor Co., Ltd.complies with its 2021 Affiliation Report according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” and information disclosed has been found no major discrepancy with relevant information disclosed on financial statements in the same period and no major amendment should be made.

PwC Taiwan

Hsieh Chi-Cheng

Chiang Tsai-Yen

Financial Supervisory Commission

Approved Document: Jin Guan Zheng Shen Tzi# 0990042599

Jin Guan Zheng Shen Tzi# 1060025097

March 7, 2022

Winstek Semiconductor Co., Ltd.

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1. Affiliation Relations with Affiliated Company and Controlling Company

The Company is the affiliated company of “Sigurd Microelectronics Corp.(hereinafter referred to as “Sigurd”) with information below:

Unit: Shares; %

Name of Controlling Company	Controlling Reason	Share h Holding and Pledge of Controlling Company			Directors, Supervisors, or Managers Dispatched by Controlling Company	
		Number of shares held	Holding Percentage	Number of Shares Pledged	Occupational title	Name
Sigurd	Ultimate mother company with controlling power over the Company	Comprehensive Holding 70,726,438(Note)	Comprehensive Holding Percentage 51.90%(Note)	-	Chairman Director Director Director	Huang Hsing-Yang Wu Min-Hung Yeh Tsan-Lien Kuo Hsu-Tung Hsieh Chao-Hung

Note: Sigurd on October 13, 2017 acquired controlling power of parent company of the Company, Bloomeria Limited, and indirectly acquired 51.88% shares of the Company and became ultimate parent company of the Company.

On July 6, 2020, Bloomeria Limited transferred shares of the Company owned to Sigurd’s 100% owned subsidiary, GeSing Co., Ltd..

Plus shares acquired from open market, Sigurd owned 51.90% shares of the Company.

2. Transactions

Transactions between the Company and controlling company, Sigurd, are shown below:

- (1) Purchase and sales transaction: Please see attached Table 1.
- (2) Property transactions: None.
- (3) Financing: No.
- (4) Property leasing: Please refer to attached Table 2.
- (5) Other important transactions: None.

3. Endorsement and guarantee: None.

4. Other important impacts on financial position and operations: None.

Attached Table 1

Purchase and Sales Transactions

Unit: NT\$1,000; %

Transactions with Controlling Company				Transaction Terms with Controlling Company		General Transaction Terms		Discrepancy	Account and Bill Receivable (Payable)		Overdue Account Receivable			Note
Purchase (Sales)	Amount	Percentage accounting for total purchase (sales)	Gross Profit Margin	Unit Price(Dollar)	Credit Term	Unit Price(Dollar)	Credit Term		Balances	Percentage accounting for total account and bill receivable (payable)	Amount	Handling Method	Allowance for Bad Debt	
(Sales)	(\$8,782)	0.28%	10%	Note	Monthly paid in 30 days	Note	Monthly paid 30~90 days	Note	\$ 991	0.13%	\$ -	-	\$ -	None

Note: Products and labor services are provided/sold to related person according to general commercial terms and conditional terms.

Attached Table 2

Assets Lease

Unit: NT\$1,000; %

Type of Transaction	Object		Lease Term	Nature of Lease	Determination of Rent	Collection (Payment) Method	Compared to Normal Rent Standard	Total Current Rent	Current Payment	Other agreed matters
	Name	Location								
Lease	Other Equipment	All companies covered	From January, 2021 to December, 2021	Operating Lease	Decided through Negotiation	Pay by month	Normal	\$ 831	Paid in a lump sum.	None

- II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, please describe: None.
- III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- IV. Other matters that require additional description: None.
- V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

Winstek Semiconductor Co., Ltd.

Chairman: Huang Hsing-Yang