

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS'**  
**REPORT**  
**DECEMBER 31, 2021 AND 2020**

---

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

UNIMICRON TECHNOLOGY CORP.  
DECEMBER 31, 2021 AND 2020 PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents	Page
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 10
4. Parent Company Only Balance Sheets	11 ~ 12
5. Parent Company Only Statements of Comprehensive Income	13 ~ 14
6. Parent Company Only Statements of Changes in Equity	15
7. Parent Company Only Statements of Cash Flows	16 ~ 17
8. Notes to the Parent Company Only Financial Statements	18 ~ 88
(1) HISTORY AND ORGANIZATION	18
(2) THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION	18
(3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	18 ~ 19
(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	19 ~ 31
(5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND	31 ~ 32

---

	Contents	Page
KEY SOURCES OF ASSUMPTION UNCERTAINTY		
(6)	DETAILS OF SIGNIFICANT ACCOUNTS	32 ~ 68
(7)	RELATED PARTY TRANSACTIONS	68 ~ 74
(8)	PLEDGED ASSETS	75
(9)	SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS	75
(10)	SIGNIFICANT DISASTER LOSS	75
(11)	SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	75
(12)	OTHERS	76 ~ 87
(13)	SUPPLEMENTARY DISCLOSURES	88
(14)	SEGMENT INFORMATION	88

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000268

To the Board of Directors and Shareholders of Unimicron Technology Corp.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Unimicron Technology Corp. ("Unimicron Corp.") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and parent company only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the "Other Matter-Scope of the Audit" section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Unimicron Corp. as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

As at December 31, 2021, Hemingway Int’l Limited and UMTC Holdings Limited, subsidiaries owned by Unimicron Corp., are the major operating entities of Unimicron Corp., and were included in investments accounted for using equity method. Refer to Note 6(7) of these financial statements for detailed information. Because the financial condition and performance of the aforementioned subsidiaries have a material impact on the financial statements of Unimicron Corp., the key audit matters of the subsidiaries pertaining to inventory valuation and impairment assessment of investments accounted for under the equity method were also considered key audit matters of Unimicron Corp.

The key audit matters of the financial statements of Unimicron Corp. for the year ended December 31, 2021 were as follows:

### **Valuation of inventory**

#### Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses.

Unimicron Corp. is primarily engaged in the manufacturing and sales of various kinds of electronic components. Due to the short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. Inventories are measured at the lower of cost and net realizable value. Inventory that is over certain age and individually identified obsolete or damaged inventory is measured at net realizable value.

Since the industry technology is rapidly changing, and the calculation of the net realizable value used in obsolete inventories or inventories which are over a certain period involves subjective judgement, we identified the valuation of inventory a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Assessed the reasonableness and evidences of management in identifying individual obsolete or damaged inventory.
3. Verified the accuracy of aging report, and sampled the last movement of inventories before the balance sheet date in order to calculate the accuracy of aging range.
4. Checked the inventory clearance on inventories which have been provided for loss on market value decline and obsolete and slow-moving inventories. Assessed the reasonableness of current allowance for inventory valuation losses and loss on obsolete and slow-moving inventories by comparing with prior years.
5. Checked the method in calculating the net realizable value of inventory and assessing the reasonableness of allowance for valuation loss.

### **Investments accounted for using equity method - impairment assessment of associates**

#### Description

Refer to Note 4(17) for accounting policy on impairment assessment of investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(7) for details of investments accounted for using equity method - associates.

Considering that the impairment of investments accounted for using equity method involves subjective judgement, and the estimation of future cash flows, growth rate, gross rate and discount rate have high uncertainty, we determined the impairment assessment of investments accounted for using equity method as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of procedures used by management to estimate the future cash flows of investment accounted for using equity method.

2. Interviewed management to discuss estimated future cash flows, estimated growth rate and gross rate, and compared with historical results to ascertain whether they are reasonable.
3. Checked the reasonableness of the related parameters of discount rate, including risk-free interest rate of cost of equity capital, industrial risk coefficient and the rate of return in the similar markets. Verified the result of impairment assessment of investments accounted for using equity method.

### ***Other matter – Scope of the Audit***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these investments, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$2,093,551 thousand and NT\$2,164,592 thousand, both constituting 2% of the parent company only total assets as at December 31, 2021 and 2020, respectively, and the comprehensive loss recognised from investments accounted for under the equity method amounted to (NT\$25,157) thousand and (NT\$26,657) thousand, both constituting 0% of the parent company only total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees, is based solely on the reports of the other auditors.

## ***Responsibilities of management and those charged with governance for the financial statements***

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

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

Those charged with governance (including audit committee), are responsible for overseeing Unimicron Corp.’s financial reporting process.

## ***Auditor’s responsibilities for the audit of the financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Unimicron Corp.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Unimicron Corp.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Unimicron Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Unimicron Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Han-Chi  
For and on Behalf of PricewaterhouseCoopers, Taiwan  
February 22, 2022

Lin, Ya-Hui

---

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021	December 31, 2020
<b>Current assets</b>				
1100	Cash and cash equivalents	6(1)	\$ 24,863,684	\$ 15,613,563
1110	Financial assets at fair value through profit or loss - current	6(2)	95,886	6,108
1150	Notes receivable, net	6(3)	210	210
1170	Accounts receivable, net	6(3)	16,091,646	10,095,140
1180	Accounts receivable - related parties	7	260,995	463,525
1200	Other receivables	6(4)(8)(10) and 7	7,824,249	8,017,937
130X	Inventory	6(5)	6,630,753	4,487,959
1410	Prepayments	6(6)	1,535,469	957,458
11XX	<b>Total current assets</b>		<u>57,302,892</u>	<u>39,641,900</u>
<b>Non-current assets</b>				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	7,917,707	5,306,762
1550	Investments accounted for under equity method	6(7) and 7	18,516,505	17,643,999
1600	Property, plant and equipment	6(8), 7 and 8	48,097,639	34,511,336
1755	Right-of-use assets	6(9) and 7	1,094,443	1,057,297
1760	Investment property - net	6(11) and 8	682,636	764,831
1780	Intangible assets	6(12)	373,972	160,622
1840	Deferred income tax assets	6(33)	705,587	752,644
1900	Other non-current assets	6(1)(10), 7 and 8	537,292	579,373
15XX	<b>Total non-current assets</b>		<u>77,925,781</u>	<u>60,776,864</u>
1XXX	<b>Total assets</b>		<u>\$ 135,228,673</u>	<u>\$ 100,418,764</u>

(Continued)

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021	December 31, 2020
<b>Current liabilities</b>				
2100	Short-term borrowings	6(13) and 8	\$ 5,692,786	\$ 5,842,811
2110	Short-term notes and bills payable	6(14)	299,926	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)(15)	-	36,853
2150	Notes payable		149,020	9,219
2170	Accounts payable		6,265,234	5,279,264
2180	Accounts payable - related parties	7	1,788,041	1,482,245
2200	Other payables	6(16) and 7	12,474,706	7,936,209
2230	Current income tax liabilities	6(33)	2,177,611	417,311
2320	Long-term liabilities, current portion	6(19) and 8	590,000	2,323,333
2399	Other current liabilities	6(17)(26) and 7	2,887,771	4,545,518
<b>21XX</b>	<b>Total current liabilities</b>		<b>32,325,095</b>	<b>27,872,763</b>
<b>Non-current liabilities</b>				
2530	Bonds payable	6(18)	7,991,923	-
2540	Long-term borrowings	6(19) and 8	10,538,771	19,904,202
2570	Deferred income tax liabilities	6(33)	50,116	44,704
2600	Other non-current liabilities	6(7)(20)(21)(26) and 7	23,609,206	4,170,085
<b>25XX</b>	<b>Total non-current liabilities</b>		<b>42,190,016</b>	<b>24,118,991</b>
<b>2XXX</b>	<b>Total liabilities</b>		<b>74,515,111</b>	<b>51,991,754</b>
<b>Equity</b>				
	Share capital	6(23)		
3110	Common stock		14,752,603	15,047,323
	Capital surplus	6(24)		
3200	Capital surplus		9,396,676	8,831,415
	Retained earnings	6(25)		
3310	Legal reserve		5,537,329	4,994,171
3320	Special reserve		550,543	861,619
3350	Unappropriated retained earnings		30,809,266	19,851,219
	Other equity interest			
3400	Other equity interest	(6(23))	(332,855)	(550,543)
	Treasury stocks	6(23)		
3500	Treasury stocks		-	(608,194)
<b>3XXX</b>	<b>Total equity</b>		<b>60,713,562</b>	<b>48,427,010</b>
	Significant contingent liabilities and unrecognized contract commitments	9		
	Significant disaster loss	10		
	Significant events after the balance sheet date	11		
<b>3X2X</b>	<b>Total liabilities and equity</b>		<b>\$ 135,228,673</b>	<b>\$ 100,418,764</b>

The accompanying notes are an integral part of these parent company only financial statements.

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31	
		2021	2020
4000 Sales revenue	6(26) and 7	\$ 69,337,839	\$ 54,076,109
5000 Operating costs	6(5)(31)(32) and 7	(49,309,731)	(43,187,954)
5900 Net operating margin		20,028,108	10,888,155
5910 Unrealized (profit) loss from sales	6(7)	(391)	4,960
5920 Realized (loss) profit from sales		(4,960)	7,484
5950 Net operating margin		20,022,757	10,900,599
Operating expenses	6(31)(32) and 7		
6100 Selling expenses		(619,970)	(567,704)
6200 General and administrative expenses		(2,483,967)	(1,761,737)
6300 Research and development expenses		(3,564,809)	(2,882,920)
6000 Total operating expenses		(6,668,746)	(5,212,361)
Net operating income		13,354,011	5,688,238
6500 Other (losses)/gains - net	6(27) and 7	82,481	54,845
6900 Operating profit		13,436,492	5,743,083
Non-operating income and expenses			
7100 Interest income	7	141,487	226,140
7010 Other income	6(28) and 7	524,722	322,141
7020 Other gains and losses	6(29) and 7	2,655,230	1,711,965
7050 Finance costs	6(30) and 7	(204,120)	(346,984)
7070 Share of loss of associates and joint ventures accounted for using equity method, net	6(7)	(627,388)	(1,421,405)
7000 Total non-operating income and expenses		2,489,931	491,857
7900 <b>Profit before income tax</b>		15,926,423	6,234,940
7950 Income tax expense	6(33)	(2,704,167)	(773,269)
8200 <b>Profit for the year</b>		\$ 13,222,256	\$ 5,461,671

(Continued)

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31	
Items	Notes		2021	2020
<b>Other comprehensive income</b>				
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Actuarial gains (losses) on defined benefit plans	6(21)	\$ 44,734	(\$ 44,116)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		164,179	( 13,764)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		208,913	( 57,880)
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(	365,418)	( 642,096)
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		442,951	980,957
8360	Other comprehensive income that will be reclassified to profit or loss		77,533	338,861
8300	<b>Other comprehensive income for the year</b>	\$	<u>286,446</u>	<u>\$ 280,981</u>
8500	<b>Total comprehensive income for the year</b>	\$	<u>13,508,702</u>	<u>\$ 5,742,652</u>
Earnings per share (in dollars)				
9750	Basic earnings per share	6(34)	\$ 8.98	\$ 3.74
9850	Diluted earnings per share	6(34)	\$ 8.91	\$ 3.70

The accompanying notes are an integral part of these parent company only financial statements.

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other Equity Interest			Total equity
		Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	
<b>Year ended December 31, 2020</b>										
Balance at January 1, 2020		\$ 15,047,323	\$ 8,632,597	\$ 4,674,080	\$ 463,854	\$ 16,738,695	(\$ 721,196 )	(\$ 140,423 )	(\$ 803,247 )	\$ 43,891,683
Profit for the year		-	-	-	-	5,461,671		-	-	5,461,671
Other comprehensive income (loss) for the year		-	-	-	-	( 37,469 )	338,861	( 20,411 )	-	280,981
Total comprehensive income (loss)		-	-	-	-	5,424,202	338,861	( 20,411 )	-	5,742,652
Appropriations of 2019 earnings	6(25)									
Legal reserve		-	-	320,091	-	( 320,091 )	-	-	-	-
Special reserve		-	-	-	397,765	( 397,765 )	-	-	-	-
Cash dividends		-	-	-	-	( 1,601,196 )	-	-	-	( 1,601,196 )
Changes in ownership interests in subsidiaries	6(24)	-	( 46,537 )	-	-	-	-	-	-	( 46,537 )
Changes in equity of associates and joint ventures accounted for using equity method	6(24)	-	22,513	-	-	7,374	-	( 7,374 )	-	22,513
Share-based payment	6(22)(24)	-	204,771	-	-	-	-	-	-	204,771
Treasury shares sold to employees	6(23)(24)	-	17,427	-	-	-	-	-	195,053	212,480
Capital surplus - dividends not received by shareholders	6(24)	-	415	-	-	-	-	-	-	415
Others	6(24)	-	229	-	-	-	-	-	-	229
Balance at December 31, 2020		\$ 15,047,323	\$ 8,831,415	\$ 4,994,171	\$ 861,619	\$ 19,851,219	(\$ 382,335 )	(\$ 168,208 )	(\$ 608,194 )	\$ 48,427,010
<b>Year ended December 31, 2021</b>										
Balance at January 1, 2021		\$ 15,047,323	\$ 8,831,415	\$ 4,994,171	\$ 861,619	\$ 19,851,219	(\$ 382,335 )	(\$ 168,208 )	(\$ 608,194 )	\$ 48,427,010
Profit for the year		-	-	-	-	13,222,256	-	-	-	13,222,256
Other comprehensive income for the year		-	-	-	-	68,758	77,533	140,155	-	286,446
Total comprehensive income		-	-	-	-	13,291,014	77,533	140,155	-	13,508,702
Appropriations of 2020 earnings	6(25)									
Legal reserve		-	-	543,158	-	( 543,158 )	-	-	-	-
Reversal of special reserve		-	-	-	( 311,076 )	311,076	-	-	-	-
Cash dividends		-	-	-	-	( 2,054,577 )	-	-	-	( 2,054,577 )
Changes in ownership interests in subsidiaries	6(24)	-	17,086	-	-	-	-	-	-	17,086
Changes in equity of associates and joint ventures accounted for using equity method	6(24)	-	257	-	-	( 1,913 )	-	-	-	( 1,656 )
Share-based payment	6(22)(24)	-	518,562	-	-	-	-	-	-	518,562
Treasury shares sold to employees	6(23)(24)	-	172,524	-	-	-	-	-	126,049	298,573
Reversal of capital surplus - dividends not received by shareholders	6(24)	-	( 138 )	-	-	-	-	-	-	( 138 )
Retirement of treasury share	6(23)(24)	( 294,720 )	( 143,030 )	-	-	( 44,395 )	-	-	482,145	-
Balance at December 31, 2021		\$ 14,752,603	\$ 9,396,676	\$ 5,537,329	\$ 550,543	\$ 30,809,266	(\$ 304,802 )	(\$ 28,053 )	\$ -	\$ 60,713,562

The accompanying notes are an integral part of these parent company only financial statements.

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 15,926,423	\$ 6,234,940
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(8)(9)(11)(27)(31)	5,764,873	5,320,964
Amortisation	6(12)(31)	198,233	100,810
Expected impairment gain (including related parties)	12(2)	( 11,333 )	( 2,692 )
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(29)	( 2,903,509 )	( 2,241,646 )
Interest expense	6(30)	178,019	314,596
Interest income		( 141,487 )	( 226,140 )
Dividend income	6(28)	( 164,709 )	( 42,473 )
Share-based payments	6(22)	518,562	204,771
Gain recognized in bargain purchase transaction		- ( 1,553 )	( 1,553 )
Cash dividends received from investments accounted for using equity method		32,242	17,910
Loss on remeasurement of the subsidiary transferred from investment accounted for using equity method	6(29)	-	33,979
Share of loss of associates accounted for using equity method	6(7)	627,388	1,421,405
Loss on disposal of property, plant and equipment	6(29)	8,540	29,288
Loss from subleasing right-of-use assets	6(9)	680	1,347
Gain from lease modifications	6(9)(29)	( 876 )	-
Exchange gain on valuation of long-term foreign borrowings	6(36)	( 124,164 )	( 378,059 )
Realized loss (gain) from inter-affiliate accounts		( 5,351 )	( 12,444 )
(Gain) loss by fire	6(8)(28)(29)	( 135,820 )	( 121,113 )
Amortisation of discount on bonds payable	6(30)(36)	1,498	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	533
Notes receivable - related parties		-	42,470
Accounts receivable		( 5,981,788 )	( 1,123,563 )
Accounts receivable - related parties		( 202,530 )	( 665,167 )
Other receivables		( 155,682 )	( 136,395 )
Inventories		( 2,142,730 )	( 717,428 )
Prepayments		( 579,822 )	( 198,454 )
Changes in operating liabilities			
Notes payable		139,801	( 42,742 )
Accounts payable		985,970	48,256
Accounts payable - related parties		305,796	801,428
Other payables		3,681,790	607,094
Other advance receipts		( 349 )	354
Other current liabilities		( 3,166,300 )	( 3,502,408 )
Accrued pension liabilities		( 19,061 )	( 15,578 )
Contract liabilities		21,092,092	2,681,045
Cash inflow generated from operations		34,453,522	17,010,711
Interest received		153,820	249,911
Dividends received		164,709	42,473
Interest paid		( 186,554 )	( 325,366 )
Income tax paid		( 891,399 )	( 968,107 )
Net cash flows from operating activities		33,694,098	16,009,622

(Continued)

**UNIMICRON TECHNOLOGY CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in other receivables		\$ 798,828	\$ 1,200,361
Acquisition of property, plant and equipment (including investment property)	6(35)	( 18,693,660 )	( 10,554,784 )
Proceeds from disposal of property, plant and equipment		25,315	262,053
(Increase) decrease in restricted assets		( 84 )	58,001
Decrease (increase) in guaranteee deposits received		5,388	( 82,089 )
Acquisition of intangible assets	6(12)	( 411,583 )	( 157,592 )
Acquisition of investments accounted for using equity method		( 1,323,449 )	( 1,732,464 )
Acquisition of financial assets at fair value through profit or loss		( 160 )	( 1,459 )
Changes in proceeds from disposal of financial assets at fair value through profit or loss		166,093	( 5,453 )
Net cash flows used in investing activities		<u>( 19,433,312 )</u>	<u>( 11,013,426 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings	6(36)	( 150,025 )	( 1,129,202 )
Increase (decrease) in short-term notes and bills payable	6(36)	299,926	( 1,398,671 )
Proceeds from long-term borrowings	6(36)	4,480,000	8,320,000
Repayment of long-term borrowings	6(36)	( 15,454,600 )	( 5,612,233 )
Increase (decrease) in refundable deposits		3,392	( 18,241 )
Cash dividends paid	6(25)	( 2,054,577 )	( 1,601,196 )
Payments for lease liabilities	6(36)	( 251,117 )	( 178,924 )
Proceeds from issuing bonds	6(18)(36)	8,000,000	-
Issuance cost of bonds payable	6(36)	( 9,575 )	-
Capital surplus - dividends not received by shareholders and others	6(24)	-	644
Reversal of capital surplus - dividends not received by shareholders	6(24)	( 138 )	-
Treasury shares sold to employees		<u>126,049</u>	<u>195,053</u>
Net cash flows used in financing activities		<u>( 5,010,665 )</u>	<u>( 1,422,770 )</u>
Net increase in cash and cash equivalents		9,250,121	3,573,426
Cash and cash equivalents at beginning of year	6(1)	15,613,563	12,040,137
Cash and cash equivalents at end of year	6(1)	<u>\$ 24,863,684</u>	<u>\$ 15,613,563</u>

The accompanying notes are an integral part of these parent company only financial statements.

UNIMICRON TECHNOLOGY CORP.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

**1. HISTORY AND ORGANIZATION**

Unimicron Technology Corp. (the “Company”) was incorporated on January 25, 1990. The Company is primarily engaged in the manufacturing, processing, and sales of printed circuit boards, electrical equipment, electronic products, and testing and burn-in systems for integrated circuit products. The stocks of the Company commenced trading on the Taipei Exchange in December 1998 and was approved for listing on the Taiwan Stock Exchange in August 2002.

**2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

These parent company only financial statements were authorized for issuance by the Board of Directors on February 22, 2022.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**(1) Compliance statement**

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

**(2) Basis of preparation**

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.
  - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

**(3) Foreign currency translation**

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

**A. Foreign currency transactions and balances**

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.
- D. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

The Company always measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivable or contract assets that do not contain a significant financing component at each balance sheet date

(9) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.

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

(10) Leasing arrangements (lessor) – lease receivables/operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
  - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.
  - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
  - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries, associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease

of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. 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.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 55 years
Machinery and equipment	2 ~ 11 years
Transportation equipment and other equipment	2 ~ 11 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

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

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 35 years.

(16) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 ~ 3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the

impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and notes payable

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

(20) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(21) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to ‘finance costs’.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract

is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(25) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(27) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
  - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
  - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
  - (c) For restricted stocks where employees have to pay to acquire those stocks, if the Company will pay the employees who resign during the vesting period to repurchase the stocks, the Company estimates such payments that will be made and recognizes such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(28) Income tax

- A. The tax expense for the period 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.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial

recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. 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.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(29) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

- A. The Company researches and develops, manufactures and sells a range of printed circuit boards, electrical equipment, electronic products, and testing and burn-in systems for integrated circuit products. Sales are recognized when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales are recognized at contract price net of expected business tax, returns, rebates and discounts for the sale of a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. Revenue arising from the sales of

goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

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

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

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

A. Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for less than 50% of the property.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of

inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories was \$6,630,753.

B. Impairment assessment of investments accounted for using equity method-associates

The Company assesses the impairment of an investment accounted for using equity method-associates as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amount of an investment accounted for using equity method-associates based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

As of December 31, 2021, the Company's investments accounted for using equity method-associates, net of impairment loss, amounted to \$1,822,744.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 518	\$ 512
Checking accounts and demand deposits	13,308,679	4,509,206
Time deposits	5,506,864	5,995,689
Commercial paper	<u>6,113,187</u>	<u>5,173,636</u>
	24,929,248	15,679,043
Transferred to other non-current assets	( 65,564)	( 65,480)
	<u>\$ 24,863,684</u>	<u>\$ 15,613,563</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Interest rates on time deposits ranged from 0.07% to 0.76% and 0.07% to 1.02% as of December 31, 2021 and 2020, respectively. Certain time deposits have been pledged as collateral and were reclassified as "other non-current assets".
- C. Interest rates on commercial paper ranged from 0.25% to 0.26% and 0.27% to 0.32% as of December 31, 2021 and 2020, respectively.
- D. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives	\$ 67,206	\$ -
Listed stocks	<u>8,712</u>	<u>8,712</u>
	75,918	8,712
Valuation adjustment	<u>19,968</u>	(2,604)
	<u>\$ 95,886</u>	<u>\$ 6,108</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 2,760,447	\$ 3,246,797
Foreign closed-end funds	<u>89,648</u>	<u>89,489</u>
	2,850,095	3,336,286
Valuation adjustment	<u>5,067,612</u>	1,970,476
	<u>\$ 7,917,707</u>	<u>\$ 5,306,762</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 22,572	(\$ 648)
Unlisted stocks	2,639,684	2,272,149
Foreign closed-end funds	(28,899)	27,922
Derivatives	<u>270,152</u>	(57,777)
	<u>\$ 2,903,509</u>	<u>\$ 2,241,646</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative instruments</u>	December 31, 2021	
	Contract amount (notional principal)	Contract period
<b>Current items:</b>		
Cross currency swap		
- Buy NTD sell EUR	EUR 4,300,000	2021.10.14~2022.01.13
- Buy NTD sell EUR	EUR 2,500,000	2021.09.24~2022.01.13
- Buy NTD sell EUR	EUR 3,150,000	2021.11.05~2022.02.09
- Buy NTD sell EUR	EUR 4,500,000	2021.12.08~2022.03.08
- Buy NTD sell EUR	EUR 4,000,000	2021.09.08~2022.01.13
- Buy NTD sell EUR	EUR 30,000,000	2021.11.04~2022.02.09
- Buy NTD sell EUR	EUR 1,700,000	2021.12.22~2022.03.22
- Buy NTD sell USD	USD 20,000,000	2021.11.10~2022.02.10
- Buy NTD sell USD	USD 30,000,000	2021.12.16~2022.03.15
- Buy NTD sell USD	USD 10,000,000	2021.12.07~2022.03.07
- Buy NTD sell USD	USD 6,000,000	2021.11.10~2022.02.10
- Buy NTD sell USD	USD 20,000,000	2021.11.12~2022.02.14
- Buy NTD sell USD	USD 10,000,000	2021.12.13~2022.03.14
- Buy NTD sell USD	USD 15,000,000	2021.12.15~2022.03.15
- Buy NTD sell USD	USD 23,000,000	2021.10.18~2022.01.18

<u>Derivative instruments</u>	December 31, 2020	
	Contract amount (notional principal)	Contract period
<b>Current items:</b>		
Cross currency swap		
- Buy NTD sell EUR	EUR 30,000,000	2020.11.16~2021.02.17
- Buy NTD sell USD	USD 15,000,000	2020.12.16~2021.03.16
- Buy NTD sell USD	USD 10,000,000	2020.11.06~2021.02.08
- Buy NTD sell USD	USD 20,000,000	2020.11.12~2021.02.17
- Buy NTD sell USD	USD 10,000,000	2020.11.16~2021.02.17

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

### (3) Notes and accounts receivable

	December 31, 2021	December 31, 2020
	\$ 210	\$ 210
Notes receivable		
Accounts receivable	\$ 16,113,907	\$ 10,132,097
Less: Allowance for uncollectible accounts	( 22,261)	( 36,957)
	\$ 16,091,646	\$ 10,095,140

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021	December 31, 2020
Not past due	\$ 16,065,686	\$ 10,117,836
1-30 days past due	34,497	6,256
31-60 days past due	1,569	942
61-90 days past due	911	-
Over 90 days past due	11,454	7,273
	<hr/> <u>\$ 16,114,117</u>	<hr/> <u>\$ 10,132,307</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$9,009,299.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were both \$210, and accounts receivable were \$16,091,646 and \$10,095,140, respectively.
- D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

#### (4) Other receivables

	December 31, 2021	December 31, 2020
Fire insurance claims receivable (Note 1)	\$ 1,400,174	\$ 682,380
Other receivables due from related parties (loans to related parties) (Note 2)	6,113,521	6,912,349
Other receivables due from related parties (Note 2)	141,409	204,819
Others	<hr/> <u>169,145</u>	<hr/> <u>218,389</u>
	<hr/> <u>\$ 7,824,249</u>	<hr/> <u>\$ 8,017,937</u>

Note 1: Details of fire insurance claims receivable are provided in Note 6(8).

Note 2: Details of other receivables due from related parties are provided in Note 7.

#### (5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 1,991,877	(\$ 232,247)	\$ 1,759,630
Work in progress	3,499,843	( 322,004)	3,177,839
Finished goods	<hr/> <u>2,099,220</u>	<hr/> <u>( 405,936)</u>	<hr/> <u>1,693,284</u>
	<hr/> <u>\$ 7,590,940</u>	<hr/> <u>(\$ 960,187)</u>	<hr/> <u>\$ 6,630,753</u>

	December 31, 2020		
	Allowance for valuation losses		Book value
	Cost	(\$)	
Raw materials	\$ 1,543,595	(\$ 131,440)	\$ 1,412,155
Work in progress	2,532,847	( 321,623)	2,211,224
Finished goods	1,325,430	( 460,850)	864,580
	<u>\$ 5,401,872</u>	<u>(\$ 913,913)</u>	<u>\$ 4,487,959</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2021	2020
Cost of goods sold	\$ 47,859,932	\$ 42,309,854
Loss on market value decline and obsolete and slow-moving inventories	337,011	337,572
Loss by fire	( 127,450)	( 433,323)
Others (Note 1)	1,240,238	973,851
	<u>\$ 49,309,731</u>	<u>\$ 43,187,954</u>

Note 1: Mainly pertain to cost differences resulting from low capacity utilization and revenue from sale of scrap or waste materials.

Note 2: Please refer to Note 6(8) for the details of inventory loss caused by the fire in certain factory.

#### (6) Prepayments

	December 31, 2021	December 31, 2020
Prepaid insurance premiums	\$ 566,595	\$ 53,598
Excess business tax paid	420,530	465,225
Prepayment for material purchases	29,311	13,913
Others	519,033	424,722
	<u>\$ 1,535,469</u>	<u>\$ 957,458</u>

(7) Investments accounted for using equity method

Investees	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>Subsidiaries</b>		
Hemingway Int'l Limited	\$ 7,891,046	\$ 7,823,153
UMTC Holdings Limited	4,264,319	3,812,400
UniBest Holding Limited	2,424,964	1,426,653
Hsin Yang Investment Co., Ltd.	1,058,140	1,030,314
Qun Hong Technology Inc.	646,737	1,632,536
Asia Pacific Microsystems, Inc. (Asia Pacific) (Note 2)	294,288	305,520
Others	<u>114,267</u>	<u>43,315</u>
	<u>16,693,761</u>	<u>16,073,891</u>
<b>Associates</b>		
Subtron Technology Co., Ltd. (Subtron Technology)	1,493,665	1,242,147
Advance Materials Corp. (Advance Materials) (Note 1)	222,919	213,074
Others	<u>106,160</u>	<u>114,887</u>
	<u>1,822,744</u>	<u>1,570,108</u>
	<u>\$ 18,516,505</u>	<u>\$ 17,643,999</u>
Credit balance of investments accounted for using equity method transferred to other non-current liabilities	<u>\$ 74,899</u>	<u>\$ 125,284</u>

Note 1: If the total ownership percentage in the voting equity of the investee by the Company and its subsidiaries exceeds 20% or is the largest among all shareholders, the investment is accounted for under the equity method.

Note 2: In January 2020, the Company increased its investment in Asia Pacific which became the subsidiary of the Company after the increase.

- A. For information on the Company's subsidiaries, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2021.
- B. For the years ended December 31, 2021 and 2020, the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method recognized was (\$627,388) and (\$1,421,405), respectively. For the years ended December 31, 2021 and 2020, the financial statements of these entities were audited by auditors appointed by the Company with the exception of Subtron Technology.
- C. The Company has prepared consolidated financial statements for the years ended December 31, 2021 and 2020. Consolidated subsidiaries are entities which the Company effectively controls and owns, directly or indirectly, more than 50% of the equity.
- D. As of December 31, 2021 and 2020, unrealized gross (gains) losses from downstream sales in the amount of (\$391) and \$4,960, respectively, were eliminated, and the amounts written off were recorded as deduction and addition to "investments accounted for using equity method".
- E. The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
Subtron Technology	Taiwan	30.62%	31.40%	Investment accounted for using equity method	Equity method

F. The summarized financial information of the associate that is material to the Company is as follows:

Balance sheet

	Subtron Technology	
	December 31, 2021	December 31, 2020
Current assets	\$ 3,166,952	\$ 2,343,878
Non-current assets	4,783,176	4,614,259
Current liabilities	(1,423,529)	(1,176,984)
Non-current liabilities	(1,970,544)	(2,062,954)
Total net assets	<u>\$ 4,556,055</u>	<u>\$ 3,718,199</u>
Share in associate's net assets	\$ 1,395,064	\$ 1,167,514
Difference on net value of equity	98,601	74,633
Carrying amount of the associate	<u>\$ 1,493,665</u>	<u>\$ 1,242,147</u>

Statement of comprehensive income

	Subtron Technology	
	Year ended December 31	
	2021	2020
Operating revenue	\$ 4,820,763	\$ 3,884,091
Profit for the year from continuing operations	593,860	206,658
Other comprehensive income, net of tax	280,453	39,671
Total comprehensive income	<u>\$ 874,313</u>	<u>\$ 246,329</u>

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

As of December 31, 2021 and 2020, the carrying amount of the Company's individually immaterial associates amounted to \$254,180 and \$253,062, respectively.

	Year ended December 31	
	2021	2020
Loss for the year from continuing operations	(\$ 64,428)	(\$ 314,258)
Other comprehensive income, net of tax	38,143	5,796
Total comprehensive loss	<u>(\$ 26,285)</u>	<u>(\$ 308,462)</u>

H. The Company and its subsidiaries (collectively referred herein as the "Group") are the single largest shareholders of Subtron Technology, Advance Materials and Yih Dar Technologies Co.,

Ltd. with a 32.18%, 24.14% and 26.67% equity interest, respectively. Given that 6 other large shareholders hold more shares than the Group, which indicates that the Group has no current ability to direct the relevant activities of these investees, the Group has no control, but only has significant influence, over these investees.

- I. The Group is the single largest shareholder of Uniflex Technology with a 26.19% equity interest. Given that the voting rights obtained by the Group did not account for more than half of the total voting rights for attendance in the shareholders' meetings in the past years, which indicates that the Group has no current ability to direct the relevant activities of Uniflex Technology, the Group has no control, but only has significant influence, over the investee.

(Remainder of page intentionally left blank)

(8) Property, plant and equipment

2021

	2021										Unfinished construction and equipment under acceptance	Total		
	Buildings and structures				Machinery and equipment			Transportation equipment and other equipment						
	Land	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal							
At January 1														
Cost	\$ 4,800,226	\$ 22,277,229	\$ 190,773	\$ 22,468,002	\$ 28,734,378	\$ 2,234	\$ 28,736,612	\$ 959,618	\$ 9,126,897	\$ 66,091,355				
Accumulated depreciation	- ( 14,690,440)	( 69,482)	( 14,759,922)	( 16,040,882)	( 2,234)	( 16,043,116)	( 727,027)			- ( 31,530,065)				
Accumulated impairment	-	-	-	-	( 49,954)	-	( 49,954)	-	-	- ( 49,954)				
	<u>\$ 4,800,226</u>	<u>\$ 7,586,789</u>	<u>\$ 121,291</u>	<u>\$ 7,708,080</u>	<u>\$ 12,643,542</u>	<u>\$ -</u>	<u>\$ 12,643,542</u>	<u>\$ 232,591</u>	<u>\$ 9,126,897</u>	<u>\$ 34,511,336</u>				
At January 1														
Additions	\$ 4,800,226	\$ 7,586,789	\$ 121,291	\$ 7,708,080	\$ 12,643,542	\$ -	\$ 12,643,542	\$ 232,591	\$ 9,126,897	\$ 34,511,336				
	13,922	2,367,442	-	2,367,442	836,054	-	836,054	87,621	16,164,153	19,469,192				
Derecognition after fire cleanup	- ( 11,699)	- ( 11,699)	( 313,372)	( 313,372)	- ( 723)	( 723)	( 15,938)	( 341,732)						
Disposals, net	-	-	- ( 33,855)	- ( 33,855)	- ( 33,855)	- ( 33,855)	-	-	- ( 33,855)					
Reclassifications	1,100,184	5,413,497	24,687	5,438,184	10,609,507	-	10,609,507	344,422	( 17,424,428)	67,869				
Depreciation	- ( 1,454,929)	( 5,708)	( 1,460,637)	( 3,990,079)	( 3,990,079)	( 124,455)	( 124,455)	-	- ( 5,575,171)					
At December 31	<u>\$ 5,914,332</u>	<u>\$ 13,901,100</u>	<u>\$ 140,270</u>	<u>\$ 14,041,370</u>	<u>\$ 19,751,797</u>	<u>\$ -</u>	<u>\$ 19,751,797</u>	<u>\$ 539,456</u>	<u>\$ 7,850,684</u>	<u>\$ 48,097,639</u>				
<u>At December 31, 2021</u>														
Cost	\$ 5,914,332	\$ 30,011,117	\$ 229,603	\$ 30,240,720	\$ 33,431,913	\$ 2,234	\$ 33,434,147	\$ 1,374,499	\$ 7,850,684	\$ 78,814,382				
Accumulated depreciation	- ( 16,110,017)	( 89,333)	( 16,199,350)	( 13,680,116)	( 2,234)	( 13,682,350)	( 835,043)			- ( 30,716,743)				
	<u>\$ 5,914,332</u>	<u>\$ 13,901,100</u>	<u>\$ 140,270</u>	<u>\$ 14,041,370</u>	<u>\$ 19,751,797</u>	<u>\$ -</u>	<u>\$ 19,751,797</u>	<u>\$ 539,456</u>	<u>\$ 7,850,684</u>	<u>\$ 48,097,639</u>				

	2020												
	Land-revaluation			Buildings and structures			Machinery and equipment			Transportation equipment and other equipment		Unfinished construction and equipment under acceptance	Total
	Land	increment		Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal				
<u>At January 1</u>													
Cost	\$ 4,800,226	\$ 10,162		\$ 21,627,996	\$ 199,318	\$ 21,827,314	\$ 27,686,791	\$ 2,234	\$ 27,689,025	\$ 829,904	\$ 1,685,207	\$ 56,841,838	
Accumulated depreciation	-	-		( 13,619,589)	( 65,987)	( 13,685,576)	( 14,758,943)	( 2,234)	( 14,761,177)	( 677,177)	-	( 29,123,930)	
Accumulated impairment	-	-		-	-	-	( 49,954)	-	( 49,954)	-	-	( 49,954)	
	<u>\$ 4,800,226</u>	<u>\$ 10,162</u>		<u>\$ 8,008,407</u>	<u>\$ 133,331</u>	<u>\$ 8,141,738</u>	<u>\$ 12,877,894</u>	<u>\$ -</u>	<u>\$ 12,877,894</u>	<u>\$ 152,727</u>	<u>\$ 1,685,207</u>	<u>\$ 27,667,954</u>	
<u>At January 1</u>													
Additions	\$ 4,800,226	\$ 10,162		\$ 8,008,407	\$ 133,331	\$ 8,141,738	\$ 12,877,894	\$ -	\$ 12,877,894	\$ 152,727	\$ 1,685,207	\$ 27,667,954	
Loss by fire	-	-		509,197	-	509,197	357,467	-	357,467	65,034	11,765,530	12,697,228	
Disposals, net	-	-		( 76,560)	-	( 76,560)	( 289,790)	-	( 289,790)	( 305)	-	( 366,655)	
Reclassifications	-	( 10,162)		453,771	( 5,716)	448,055	3,774,284	-	3,774,284	84,192	( 4,323,840)	( 27,471)	
Depreciation	-	-		( 1,308,026)	( 6,324)	( 1,314,350)	( 3,785,643)	-	( 3,785,643)	( 68,386)	-	( 5,168,379)	
<u>At December 31</u>	<u>\$ 4,800,226</u>	<u>\$ -</u>		<u>\$ 7,586,789</u>	<u>\$ 121,291</u>	<u>\$ 7,708,080</u>	<u>\$ 12,643,542</u>	<u>\$ -</u>	<u>\$ 12,643,542</u>	<u>\$ 232,591</u>	<u>\$ 9,126,897</u>	<u>\$ 34,511,336</u>	
<u>At December 31, 2020</u>													
Cost	\$ 4,800,226	\$ -		\$ 22,277,229	\$ 190,773	\$ 22,468,002	\$ 28,734,378	\$ 2,234	\$ 28,736,612	\$ 959,618	\$ 9,126,897	\$ 66,091,355	
Accumulated depreciation	-	-		( 14,690,440)	( 69,482)	( 14,759,922)	( 16,040,882)	( 2,234)	( 16,043,116)	( 727,027)	-	( 31,530,065)	
Accumulated impairment	-	-		-	-	-	( 49,954)	-	( 49,954)	-	-	( 49,954)	
	<u>\$ 4,800,226</u>	<u>\$ -</u>		<u>\$ 7,586,789</u>	<u>\$ 121,291</u>	<u>\$ 7,708,080</u>	<u>\$ 12,643,542</u>	<u>\$ -</u>	<u>\$ 12,643,542</u>	<u>\$ 232,591</u>	<u>\$ 9,126,897</u>	<u>\$ 34,511,336</u>	

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31	
	2021	2020
Amount capitalized	\$ 31,320	\$ 20,956
Range of the interest rates for capitalization	0.59% ~ 0.89%	0.85% ~ 1.53%

B. The significant components and useful life of property, plant and equipment are as follows:

Items	Significant components	Useful life
Buildings and structures	Plants, air conditioning system, and power engineering	3~55 years
Machinery and equipment	Drilling-machine, mask aligner, electroplating and laser machine	2~11 years
Transportation equipment	Truck and fork lift and other equipment	2~11 years

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

D. The Company owned a land located at Luzhu Dist., Taoyuan City for building a plant and the related facilities, with an area of 883 square meters, and the cost amounted to \$21,360. The land belongs to forest-floor, and the registration for the transfer has not yet been completed as of December 31, 2021. However, the Company has obtained other rights of the land to secure the Company's rights and interests on the land.

E. Certain factories of the Company caught fire in October 2020 and February 2021, resulting in losses on certain factories and buildings, equipment, and inventory. However, the said factories are covered with property and business interruption insurance and the Company is entitled to claim for compensation for its operating costs during the interruption period. As of December 31, 2021, in addition to loss by fire amounting to \$121,113 and insurance claims receivable amounting to \$682,380 (shown as other receivables) recognized for the year ended December 31, 2020, the Company recognized the net loss by fire amounting to \$51,890 and insurance claims receivable amounting to \$1,533,372 (shown as other receivables, including income from property insurance claims of \$187,710) for the year ended December 31, 2021 after deducting the insurance claims receivable recognized and reversing certain loss on inventories that were initially considered as damaged but were sellable following the subsequent cleanup. As of December 31, 2021, the Company has received claims of \$815,578 from the insurance company, and continued negotiating with the insurance company with respect to the final settlement of the claims.

#### (9) Leasing arrangements – lessee

A. The Company leases various assets including land, buildings, machinery and equipment, transportation equipment and other equipment. Rental contracts are typically made for periods of

1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 188,223	\$ 50,647
Buildings	675,519	725,050
Machinery and equipment	218,570	274,256
Transportation equipment and other equipment	12,131	7,344
	<hr/> <u>\$ 1,094,443</u>	<hr/> <u>\$ 1,057,297</u>

	Year ended December 31, 2021	Year ended December 31, 2020
	Depreciation charge	Depreciation charge
Land	\$ 23,475	\$ 9,714
Buildings	102,996	99,740
Machinery and equipment	43,308	22,590
Transportation equipment and other equipment	5,597	3,300
	<hr/> <u>\$ 175,376</u>	<hr/> <u>\$ 135,344</u>

B. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$219,646 and \$370,603, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

<u>Items affecting profit or loss</u>	Year ended December 31, 2021	Year ended December 31, 2020
Interest expense on lease liabilities	\$ 35,228	\$ 33,938
Expense on short-term lease contracts	56,745	32,553
Expense on leases of low-value assets	1,112	206
Expense on variable lease payments	388	625
Loss from sublease of right-of-use assets	680	1,347
Profit from lease modifications	876	-

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$344,135 and \$247,402, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to the usage amount of transportation equipment. Lease payments are on the basis of variable payment

terms and are accrued based on the usage amount of equipment. Various lease payments that depend on the usage amount of equipment are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

#### H. Extension options

- (a) Extension options are included in the Company's lease contracts pertaining to land, buildings and structures and transportation equipment. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

#### (10) Leasing arrangements – lessor

- A. The Company leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 1 and 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. The Company leases land, buildings and structures to others under finance lease. For the years ended December 31, 2021 and 2020, the amount of finance income from the net investment in the finance lease related to lease contracts was \$8,606 and \$9,523, respectively.
- C. The maturity analysis of the undiscounted lease payments under the finance leases is as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 37,502	\$ 36,124
More than one year but not later than five years	169,531	161,599
Over five years	<u>124,436</u>	<u>169,748</u>
	<u><u>\$ 331,469</u></u>	<u><u>\$ 367,471</u></u>

- D. Reconciliation of the undiscounted lease payments and the net investment under the finance lease is provided as follows:

	December 31, 2021	
	Current	Non-current
Undiscounted lease payments	\$ 37,502	\$ 293,967
Unearned finance income	( 603)	( 1,168)
Net investment in the lease	<u>\$ 36,899</u>	<u>\$ 292,799</u>

	December 31, 2020	
	Current	Non-current
Undiscounted lease payments	\$ 36,124	\$ 331,347
Unearned finance income	( 710)	( 1,771)
Net investment in the lease	<u>\$ 35,414</u>	<u>\$ 329,576</u>

E. For the years ended December 31, 2021 and 2020, the Company recognized rent income in the amount of \$93,981 and \$92,021, respectively, based on the operating lease agreements, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 101,055	\$ 85,599
More than one year but not later than five years	269,255	222,580
Over five years	<u>133,571</u>	<u>87,091</u>
	<u>\$ 503,881</u>	<u>\$ 395,270</u>

#### (11) Investment property

	2021		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 664,559	\$ 783,199	\$ 1,447,758
Accumulated depreciation	-	( 682,927)	( 682,927)
	<u>\$ 664,559</u>	<u>\$ 100,272</u>	<u>\$ 764,831</u>
<u>2021</u>			
At January 1	\$ 664,559	\$ 100,272	\$ 764,831
Reclassifications (Note)	( 67,869)	-	( 67,869)
Depreciation	-	( 14,326)	( 14,326)
At December 31	<u>\$ 596,690</u>	<u>\$ 85,946</u>	<u>\$ 682,636</u>
<u>At December 31</u>			
Cost	\$ 596,690	\$ 783,199	\$ 1,379,889
Accumulated depreciation	-	( 697,253)	( 697,253)
	<u>\$ 596,690</u>	<u>\$ 85,946</u>	<u>\$ 682,636</u>

Note: Reclassified to land, building and equipment for owner-occupied.

	2020		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 631,361	\$ 783,199	\$ 1,414,560
Accumulated depreciation	-	(665,686)	(665,686)
	<u>\$ 631,361</u>	<u>\$ 117,513</u>	<u>\$ 748,874</u>
<u>2020</u>			
At January 1	\$ 631,361	\$ 117,513	\$ 748,874
Additions - from acquisition	5,726	-	5,726
Reclassifications	27,472	-	27,472
Depreciation	-	(17,241)	(17,241)
At December 31	<u>\$ 664,559</u>	<u>\$ 100,272</u>	<u>\$ 764,831</u>
<u>At December 31</u>			
Cost	\$ 664,559	\$ 783,199	\$ 1,447,758
Accumulated depreciation	-	(682,927)	(682,927)
	<u>\$ 664,559</u>	<u>\$ 100,272</u>	<u>\$ 764,831</u>

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

	Year ended December 31	
	2021	2020
Rental income from investment property	\$ 40,144	\$ 43,464
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 64,628	\$ 61,989

B. The fair value of the investment property held by the Company as at December 31, 2021 and 2020 was \$2,655,734 and \$2,668,008, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

C. Information about the investment property that were pledged to others as collateral is provided in Note 8.

(12) Intangible assets

	2021		
	Computer software	Others	Total
<u>At January 1</u>			
Cost	\$ 738,695	\$ 114,966	\$ 853,661
Accumulated amortization	(606,072)	(86,967)	(693,039)
	<u>\$ 132,623</u>	<u>\$ 27,999</u>	<u>\$ 160,622</u>
<u>2021</u>			
At January 1	\$ 132,623	\$ 27,999	\$ 160,622
Additions—acquired separately	189,889	221,694	411,583
Amortization	(148,682)	(49,551)	(198,233)
At December 31	<u>\$ 173,830</u>	<u>\$ 200,142</u>	<u>\$ 373,972</u>
<u>At December 31</u>			
Cost	\$ 928,584	\$ 336,660	\$ 1,265,244
Accumulated amortization	(754,754)	(136,518)	(891,272)
	<u>\$ 173,830</u>	<u>\$ 200,142</u>	<u>\$ 373,972</u>
<u>2020</u>			
	Computer software	Others	Total
<u>At January 1</u>			
Cost	\$ 611,825	\$ 84,244	\$ 696,069
Accumulated amortization	(514,155)	(78,074)	(592,229)
	<u>\$ 97,670</u>	<u>\$ 6,170</u>	<u>\$ 103,840</u>
<u>2020</u>			
At January 1	\$ 97,670	\$ 6,170	\$ 103,840
Additions—acquired separately	126,870	30,722	157,592
Amortization	(91,917)	(8,893)	(100,810)
At December 31	<u>\$ 132,623</u>	<u>\$ 27,999</u>	<u>\$ 160,622</u>
<u>At December 31</u>			
Cost	\$ 738,695	\$ 114,966	\$ 853,661
Accumulated amortization	(606,072)	(86,967)	(693,039)
	<u>\$ 132,623</u>	<u>\$ 27,999</u>	<u>\$ 160,622</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2021	2020
Operating costs	\$ 151,401	\$ 67,831
Selling expenses	1,312	1,012
General and administrative expenses	7,166	2,840
Research and development expenses	38,354	29,127
	<u>\$ 198,233</u>	<u>\$ 100,810</u>

(13) Short-term borrowings

	December 31, 2021	December 31, 2020
Bank borrowings	\$ 2,890,300	\$ 3,462,560
L/C borrowings	<u>2,802,486</u>	<u>2,380,251</u>
	<u>\$ 5,692,786</u>	<u>\$ 5,842,811</u>
Interest rate range	0.58%~0.76%	0.65%~1.34%
Undrawn borrowing facilities	<u>\$ 33,038,900</u>	<u>\$ 19,988,400</u>

As of December 31, 2021 and 2020, the Company issued guarantee notes in the amount of \$8,560,000 and US\$390,000,000 as well as \$7,605,000 and US\$235,000,000 for the aforementioned borrowings, except for the collateral stated in Note 8.

(14) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial paper payable	\$ 300,000	\$ -
Less: Unamortised discount	( 74)	-
	<u>\$ 299,926</u>	<u>\$ -</u>
Issue rate	0.52%	-
Undrawn borrowing facilities	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>

The aforementioned commercial paper payable of the Company is guaranteed by International Bill Finance Corp.

(15) Financial liabilities at fair value through profit or loss-current

Items	December 31, 2021	December 31, 2020
Current items:		
Financial liabilities held for trading		
Valuation adjustment	<u>\$ -</u>	<u>\$ 36,853</u>

Details of transaction nature and contract information of derivative financial instruments and the amount of net (loss) income recognized for the years ended December 31, 2021 and 2020 are provided in Note 6(2).

(16) Other payables

	December 31, 2021	December 31, 2020
Payable on machinery and equipment	\$ 4,419,722	\$ 3,711,190
Employees' compensation and directors' remuneration payable	2,538,862	981,227
Salaries and bonuses payable	1,226,242	907,256
Others	<u>4,289,880</u>	<u>2,336,536</u>
	<u>\$ 12,474,706</u>	<u>\$ 7,936,209</u>

(17) Other current liabilities

	December 31, 2021	December 31, 2020
Contract liabilities (Note 2)	\$ 2,180,865	\$ 717,348
Fund collected for the purchase of equipment on behalf of others (Note 1)	319,987	3,489,662
Lease liabilities	289,901	252,917
Others	97,018	85,591
	<u>\$ 2,887,771</u>	<u>\$ 4,545,518</u>

Note 1: It refers to fund collected for the purchase of equipment on behalf of customer who commissioned the Company to acquire equipment on its behalf.

Note 2: Details of contract liabilities are provided in Note 6(26).

(18) Bonds payable

	December 31, 2021
Bonds payable	\$ 8,000,000
Less: Discount on bonds payable	( 8,077)
	<u>\$ 7,991,923</u>

The terms of the domestic unsecured bonds issued by the Company are as follows:

Issuance	Coupon					December 31, 2021
Name	date	Period	rate	Original issue price		
1 <sup>st</sup> issuance in 2020	2021.01.13	5 years	0.68	\$ 3,000,000	\$ 3,000,000	
1 <sup>st</sup> issuance in 2021	2021.05.04	5 years	0.75	\$ 5,000,000	\$ 5,000,000	

(19) Long-term borrowings

	December 31, 2021	December 31, 2020
Bank borrowings	\$ 8,029,167	\$ 18,228,366
Commercial paper payable	3,100,000	4,000,000
Less: Unamortized discount	( 396)	( 831)
	11,128,771	22,227,535
Less: Current portion	( 590,000)	( 2,323,333)
	<u>\$ 10,538,771</u>	<u>\$ 19,904,202</u>
Interest rate range	0.38%~0.70%	0.30%~1.17%

A. The long-term borrowings listed above will mature between 2021 and 2028.

B. In 2021, the Company reestablished commercial paper issuance agreements with companies including China Bills Finance Corporation. (“Bills Finance Corp.”), who agreed to act as underwriters of commercial paper issued by the Company. Under the terms of the agreement, the Company must issue commercial paper with maturity of 90 days or less in the contractual period. If the Company does not issue the full amount during the period the agreement is in effect, it is required to pay a commitment fee to the other party at an annual interest rate of 0.5% ~ 0.7%.

These agreements expire in January 2025, June 2025 and August 2025, respectively. Except for commercial paper issued in 2020 for which commitment fee paid to the other party was charged at an annual interest rate of 1%, the remaining terms and conditions were the same as the above.

C. In January 2019, the Company renewed a medium-term loan agreement of \$850,000 with Bank Sinopac. The loan period is three years starting from the date the credit is first used. The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100% or more;
- (b) Debt ratio not to exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense);
- (d) Net tangible assets of not lower than \$37,500,000.

In addition, the Company repaid the long-term borrowings in February 2021.

D. In August 2020, the Company renewed a medium-term loan agreement of \$700,000 with Taipei Fubon Bank, which expires in August 2023. The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100% or more;
- (b) Debt ratio not to exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of 4 or more (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).
- (d) Net tangible assets of not lower than \$40,000,000.

In addition, the Company repaid the long-term borrowings in September 2020.

E. In October 2019, the Company renewed a medium-term loan agreement of \$2,000,000 with Chinatrust Commercial Bank, which expires in October 2022. The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100% or more;
- (b) Debt ratio not to exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of 10 or more (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).
- (d) Net tangible assets of not lower than \$42,500,000.

In addition, the Company repaid the long-term borrowings in February 2020.

F. In October 2018, the Company signed a five-year syndicated loan agreement totaling \$6,000,000 with a consortium of banks led by Chinatrust Commercial Bank. The loan period is five years

from the date the credit is first used (December 27, 2018). The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100% or more;
- (b) Debt ratio not to exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).
- (d) Net tangible assets of not lower than \$40,000,000.

Additionally, in April 2020, the Company cancelled the syndicated loan agreement that was agreed by the consortium of banks and repaid the loan in advance after considering its capital utilization status.

G. In October 2019, the Company signed an agreement of loans for returning Taiwanese investors totalling \$2,000,000 with Taipei Fubon Bank. The loan period is five years from the date the credit is first used (April 23, 2020). The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100% or more;
- (b) Debt ratio not to exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).
- (d) Net tangible assets of not lower than \$40,000,000.

H. In March 2020, the Company signed an agreement of loans for returning Taiwanese investors totalling \$2,000,000 with Mega International Commercial Bank. The loan period is five years from the date the credit is first used (September 28, 2021). The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100 or more;
- (b) Debt ratio not to exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

I. As of December 31, 2021 and 2020, the Company issued guarantee notes in the amount of \$15,112,000 as well as \$25,150,000 and US\$140,000,000 for the aforementioned borrowings, respectively, in addition to the collateral stated in Note 8.

(20) Other non-current liabilities

	December 31, 2021	December 31, 2020
Contract liabilities (Note)	\$ 21,827,633	\$ 2,199,058
Lease liabilities	1,033,884	1,112,549
Accrued pension liabilities	650,012	713,807
Others	97,677	144,671
	<u>\$ 23,609,206</u>	<u>\$ 4,170,085</u>

Note: Details of contract liabilities are provided in Note 6(26).

(21) Pensions

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

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 1,340,145	\$ 1,404,342
Fair value of plan assets	( 690,133 )	( 690,535 )
Net defined benefit liability	<u>\$ 650,012</u>	<u>\$ 713,807</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<b>2021</b>			
Balance at January 1	\$ 1,404,342	(\$ 690,535)	\$ 713,807
Current service cost	3,581	-	3,581
Interest expense (income)	<u>4,213</u>	( 2,071)	2,142
	<u>1,412,136</u>	( 692,606)	719,530
Remeasurements:			
Change in population assumptions	1,495	-	1,495
Change in financial assumptions	( 65,903)	- (	65,903)
Experience adjustments	<u>30,449</u>	( 10,775)	19,674
	<u>( 33,959)</u>	( 10,775) (	44,734)
Pension fund contribution	- (	24,784)	24,784)
Paid pension	( 38,032)	38,032	-
Balance at December 31	<u>\$ 1,340,145</u>	( \$ 690,133)	<u>\$ 650,012</u>
<b>2020</b>			
Balance at January 1	\$ 1,380,065	(\$ 694,796)	\$ 685,269
Current service cost	4,756	-	4,756
Interest expense (income)	<u>9,661</u>	( 4,864)	4,797
	<u>1,394,482</u>	( 699,660)	694,822
Remeasurements:			
Change in financial assumptions	68,634	-	68,634
Experience adjustments	( 231) ( 24,287) (	24,518)	44,116
	<u>68,403</u>	( 24,287)	25,131)
Pension fund contribution	- (	25,131) (	25,131)
Paid pension	( 58,543)	58,543	-
Balance at December 31	<u>\$ 1,404,342</u>	( \$ 690,535)	<u>\$ 713,807</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local

banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31	
	2021	2020
Discount rate	0.70%	0.30%
Future salary increases	4.50%	4.50%

Future mortality rate was estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2021 and 2020.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 38,694)	\$ 40,241	\$ 35,365	(\$ 34,277)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 43,422)	\$ 45,249	\$ 39,837	(\$ 38,545)

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

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

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$25,226.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 12 years.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based

on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$411,767 and \$395,315, respectively.

(22) Share-based payment

A. For the years ended December 31, 2021 and 2020, the Company's share-based payment arrangements were as follows:

Treasury stock transferred to employees

Type of arrangement	Grant date	Quantity granted (Thousand shares)	Contract period	Vesting conditions
First phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2020.03.27	11,000	0.10 years	Note
Second phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2020.10.27	1,072	0.03 years	Note
Third phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2021.04.27	265	0.04 years	Note
Fourth phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2021.05.28	7,180	0.04 years	Note
Fifth phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2021.10.26	260	0.03 years	Note

Note: The employees who have been fully employed for one year before the record date or have made special contributions to the Company will acquire 100% treasury shares if approved by the chairman of the Board of Directors.

B. Details of the share-based payment arrangements are as follows:

Employee stock options

	Year ended December 31			
	2021		2020	
	No. of options (thousand shares)	Exercise price (in dollars)	No. of options (thousand shares)	Exercise price (in dollars)
Options outstanding at beginning of year	149	\$ 16.41	-	\$ -
Options granted	7,705	37.94, 38.45 and 51.33	12,072	16.41 and 32.70
Options exercised	( 7,705)	37.94, ( 38.45 and 51.33	11,923)	16.41 and 32.70
Options expired	( 149)	-	-	-
Options outstanding at end of year	-	\$ -	149	\$ 16.41
Employee stock options exercised at end of year	-	\$ -	149	\$ 16.41

C. As of December 31, 2020, the exercise price of stock options outstanding was NT\$16.41. The weighted-average remaining contractual period was 0 year. In addition, there was no stock option outstanding as of December 31, 2021.

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected volatility	Expected option life	Expected dividends (in dollars)	Risk-free interest rate	Fair value per unit (in dollars)
First phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2020.03.27	\$ 30.25	\$ 16.41	57.16%	0.10 years	\$ -	0.3800%	\$ 13.85
Second phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2020.10.27	\$ 81.60	\$ 32.70	55.74%	0.03 years	\$ -	0.1600%	\$ 48.90
Third phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2021.04.27	\$ 102.50	\$ 37.94	51.93%	0.04 years	\$ -	0.1500%	\$ 64.56
Fourth phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2021.05.28	\$ 104.50	\$ 38.45	54.15%	0.04 years	\$ -	0.1300%	\$ 66.05
Fifth phase of the 8 <sup>th</sup> treasury stocks transferred to employees	2021.10.26	\$ 156.00	\$ 51.33	53.68%	0.03 years	\$ -	0.2300%	\$ 104.67

E. Expenses arising from share-based payment transactions are shown below:

	Year ended December 31	
	2021	2020
Equity-settled	\$ 518,562	\$ 204,771

#### (23) Share capital

- A. As of December 31, 2021, the Company's authorized and paid-in capital were \$20,000,000 and \$14,752,603, respectively.
- B. On October 26, 2021, the Board of Directors resolved to retire 29,472,000 treasury shares amounting to \$294,720. The ratio of capital reduction was 1.96%. The registration of retirement of treasury shares was completed on December 3, 2021.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Year ended December 31	
	2021	2020
At January 1	1,467,555,333	1,455,632,333
Treasury shares sold to employees	7,705,000	11,923,000
At December 31	1,475,260,333	1,467,555,333

C. Treasury shares

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

Name of company holding the shares	Reason for reacquisition	Number of shares	December 31, 2021 Carrying amount
The Company	To be reissued to employees	-	\$ -
<hr/>			
Name of company holding the shares	Reason for reacquisition	Number of shares	December 31, 2020 Carrying amount
The Company	To be reissued to employees	37,177,000 shares	\$ 608,194

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(24) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021															
					Difference between consideration and carrying amount of subsidiaries acquired or disposed			Changes in ownership interests in subsidiaries			Net change in equity of associates and joint ventures accounted for using equity method			Treasury		
	Share premium	Employee stock options	Employee stock options	Expired employee stock options								Net assets from merger	share transactions	Employee restricted shares	Others	Total
At January 1	\$ 6,346,450	\$ 2,064	\$ 32,250	\$ 11,944	\$ 127,161	\$ 77,700	\$ 1,903,855	\$ 265,124	\$ 64,452	\$ 415	\$ 8,831,415					
Share-based payments	-	518,562	-	-	-	-	-	-	-	-	-	-	-	518,562		
Treasury shares sold to employees	-	( 518,562)	-	-	-	-	-	-	-	691,086	-	-	-	172,524		
Changes in ownership interests in subsidiaries	-	-	-	-	-	17,086	-	-	-	-	-	-	-	17,086		
Changes in net assets of associates accounted for under equity method	-	-	-	-	-	-	257	-	-	-	-	-	-	257		
Reversal of capital surplus - dividends not received by shareholders	-	-	-	-	-	-	-	-	-	-	-	( 138)	( 138)			
Expired treasury shares	-	( 2,064)	2,064	-	-	-	-	-	-	-	-	-	-	-		
Retirement of treasury shares	( 124,302)	-	-	-	-	-	-	( 18,728)	-	-	-	-	( 143,030)			
At December 31	\$ 6,222,148	\$ -	\$ 34,314	\$ 11,944	\$ 144,247	\$ 77,957	\$ 1,903,855	\$ 937,482	\$ 64,452	\$ 277	\$ 9,396,676					

	2020															
					Difference between consideration and carrying amount of subsidiaries acquired or disposed			Changes in ownership interests in subsidiaries			Net change in equity of associates and joint ventures accounted for using equity method			Treasury		
	Share premium	Employee stock options	Employee stock options	Expired employee stock options								Net assets from merger	share transactions	Employee restricted shares	Others	Total
At January 1	\$ 6,346,221	\$ 1,356	\$ 32,250	\$ 11,944	\$ 173,698	\$ 55,187	\$ 1,903,855	\$ 43,634	\$ 64,452	\$ -	\$ 8,632,597					
Share-based payments	-	204,771	-	-	-	-	-	-	-	-	-	-	-	204,771		
Treasury shares sold to employees	-	( 204,063)	-	-	-	-	-	-	-	221,490	-	-	-	17,427		
Changes in ownership interests in subsidiaries	-	-	-	-	-	( 46,537)	-	-	-	-	-	-	-	( 46,537)		
Changes in net assets of associates accounted for under equity method	-	-	-	-	-	-	22,513	-	-	-	-	-	-	22,513		
Capital surplus - dividends not received by shareholders	-	-	-	-	-	-	-	-	-	-	-	415	415			
Others	229	-	-	-	-	-	-	-	-	-	-	-	-	229		
At December 31	\$ 6,346,450	\$ 2,064	\$ 32,250	\$ 11,944	\$ 127,161	\$ 77,700	\$ 1,903,855	\$ 265,124	\$ 64,452	\$ 415	\$ 8,831,415					

**(25) Retained earnings**

- A. In accordance with the Articles of Incorporation of the Company, earnings is distributed in the following order:
  - (a) Payment of taxes.
  - (b) Covering accumulated deficit.
  - (c) Set aside 10% of the remaining earnings as legal reserve; however this is not required if total legal reserve equals total paid-in capital.
  - (d) Set aside or reverse special reserve in accordance with relevant laws and regulations or as required by the competent authority.
  - (e) The distribution of the remaining amount, plus unappropriated earnings from prior years, shall be proposed by the Board of Directors and resolved by shareholders in their general meeting.
- B. The Company's dividend policy is carried out in accordance with the amended Articles of Incorporation, which take into account the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, along with shareholders' interests and the balance between dividends and long-term financial plans of the Company. Pursuant to existing regulations, the Board of Directors prepares an earnings distribution proposal every year and submits it to the shareholders for approval. The Company's dividend policy is as follows: taking into consideration the Company's future expansion plans and capital needs while operating in the high-tech electronics industry, cash dividends shall account for at least 10% of total dividends distributed, and no more than 90% of the Company's distributable earnings shall be appropriated as dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. (a) The appropriations of 2020 and 2019 earnings as resolved by the shareholders during their meeting on August 12, 2021 and June 19, 2020, respectively, are as follows:

Year ended December 31			
2020		2019	
	Amount	Dividends per share (in dollars)	Dividends per share (in dollars)
Legal reserve	\$ 543,158		\$ 320,091
Appropriation of special reserve	( 311,076)		397,765
Cash dividends	<u>2,054,577</u>	\$ 1.40	<u>1,601,196</u> \$ 1.10
	<u><u>\$ 2,286,659</u></u>		<u><u>\$ 2,319,052</u></u>

(b) The appropriations of 2021 earnings as proposed by the Board of Directors during its meeting on February 22, 2022 are as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,324,471	
Special reserve	( 217,688)	
Cash dividends	<u>5,015,885</u>	\$ 3.40
	<u><u>\$ 6,122,668</u></u>	

As of February 22, 2022, the above stated appropriation of 2021 earnings has not yet been resolved by the shareholders.

#### (26) Operating revenue

##### A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

2021	Taiwan	Asia	America	Others	Total
Revenue from external customer contracts	<u>\$20,413,134</u>	<u>\$47,585,976</u>	<u>\$ 1,114,610</u>	<u>\$ 224,119</u>	<u>\$69,337,839</u>
Timing of revenue recognition					
At a point in time	<u>\$20,413,134</u>	<u>\$47,585,976</u>	<u>\$ 1,114,610</u>	<u>\$ 224,119</u>	<u>\$69,337,839</u>
2020	Taiwan	Asia	America	Others	Total
Revenue from external customer contracts	<u>\$17,896,473</u>	<u>\$31,958,752</u>	<u>\$ 4,114,518</u>	<u>\$ 106,366</u>	<u>\$54,076,109</u>
Timing of revenue recognition					
At a point in time	<u>\$17,896,473</u>	<u>\$31,958,752</u>	<u>\$ 4,114,518</u>	<u>\$ 106,366</u>	<u>\$54,076,109</u>

##### B. Contract liabilities (shown as other current liabilities and other non-current liabilities)

The Group has recognized the following revenue-related contract assets and liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
– advance sales receipts	<u>\$ 24,008,498</u>	<u>\$ 2,916,406</u>	<u>\$ 235,361</u>
C. Revenue recognized that was included in the contract liability balance at the beginning of the year			
	2021	2020	
Operating revenue	<u>\$ 344,239</u>	<u>\$ 28,448</u>	

As of December 31, 2021 and 2020, certain letters of credit guaranteed by a bank for the abovementioned contract liabilities amounted to USD 87,431 thousand and \$89,700.

(27) Other income and expenses-net

	Year ended December 31	
	2021	2020
Rental income from investment property	\$ 40,144	\$ 43,464
Depreciation on investment property	( 14,326)	( 17,241)
Other income and expenses, net	56,663	28,622
	<u>\$ 82,481</u>	<u>\$ 54,845</u>

(28) Other income

	Year ended December 31	
	2021	2020
Dividend income	\$ 164,709	\$ 42,473
Income from fire claims	135,820	-
Rental revenue	53,837	48,483
Revenue from sale of scraps	41,291	14,690
Miscellaneous income	129,065	216,495
	<u>\$ 524,722</u>	<u>\$ 322,141</u>

(29) Other gains and losses

	Year ended December 31	
	2021	2020
Net currency exchange losses	(\$ 232,327)	(\$ 331,182)
Net losses on disposal of property, plant and equipment	( 8,540)	( 29,288)
Loss on remeasurement of the subsidiary transferred from investment accounted for using equity method	-	( 33,979)
Net gains on financial assets or liabilities at fair value through profit or loss	2,903,509	2,241,646
Gain from lease modifications	876	-
Loss by fire	-	( 121,113)
Miscellaneous disbursements	( 8,288)	( 14,119)
	<u>\$ 2,655,230</u>	<u>\$ 1,711,965</u>

(30) Finance costs

	Year ended December 31	
	2021	2020
Interest expense - bank borrowings	\$ 129,579	\$ 301,614
Interest expense - bonds	44,532	-
Interest expense - lease transactions	35,228	33,938
Bill handling fee	24,582	32,360
Amortization of discount on bonds	1,498	-
Others	21	28
	235,440	367,940
Less: Capitalization of qualifying assets	(31,320)	(20,956)
	\$ 204,120	\$ 346,984

(31) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	\$ 14,335,093	\$ 11,515,005
Depreciation charges on property, plant and equipment (including investment property and right-of-use assets)	5,764,873	5,320,964
Amortisation charges on intangible assets	198,233	100,810
	\$ 20,298,199	\$ 16,936,779

(32) Employee benefit expense

	Year ended December 31	
	2021	2020
Salary expenses	\$ 12,368,625	\$ 9,679,858
Labour and health insurance fees	964,497	862,917
Pension and severance pay	433,445	427,358
Other personnel expenses	568,526	544,872
	\$ 14,335,093	\$ 11,515,005

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. This ratio shall be between 5% and 15%. Directors' remuneration shall not exceed 0.7% of the distributable profit. Additionally, on June 19, 2020, the shareholders during their meeting resolved to amend the ratio of employees' compensation and directors' remuneration. A ratio of distributable profit of the current year, after covering accumulated losses, shall be between 6% and 16% for employees' compensation and shall not exceed 0.9% for directors' remuneration.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$2,490,449 and \$912,711, respectively; while directors' remuneration was accrued at \$29,472 and \$50,386, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were \$2,324,419 and \$29,472, respectively, and the employees' compensation will be distributed in the form of cash.

For 2020, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to \$840,731 and \$39,229, respectively. The difference of (\$71,980) and (\$11,157) between the amounts resolved by the Board of Directors and the amounts recognised in the 2020 financial statements had been adjusted in the profit or loss for 2021. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(33) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2021	2020
<b>Current tax:</b>		
Current tax on profits for the year	\$ 2,177,611	\$ 417,311
Provisional tax	476,655	425,212
Prior year income tax (over) under estimation	( 2,568)	2,639
Total current tax	2,651,698	845,162
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	52,469	( 71,893)
Income tax expense	\$ 2,704,167	\$ 773,269

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2021	2020
<b>Income tax calculated by applying statutory rate to the profit before tax</b>		
Income tax calculated by applying statutory rate to the profit before tax	\$ 3,195,285	\$ 1,246,988
Effects from items disallowed by tax regulation	( 396,832)	( 390,424)
Prior year income tax (over) under estimation	( 2,568)	2,639
Effect from investment tax credits	( 91,718)	( 85,934)
Income tax expense	\$ 2,704,167	\$ 773,269

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021		
	January 1	Recognized in profit or loss	Recognized in other comprehensive income
			December 31
<b>Temporary differences:</b>			
– Deferred tax assets:			
Allowance for inventory valuation losses	\$ 182,782	\$ 9,255	\$ 192,037
Estimated sales discounts and allowances	15,317	2,318	17,635
Long-term investment losses	478,556	(48,314)	430,242
Others	75,989	(10,316)	65,673
	752,644	(47,057)	705,587
– Deferred tax liabilities:			
Others	(44,704)	(5,412)	(50,116)
	\$ 707,940	\$ (52,469)	\$ 655,471
	2020		
	January 1	Recognized in profit or loss	Recognized in other comprehensive income
			December 31
<b>Temporary differences:</b>			
– Deferred tax assets:			
Allowance for inventory valuation losses	\$ 150,639	\$ 32,143	\$ 182,782
Estimated sales discounts and allowances	28,582	(13,265)	15,317
Long-term investment losses	397,397	81,159	478,556
Others	100,615	(24,626)	75,989
	677,233	75,411	752,644
– Deferred tax liabilities:			
Others	(41,186)	(3,518)	(44,704)
	\$ 636,047	\$ 71,893	\$ 707,940

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 433,514	\$ 452,473

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(34) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 13,222,256	1,472,051	\$ 8.98
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 13,222,256	1,472,051	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		12,244	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 13,222,256	1,484,295	\$ 8.91
<b>Year ended December 31, 2020</b>			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<b><u>Basic earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 5,461,671	1,461,383	\$ 3.74
<b><u>Diluted earnings per share</u></b>			
Profit attributable to ordinary shareholders of the parent	\$ 5,461,671	1,461,383	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		15,889	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,461,671	1,477,272	\$ 3.70

**(35) Supplemental cash flow information**

A. Investing activities with partial cash payments

	Year ended December 31, 2021	
	2021	2020
Acquisition of property, plant and equipment (including investment property)	\$ 19,469,192	\$ 12,702,954
Add: Opening balance of payable on equipment	3,711,190	1,563,020
Less: Ending balance of payable on equipment	( 4,419,722 )	( 3,711,190 )
Less: Ending balance of notes payable	( 67,000 )	-
Cash paid during the year	\$ 18,693,660	\$ 10,554,784

B. Certain cash transactions:

To meet the Group's strategy investment plan, on November 12, 2019, the Board of Directors of the Company resolved to increase its investment in Asia Pacific Microsystems, Inc. ("Asia Pacific") in the amount of \$187,461, with the effective date set on January 1, 2020. After the increase in investment, the Group's comprehensive shareholding ratio in Asia Pacific increased from 47.00% to 66.94%. Consequently, Asia Pacific became the Company's subsidiary, and the following operating assets and liabilities were consolidated into the Group on January 1, 2020:

	January 1, 2020
Cash in banks	\$ 285,315
Notes and accounts receivable due from related parties, net	98,146
Inventories, net	127,612
Property, plant and equipment, net	212,590
Right-of-use assets	21,679
Other assets	9,383
Bank borrowings	( 146,634 )
Accounts payable (including related parties)	( 32,865 )
Other payables	( 83,076 )
Lease liabilities	( 21,886 )
	<u>\$ 470,264</u>

**(36) Changes in liabilities from financing activities**

	Short-term borrowings	Short-terms notes and bills payable	Bonds payable	Long-term borrowings	Lease liabilities	Liabilities from financing activities - gross
At January 1, 2021	\$ 5,842,811	\$ -	\$ -	\$ 22,227,535	\$ 1,365,466	\$ 29,435,812
Changes in cash flow from financing activities	( 150,025 )	299,926	7,990,425	( 11,098,764 )	( 251,117 )	( 3,209,555 )
Changes in other non-cash items	-	-	1,498	-	209,436	210,934
At December 31, 2021	<u>\$ 5,692,786</u>	<u>\$ 299,926</u>	<u>\$ 7,991,923</u>	<u>\$ 11,128,771</u>	<u>\$ 1,323,785</u>	<u>\$ 26,437,191</u>

	Short-term borrowings	Short-terms notes and bills payable	Long-term borrowings	Lease liabilities	Liabilities from financing activities - gross
At January 1, 2020	\$ 6,972,013	\$ 1,398,671	\$ 19,897,827	\$ 1,134,332	\$ 29,402,843
Changes in cash flow from financing activities	( 1,129,202)	( 1,398,671)	2,329,708	( 178,924)	( 377,089)
Changes in other non-cash items	-	-	-	410,058	410,058
At December 31, 2020	<u>\$ 5,842,811</u>	<u>\$ -</u>	<u>\$ 22,227,535</u>	<u>\$ 1,365,466</u>	<u>\$ 29,435,812</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hemingway Int'l Limited	The Company's subsidiary
UMTC Holdings Limited (UMTC)	The Company's subsidiary
Neoconix, Inc	The Company's subsidiary
Hsin Yang Investment Corp. (Hsin Yang)	The Company's subsidiary
UniFresh, Inc.	The Company's subsidiary
Qun Hong Technology Inc. (Qun Hong )	The Company's subsidiary
UniBest Holding Limited (UniBest)	The Company's subsidiary
Unidisplay Holding Corp.	The Company's subsidiary
Apm Communication, Inc.	The Company's subsidiary
Asia Pacific Microsystems, Inc. (Asia Pacific)	The Company's subsidiary
Plato Electronics (Cayman) Limited	The Company is its ultimate parent company
Smart Idea Holdings Limited (SI)	The Company is its ultimate parent company
UniRuwel Holding Limited	The Company is its ultimate parent company
UniSmart Holding Limited	The Company is its ultimate parent company
Best Option Investments Limited (BO)	The Company is its ultimate parent company
Unimicron JAPAN Co, Ltd. (Formerly: Clover Electronics Co, Ltd.) (U JAPAN)	The Company is its ultimate parent company
Unimicron Germany GmbH (U Germany)	The Company is its ultimate parent company
Unimicron Holding Limited (UHL)	The Company is its ultimate parent company
Unidisplay Trading Corp.	The Company is its ultimate parent company
UniGreat Holding Limited	The Company is its ultimate parent company
Unimicron (KS)Trading Ltd. (UKST)	The Company is its ultimate parent company
Unimicron (SZ)Trading Ltd.	The Company is its ultimate parent company
Unimicron Technology (KunShan) Corp. (Unimicron Technology (KunShan))	The Company is its ultimate parent company
Unifley Technology (KunShan) Corp. (Unifley Technology (KunShan))	The Company is its ultimate parent company
UniCuisine, Inc.	The Company is its ultimate parent company
Unimicron Technology (ShenZhen) Corp.	The Company is its ultimate parent company

Names of related parties	Relationship with the Company
Unimicron Technology (SuZhou) Corp. (Unimicron Technology (SuZhou))	The Company is its ultimate parent company
Unimicron Technology (Huangshi) Corp. (Unimicron Technology (Huangshi))	The Company is its ultimate parent company
Unimicron-Carrier Technology (Huangshi) Inc.	The Company is its ultimate parent company
Unimicron Touch (ShenZhen) Corp.	The Company is its ultimate parent company (Note 4)
Yih Dar Technologies Co., Ltd. (Yih Dar)	The Company's investee
United Microelectronics Corp. (UMC)	The Company's director
3D Circuit Taiwan Company Ltd.	The Company is its director (Note 1)
Advance Materials Corp. (Advance Materials)	The Company is its director
Emax Technology Co., Ltd.	The Company is its director
Faraday Technology Corp.	The Company is its director (Note 3)
Yann Yuan Investment Co., Ltd. (Yann Yuan)	The Company is its director
Unistar Technology Co., Ltd.	The Company is its director (Note 2)
Unipoint Technology Co., Ltd. (Unipoint Technology)	The Company is its director
Topoint Technology Co., Ltd.	Unipoint Technology Co., Ltd.'s parent company
Uniflex Technology Inc.	Same chairmain
Subtron Technology Co., Ltd.	Same chairmain
United Semiconductor (Xiamen) Co., Ltd.	Within the same group as UMC
Note 1: In the process of liquidation, so there are no related party transactions during this year.	
Note 2: In the process of bankruptcy and there are no related party transactions since the second quarter of 2020.	
Note 3: The Company was the director of this company in the third quarter of 2020, therefore, it was included in related party transactions.	
Note 4: The liquidation was completed in January 2022, and there were no related party transactions during the period.	

## (2) Significant related party transactions

### A. Operating revenue and Processing revenue:

- Subsidiaries
- Key management personnel of the Company
- Other related parties and its subsidiaries
- Key management personnel of the entities

	Year ended December 31	
	2021	2020
\$	645,873	\$ 1,246,543
	14,888	3,469
	11,284	951
	173	-
<u>\$ 672,218</u>	<u>\$ 1,250,963</u>	

Goods and processing services are provided based on the price lists in force and terms that would be available to third parties.

B. Purchases and processing cost:

	Year ended December 31	
	2021	2020
<b>Purchases:</b>		
– Subsidiaries		
UKST	\$ 2,912,504	\$ 1,995,509
Others	3,234,060	1,927,654
– Key management personnel of the entities and its subsidiaries	121,391	133,617
– Other related parties and its subsidiaries	1,354	-
– Associates	221	-
	<u>\$ 6,269,530</u>	<u>\$ 4,056,780</u>
<b>Processing cost:</b>		
– Subsidiaries		
Qun Hong	\$ 251,103	\$ 31,187
– Key management personnel of the entities and its subsidiaries	245,673	332,743
– Other related parties and its subsidiaries	1,583	19,476
– Associates	20	-
	<u>\$ 498,379</u>	<u>\$ 383,406</u>

Certain goods and processing services are purchased based on normal commercial terms and conditions. Payments are settled by 60 to 150 days after acceptance.

C. Receivables from related parties

	December 31, 2021	December 31, 2020
<b>Accounts receivable:</b>		
– Subsidiaries	\$ 259,844	\$ 462,676
– Other related parties and its subsidiaries	1,151	849
	<u>\$ 260,995</u>	<u>\$ 463,525</u>
	December 31, 2021	December 31, 2020
<b>Other receivables:</b>		
– Subsidiaries (Excluding the principles of loans to others)	\$ 134,022	\$ 198,032
– Key management personnel of the entities and its subsidiaries	6,012	6,499
– Other related parties and its subsidiaries	1,178	64
– Associates	197	224
	<u>\$ 141,409</u>	<u>\$ 204,819</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finance lease receivables (shown as other non-current assets):		
– Subsidiaries – Qun Hong Technology	\$ 276,861	\$ 310,503
(a) The above other receivables primarily arise from payments on behalf of others and accounts receivable due from aforementioned related parties transferred to other receivables in accordance with the related regulations.		
(b) Information on loans to related parties is provided in Note 7(2) G.		

D. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
– Subsidiaries	\$ 1,641,094	\$ 1,336,528
– Key management personnel of the entities and its subsidiaries	146,630	132,917
– Other related parties and its subsidiaries	317	12,800
	<u>                  </u>	<u>                  </u>
	<u>\$ 1,788,041</u>	<u>\$ 1,482,245</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
– Subsidiaries	\$ 82,945	\$ 24,905
– Key management personnel of the entities and its subsidiaries	24,463	21,407
– Key management personnel of the Company	-	454
– Other related parties and its subsidiaries	7,317	-
– Associates	216	-
	<u>                  </u>	<u>                  </u>
	<u>\$ 114,941</u>	<u>\$ 46,766</u>

E. Property transactions

(a) Disposal of property, plant and equipment

- Subsidiaries
  - Unimicron Technology (SuZhou)
- Key management personnel of the entities

(b) Acquisition of property, plant and equipment

- Subsidiaries

	Year ended December 31, 2020	
	Disposal proceeds	Gain on disposal
\$ 136,346	(\$ 9,918)	9,918
65	65	65
<u>\$ 136,411</u>	<u>(\$ 9,853)</u>	<u>9,853</u>

	Year ended December 31	
	2021	2020
\$ 177,802	\$ 203,791	\$ 203,791

(c) Acquisition of financial assets:

			Year ended December 31, 2021	
	Accounts	No. of shares	Objects	Consideration
The Company	Investments accounted for using equity method	29,150,000	UniBest	\$ 811,438
The Company	Investments accounted for using equity method	18,248,175	UMTC	503,200
The Company	Investments accounted for using equity method	1,650,000	Hsin Yang	8,811
				<u>\$ 1,323,449</u>
			Year ended December 31, 2020	
	Accounts	No. of shares	Objects	Consideration
The Company	Investments accounted for using equity method	59,400,000	UniBest	\$ 1,732,459
The Company	Investments accounted for using equity method	18,764,642	Asia Pacific	187,646
				<u>\$ 1,920,105</u>

F. Lease transactions - lease

- (a) The Group leases land, machinery and equipment and other equipment from related parties. Rental contracts are typically made for periods of 1 to 10 years. The rentals are paid monthly, and the price is mutually agreed.
- (b) Acquisition of right-of-use asset

	2021	2020
— Other related parties	\$ 145,544	\$ -
(c) Rent expense		
Rent expense	2021	2020
— Key management personnel of the entities	\$ 24	\$ 22
(d) Lease liabilities		
A. Outstanding balance		
— Other related parties	\$ 139,633	\$ -
B. Interest expense		
— Other related parties	\$ 2,452	\$ -
— Subsidiaries	\$ 174	\$ -
	<u>\$ 2,626</u>	<u>\$ -</u>

G. Loans to /from related parties:

Loans to related parties

(a) Outstanding balance

	December 31, 2021	December 31, 2020
– Subsidiaries		
SI	\$ 2,019,910	\$ 2,050,560
U Germany	1,582,889	1,220,789
Unimicron Technology (Huangshi)	1,106,800	569,600
U JAPAN	822,852	1,056,994
Unifley Technology (KunShan)	-	1,160,006
Others	581,070	854,400
	<u>\$ 6,113,521</u>	<u>\$ 6,912,349</u>

(b) Interest income

	Year ended December 31	
	2021	2020
– Subsidiaries		
SI	\$ 28,548	\$ 33,592
Unifley Technology (KunShan)	14,432	32,473
Unimicron Technology (Huangshi)	12,090	26,565
U Germany	16,252	-
Others	21,361	65,242
	<u>\$ 92,683</u>	<u>\$ 157,872</u>

The loans to subsidiaries are repayable based on the agreement and carry interest at 1.10%~1.40% and 1.10%~2.00% per annum for the years ended December 31, 2021 and 2020, respectively.

H. Other income and expenses

	Year ended December 31	
	2021	2020
Rent income		
– Subsidiaries		
Qun Hong Technology	\$ 28,709	\$ 32,029
Others	1,644	1,489
– Key management personnel of the entities		
Advance Materials	11,799	11,799
Others	-	4,336
– Associates		
Yih Dar	5,416	2,450
	<u>\$ 47,568</u>	<u>\$ 52,103</u>

	Year ended December 31	
	2021	2020
Miscellaneous income		
— Subsidiaries	\$ 13,090	\$ 26,459
— Key management personnel of the entities		
YANN YUAN	40,000	40,000
Others	8,839	2,829
— Other related parties	1,980	1,232
— Associates	116	62
	\$ 64,025	\$ 70,582

- (a) The rentals are received or paid monthly, and the price is mutually agreed by both parties.  
(b) Miscellaneous income arise from the services provided to associates, dividend income or other miscellaneous income.

#### I. Endorsements and guarantees provided to related parties

As of December 31, 2021 and 2020, in order to support subsidiaries to obtain the borrowing facilities, the endorsements and guarantees provided to subsidiaries are as follows:

	December 31, 2021	December 31, 2020
Unifley Technology (KunShan) and BO	\$ -	\$ 199,360
Unifley Technology (KunShan)	2,351,950	712,000
UHL	553,400	569,600
Unimicron Technology (SuZhou)	1,037,625	569,600
Unimicron Technology (KunShan)	311,288	605,200
Unimicron Technology (Huangshi)	1,262,444	943,400

#### (3) Key management compensation

	Year ended December 31	
	2021	2020
Salaries and other short-term employee benefits	\$ 398,203	\$ 283,238
Share-based payment	116,552	34,033
	\$ 514,755	\$ 317,271

## 8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Time deposit (shown as other non-current assets)	\$ 65,564	\$ 65,480	Customs duty guarantee, guarantee for bonded factory, guarantee for applying research subsidy and guarantee for gas consumption used in production
Land	565,671	565,671	Long-term borrowings
Building and structures	1,326,861	1,500,757	Long-term borrowings
Investment property—Land	52,315	52,315	Short-term borrowings
Investment property—Building and structures	13,629	18,621	Short-term borrowings
	<u>\$ 2,024,040</u>	<u>\$ 2,202,844</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the Company has applied for non-cancellable letters of credit. The letters of credit for the purchase of raw materials and equipment not yet imported amounted to \$3,377,877 and \$3,104,224, respectively.

(2) Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2021	December 31, 2020
Property, plant and equipment	\$ 3,836,864	\$ 2,023,796

## 10. SIGNIFICANT DISASTER LOSS

Details of fire incidents of the Company in 2021 and 2020 are provided in Notes 6(5) and 6(8).

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1)The appropriation of 2021 earnings as resolved by the Board of Directors on February 22, 2022 is provided in Note 6(25)E.(b).
- (2)On October 26, 2021, the Board of Directors of the Company resolved to issue domestic unsecured bonds over several installments within one year for a total amount of not more than \$8,000,000. The first issuance amounted to \$3,000,000 with par value of \$1,000, due in 5 years at fixed interest rate of 0.79%. The fundraising was completed on January 12, 2022.
- (3)On February 22, 2022, the Board of Directors of the Company resolved to issue restricted stocks to employees. However, the issuance has not been resolved at the shareholders' meeting as of February 22, 2022.
- (4)To complement with customers' technology and products, integrate resources to reduce operating costs, strengthen customer service skills and increase interests of employees and shareholders, the Board of Directors of the Company during its meeting on February 22, 2022 resolved to merge with Subtron Technology Co., Ltd. (Subtron Technology). After the merger, the Company will be the surviving company. The merger effective date was tentatively set on October 1, 2022. The ratio of share exchange was tentatively set at one share of Subtron Technology in exchange for 0.219 shares of the Company.

## 12. OTHERS

### (1) Capital management

The objective of the Company's capital management is to ensure it has the necessary financial resources and operating plans to fund its working capital needs, capital expenditures, research and development expenses, debt repayments and dividend payments. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

During the year ended December 31, 2021, the Company's strategy, which was unchanged from 2020, was to maintain the gearing ratio below 30%. The gearing ratios at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total borrowings	\$ 25,113,406	\$ 28,070,346
Less: Cash and cash equivalents	( 24,863,684)	( 15,613,563)
Net debt	249,722	12,456,783
Total equity	60,713,562	48,427,010
Total capital	<u>\$ 60,963,284</u>	<u>\$ 60,883,793</u>
Gearing ratio	<u>0.41%</u>	<u>20.46%</u>

### (2) Financial instruments

#### A. Financial instruments by category

	December 31, 2021	December 31, 2020
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	\$ 8,013,593	\$ 5,312,870
Financial assets at amortised cost (Note)	<u>49,040,784</u>	<u>34,190,375</u>
	<u>\$ 57,054,377</u>	<u>\$ 39,503,245</u>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss	\$ -	\$ 36,853
Financial liabilities at amortised cost (Note)	45,790,407	42,777,283
Lease liability	<u>1,323,785</u>	<u>1,365,466</u>
	<u>\$ 47,114,192</u>	<u>\$ 44,179,602</u>

Note: Financial assets at amortised cost include cash and cash equivalents, notes and accounts receivable, net (including related parties) and other receivables. Financial liabilities at amortised cost include short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables, bonds payable and long-term borrowings (including current portion).

#### B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company

complies with the policies, procedures and internal control which were built in accordance with the related regulations in order to identify, measure and control the Company's various financial risks, and reduce the unfavorable effects arising from floating financial market.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

- i. The Company hedges foreign exchange rate by using forward exchanges and interest rate swaps. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(15).
- ii. The Company's sales are primarily denominated in USD, and its purchases are denominated in NTD and RMB, as well as USD, JPY, and other currencies. The fair value changes according to fluctuations in market exchange rates. However, the potential risks of certain positions are avoided by entering into forward foreign exchange and interest rate exchange.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				December 31, 2021	
(Foreign currency: functional currency)	Foreign currency		Book value (NTD)		
	amount (In thousands)	Exchange rate			
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 1,089,928	27.67	\$ 30,158,308		
JPY:NTD	10,764,559	0.2406	2,589,953		
EUR:NTD	54,313	31.33	1,701,626		
RMB:NTD	91,213	4.3441	396,238		
<u>Non-monetary items</u>					
<u>Investments accounted for using equity method</u>					
USD:NTD	529,286	27.67	14,645,330		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	267,420	27.67	7,399,511		
JPY:NTD	12,189,996	0.2406	2,932,913		
EUR:NTD	8,537	31.33	267,464		

December 31, 2020			
Foreign currency	amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 617,576	28.48	\$ 17,588,564
JPY:NTD	5,664,630	0.2767	1,567,403
EUR:NTD	38,536	35.06	1,351,072
RMB:NTD	230,459	4.3658	1,006,138
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>			
USD:NTD	457,287	28.48	13,023,525
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	291,247	28.48	8,294,715
JPY:NTD	9,514,216	0.2767	2,632,584

iv. The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to (\$232,327) and (\$331,182), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021				
	Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 241,266	\$	-
JPY:NTD	1%	20,720		-
EUR:NTD	1%	13,613		-
RMB:NTD	1%	3,170		-
<u>Non-monetary items</u>				
<u>Investments accounted for using equity method</u>	1%		-	117,163
USD:NTD				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	59,196		-
JPY:NTD	1%	23,463		-
EUR:NTD	1%	2,140		-

  

Year ended December 31, 2020				
	Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 140,709	\$	-
JPY:NTD	1%	12,539		-
EUR:NTD	1%	10,809		-
RMB:NTD	1%	8,046		-
<u>Non-monetary items</u>				
<u>Investments accounted for using equity method</u>	1%		-	104,188
USD:NTD				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	66,358		-
JPY:NTD	1%	21,061		-

### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio and invests in the familiar industries.
- ii. The Company's investments in equity securities comprise shares and closed-end funds issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$63,571 and \$42,503, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

### Cash flow and fair value interest rate risk

The Company has short-term borrowings and long-term borrowings (including current portion) with floating rate whose long-term and short-term effective rate would change with market interest, and then affect the future cash flow. Every 1% increase in the market interest rate would result in an increase of \$168,216 in the cash outflow.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for credit investigation and assessment of the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the following assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable by applying the simplified approach to estimate expected credit loss under the provision matrix basis.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	<u>Not past due</u>	<u>1~30 days past due</u>	<u>31~60 days past due</u>	<u>61~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2021</u>						
Expected loss rate	0~5%	20%	20%	20%	100%	
Total book value	\$ 16,065,686	\$ 34,497	\$ 1,569	\$ 911	\$ 11,454	16,114,117
Loss allowance	3,412	6,899	314	182	11,454	22,261

	<u>Not past due</u>	<u>1~30 days past due</u>	<u>31~60 days past due</u>	<u>61~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2020</u>						
Expected loss rate	0~5%	20%	20%	20%	100%	
Total book value	\$ 10,117,836	\$ 6,256	\$ 942	\$ -	\$ 7,273	10,132,307
Loss allowance	28,245	1,251	188	-	7,273	36,957

vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable and other receivables are as follows (including related parties):

	<u>2021</u>	
	<u>Accounts receivable</u>	<u>Other receivables</u>
At January 1	\$ 36,979	\$ 43,038
(Reversal of) provision for impairment loss	(14,718)	3,385
At December 31	<u>\$ 22,261</u>	<u>\$ 46,423</u>

  

	<u>2020</u>	
	<u>Accounts receivable</u>	<u>Other receivables</u>
At January 1	51,206	31,503
(Reversal of) provision for impairment loss	(14,227)	11,535
At December 31	<u>\$ 36,979</u>	<u>\$ 43,038</u>

### (c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- Listed stocks invested by the Company all have active market, they can be rapidly sold at the price which is close to fair value, and will not have significant liquidity risk. The Company's investment in emerging stocks and unlisted stocks all have no active market, thus, they are expected having significant liquidity risk.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the 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.

<u>Non-derivative financial liabilities</u>	Between 1 year		
	<u>Less than 1 year</u>	<u>and 3 years</u>	<u>Over 3 years</u>
December 31, 2021			
Bonds payable	\$ 57,028	\$ 115,799	\$ 8,116,673
Lease liabilities	326,110	349,479	787,493
Long-term borrowings (including current portion)	591,593	4,495,133	6,190,352

<u>Non-derivative financial liabilities</u>	Between 1 year		
	<u>Less than 1 year</u>	<u>and 3 years</u>	<u>Over 3 years</u>
December 31, 2020			
Lease liabilities	\$ 280,720	\$ 449,107	\$ 758,478
Long-term borrowings (including current portion)	2,331,872	16,834,076	3,387,076

Except for the above, the non-derivative and derivative financial liabilities of the Company are all due within one year.

- (d) The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. For financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables, other

financial assets, short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables, bonds payable and long-term borrowings (including current portion) are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 28,680	\$ -	\$ 7,881,928	\$ 7,910,608
Foreign closed-end fund	-	-	35,779	35,779
Forward foreign exchange contracts	-	67,206	-	67,206
	<u>\$ 28,680</u>	<u>\$ 67,206</u>	<u>\$ 7,917,707</u>	<u>\$ 8,013,593</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 6,108	\$ -	\$ 5,242,244	\$ 5,248,352
Foreign closed-end fund	-	-	64,518	64,518
	<u>\$ 6,108</u>	<u>\$ -</u>	<u>\$ 5,306,762</u>	<u>\$ 5,312,870</u>
<b>Liabilities</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial liabilities at fair value through profit or loss				
Cross currency swap	<u>\$ -</u>	<u>\$ 36,853</u>	<u>\$ -</u>	<u>\$ 36,853</u>

E. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u>
	Closing price
(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.	

- (c) Forward exchange contracts and interest rate swap contracts are usually valued based on the current forward exchange rate.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021		
	Equity instruments	Funds instruments	Total
At January 1	\$ 5,242,244	\$ 64,518	\$ 5,306,762
Acquired during the year	-	160	160
Recorded as non-operating income and expenses	2,639,684	( 28,899)	2,610,785
At December 31	<u>\$ 7,881,928</u>	<u>\$ 35,779</u>	<u>\$ 7,917,707</u>
	2020		
	Equity instruments	Funds instruments	Total
At January 1	\$ 2,970,095	\$ 59,575	\$ 3,029,670
Acquired during the year	-	1,459	1,459
Recorded as non-operating income and expenses	2,272,149	3,484	2,275,633
At December 31	<u>\$ 5,242,244</u>	<u>\$ 64,518</u>	<u>\$ 5,306,762</u>

H. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

I. Investment segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at <u>December 31, 2021</u>	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted shares	\$ 117,171	Market comparable companies	Price to book ratio multiple, enterprise value to EBITA multiple	The higher the multiple and control premium, the higher the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin
	4,865	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	Long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
	7,759,892	Net asset value	Discount for lack of marketability	The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value
Foreign closed-end fund	35,779	Net asset value	N/A	The higher the net asset value, the higher the fair value

		Fair value at <u>December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 124,862	Market comparable companies	Price to book ratio multiple, enterprise value to EBITA multiple	The higher the multiple and control premium, the higher the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value	
	58	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin		
	5,117,324	Net asset value	Discount for lack of marketability	The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value	
Foreign closed-end fund	64,518	Net asset value	N/A	The higher the net asset value, the higher the fair value	

K. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2021					
		Recognized in profit or loss		Recognized in other comprehensive income			
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Price to book ratio multiple, enterprise value to EBITA multiple	±1%	\$ 1,172	(\$ 1,172)	\$ -	\$ -	-
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	±1%	49	(49)	-	-	-
Equity instrument	Net asset value	±1%	77,599	(77,599)	-	-	-
Foreign closed-end fund	Net asset value	±1%	358	(358)	-	-	-
			\$ 79,178	(\$ 79,178)	\$ -	\$ -	-
December 31, 2020							
		Recognized in profit or loss		Recognized in other comprehensive income			
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Price to book ratio multiple, enterprise value to EBITA multiple	±1%	\$ 1,249	(\$ 1,249)	\$ -	\$ -	-
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	±1%	1	(1)	-	-	-
Equity instrument	Net asset value	±1%	51,173	(51,173)	-	-	-
Foreign closed-end fund	Net asset value	±1%	645	(645)	-	-	-
			\$ 53,068	(\$ 53,068)	\$ -	\$ -	-

## **13. SUPPLEMENTARY DISCLOSURES**

### **(1) Significant transactions information**

In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company's significant transactions for the year ended December 31, 2021 are as follows. For disclosure of investees, certain financial statements of investees were audited by other auditors, and following inter-company transactions within the Group were eliminated when preparing the consolidated statements. Following disclosure information is for reference only.

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2), (15) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

### **(2) Information on investees**

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

### **(3) Information on investments in Mainland China**

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

### **(4) Major shareholders information**

Major shareholders information: Please refer to table 12.

## **14. SEGMENT INFORMATION**

Not applicable.

## Unimicron Technology Corp.

## Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party (Note 3)	Maximum outstanding balance during the year ended December 31, 2021			Balance at December 31, 2021	Actual amount drawn down (Note 8)	Interest rate (Note 4)	Nature of loan (Note 5)	Amount of transactions with the borrower (Note 6)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts (Note 7)	Limit on loans granted to a single party (Note 7)(Note 9)		Ceiling on total loans granted (Note 7)(Note 9)	Note
															Item	Value		
0	The Company	Unimicron JAPAN Co., Ltd.	Other receivables	Y	\$ 1,982,544	\$ 1,982,544	\$ 822,852	1.10%	2	\$ -	Operation needs	\$ -	-	\$ -	\$ 24,285,425	\$ 24,285,425		
0	The Company	Best Option Investments Limited	Other receivables	Y	570,600	-	-	-	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Unifley Technology (KunShan) Corp.	Other receivables	Y	1,730,356	276,700	-	-	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Qun Hong Technology Inc.	Other receivables	Y	1,180,000	380,000	-	-	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	NEOCONIX, INC.	Other receivables	Y	99,855	-	-	-	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Unimicron Technology (ShenZhen) Corp.	Other receivables	Y	213,600	-	-	-	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Unimicron Holding Limited	Other receivables	Y	838,500	415,050	415,050	1.20%	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	UniGreat Holding Limited	Other receivables	Y	307,450	166,020	166,020	1.20%	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Unimicron Technology (Huangshi) Corp.	Other receivables	Y	1,677,000	1,106,800	1,106,800	1.20%~1.30%	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Unimicron Germany GmbH	Other receivables	Y	2,640,136	2,314,347	1,582,886	1.10%	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
0	The Company	Smart Idea Holding Limited	Other receivables	Y	3,566,250	2,019,910	2,019,910	1.20%~1.40%	2	-	Operation needs	-	-	-	24,285,425	24,285,425		
1	Unimicron Technology (KunShan) Corp.	Kunshan Dingchangxin Electronic Technology Co., Ltd.	Other receivables	Y	651,615	651,615	173,764	1.17%	2	-	Operation needs	-	-	-	3,876,807	3,876,807		
1	Unimicron Technology (KunShan) Corp.	Unifley Technology (KunShan) Corp.	Other receivables	Y	723,946	695,056	451,786	1.17%~1.20%	2	-	Operation needs	-	-	-	3,876,807	3,876,807		
1	Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	Other receivables	Y	1,694,693	1,042,584	1,042,584	1.17%~1.23%	2	-	Operation needs	-	-	-	3,876,807	3,876,807		

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021.

Note 4: The column of 'Nature of loan' shall fill in

(1) Business transaction is 1.

(2) Short-term financing is 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans",

and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: The foreign subsidiary that was directly or indirectly wholly owned by the Company was not limited by above restriction.

Unimicron Technology Corp.  
Provision of endorsements and guarantees to others  
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Party being endorsed/guaranteed																	
Number (Note 1)	Endorser/guarantor	Company name (Note 2)	Relationship with the endorser/ guarantor  provided for a single party	Maximum outstanding endorsement/ guarantee  amount as of December 31, 2021			Outstanding endorsement/ guarantee  amount at December 31, 2021			Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral (Note 6)	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (Note 3)(Note 8)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)(Note 8)	Provision of endorsements/ guarantees by parent company (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
				(Note 3) (Note 8)	(Note 4)	(Note 5)	(Note 6)	(Note 7)									
0	The Company	Unifley Technology (KunShan) Corp. and Best Option Investments Limited	2	\$ 18,214,069	\$ 427,950	\$ -	\$ -	-	\$ 30,356,781	Y	N	Y					
0	The Company	Unifley Technology (KunShan) Corp.	2	18,214,069	3,475,000	3,458,750	2,351,950	-	5.70%	30,356,781	Y	N	Y				
0	The Company	Unimicron Technology (ShenZhen) Corp.	2	18,214,069	556,000	553,400	-	-	0.91%	30,356,781	Y	N	Y				
0	The Company	Unimicron Holding Limited	2	18,214,069	1,117,200	1,106,800	553,400	-	1.82%	30,356,781	Y	N	N				
0	The Company	Unimicron Technology (SuZhou) Corp.	2	18,214,069	1,946,000	1,936,900	1,037,625	-	3.19%	30,356,781	Y	N	Y				
0	The Company	Unimicron Technology (KunShan) Corp.	2	18,214,069	713,250	691,750	311,288	-	1.14%	30,356,781	Y	N	Y				
0	The Company	Unimicron Technology (Huangshi) Corp.	2	18,214,069	2,085,000	2,075,250	1,262,444	-	3.42%	30,356,781	Y	N	Y				
0	The Company	Smart Idea Holding Limited	2	18,214,069	1,946,000	1,936,900	-	-	3.19%	30,356,781	Y	N	N				
0	The Company	Unimicron-Carrier Technology (Huangshi) Inc.	2	18,214,069	834,000	830,100	-	-	1.37%	30,356,781	Y	N	Y				

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

- (1). Having business relationship.
- (2). The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3). The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4). The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5). Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6). Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7). Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's

"Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing  
Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", ;limit on total endorsements granted by the Company is 50% of the Company's net assets. Limit on total endorsements to a single party is 20% of the Company's net assets. The Ceiling of the Company's total endorsements/ guaranteed is 50% of the Company's net assets.

## Unimicron Technology Corp.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	As of December 31, 2021				Footnote ( Note 4 )
				Number of shares	Book value ( Note 3 )	Ownership (%)	Fair value	
The Company	Unitech Capital Inc.'s stocks	Investee of United Microelectronics Corp.	Financial assets at fair value through profit or loss-non-current	6,500,000	\$ 298,327	13.00%	\$ 298,327	
The Company	Shieh Yong Investment Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	268,048,948	3,649,692	16.67%	3,649,692	
The Company	NexPower Technology Corp.'s stocks	None	Financial assets at fair value through profit or loss-non-current	-	-	-	-	Note 5
The Company	Shihlien Fine Chemicals Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	12,778,831	80,820	4.92%	80,820	
The Company	Emax Tech Co., LTD.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	1,526,996	36,351	4.52%	36,351	
The Company	Unistars Corp.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	3,820,779	-	6.93%	-	
The Company	PI R&D Co., Ltd's stocks	The Company's second-tier subsidiary is the company's director	Financial assets at fair value through profit or loss-non-current	8,000	-	0.40%	-	
The Company	TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership funds	None	Financial assets at fair value through profit or loss-non-current	310	35,779	6.38%	35,779	
The Company	Trillion Science Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	4,666,666	-	9.96%	-	
The Company	Yann Yuan Investment Co., Ltd.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	20,000,000	3,811,873	12.27%	3,811,873	
The Company	Eminent Materials Corporation's stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	1,000,000	-	16.67%	-	
The Company	Eagle Technology., Ltd's stocks	None	Financial assets at fair value through profit or loss-non-current	10,000	4,865	14.29%	4,865	
The Company	Faraday Technology Corp.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-current	120,000	28,680	0.05%	28,680	
Hsin Yang Investment Corp.	Shihlien Fine Chemicals Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	5,123,771	32,361	1.97%	32,361	
Hsin Yang Investment Corp.	Stack Devices Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	76,626	-	0.12%	-	
Hsin Yang Investment Corp.	ADL Engineering Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	-	-	-	-	Note 7
Hsin Yang Investment Corp.	Platum Technology Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	-	-	-	-	Note 6
Hsin Yang Investment Corp.	Ocean Net Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	91,575	-	9.16%	-	
Hsin Yang Investment Corp.	Solargate Technology Croporation's stocks	None	Financial assets at fair value through profit or loss-non-current	30,769	-	0.51%	-	
Hsin Yang Investment Corp.	Ability I Venture Capital Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	948,600	7,615	2.00%	7,615	
Hsin Yang Investment Corp.	Integrated Digital Technologies, Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	520,000	-	1.81%	-	

Securities held by	Marketable securities ( Note 1 )	Relationship with the securities issuer ( Note 2 )	General ledger account	As of December 31, 2021					Footnote ( Note 4 )
				Number of shares	Book value ( Note 3 )	Ownership (%)	Fair value		
Hsin Yang Investment Corp.	NeoPac Lighting, Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	4,500,000	\$ -	5.73%	\$ -		
Hsin Yang Investment Corp.	Pomiran Metalization Research Co., Ltd.	None	Financial assets at fair value through profit or loss-non-current	70,000	-	0.32%	-		
Hsin Yang Investment Corp.	UniTest Technology Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	10,000	4,679	10.00%	4,679		
Hsin Yang Investment Corp.	Unimemory Technologr (s) Pte Ltd.	None	Financial assets at fair value through profit or loss-non-current	325,945	10,590	10.81%	10,590		
Hsin Yang Investment Corp.	Taimide Technology Inc.'s stocks	None	Financial assets at fair value through profit or loss-current	75,037	3,245	0.06%	3,245		
Hsin Yang Investment Corp.	Topoint Technology Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	1,450,635	61,289	1.02%	61,289		
Hsin Yang Investment Corp.	Semicomm Technology Co., Ltd.'s stocks	None	Financial assets at fair value through other comprehensive income-non-current	650,000	39,933	5.91%	39,933		
UMTC Holdings Limited	AMC Holding Limited's stocks	None	Financial assets at fair value through profit or loss-non-current	897,750	32,567	7.09%	32,567		
UMTC Holdings Limited	UMT Technology Corp.'s stocks	None	Financial assets at fair value through profit or loss-non-current	230,000	-	19.01%	-		
Plato Electronics (Cayman) Limited	Biloda International Limited 's stocks	None	Financial assets at fair value through profit or loss-non-current	1,440,000	21,679	18.00%	21,679		
UniSmart Holding Limited	PI R&D Co., Ltd's stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	173,300	-	8.70%	-		
UniSmart Holding Limited	Trillion Science Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	3,199,999	-	6.83%	-		
UniSmart Holding Limited	Aqua Science Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	333	-	0.36%	-		
UniSmart Holding Limited	Shocking Technologies, Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	1,468,533	-	2.26%	-		
UniSmart Holding Limited	MARUWA CORPORATION's bonds	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	2,450	5,710	27.65%	5,710		
Unimicron Germany GmbH	Naavinya CAD Soft Pvt Ltd 's equity shares	None	Financial assets at fair value through profit or loss-non-current	-	4,058	-	4,058		

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: NexPower Technology Corp. was liquidated on May 12, 2021.

Note 6: Platum Technology Corporation was liquidated on March 23, 2021.

Note 7: The shares in ADL Engineering Inc. were sold in July 2021.

Unimicron Technology Corp.  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities ( Note 1 )	General ledger account	Counterparty ( Note 2 )	Relationship with the investor		Balance as at January 1, 2021		Addition ( Note 3 )		Disposal ( Note 3 )		Balance as at December 31, 2021	
				Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	UMTC Holdings Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	138,607,740	\$ 3,812,400	18,248,175	\$ 451,919 ( Note 5 )	-	\$ -	\$ -	156,855,915	\$ 4,264,319
UMTC Holdings Limited	Unimicron JAPAN Co., Ltd.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	-	35,130	(527,147) ( Note 6 )	-	-	-	35,130	(527,147)
The Company	UniBest Holding Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	64,400,000	1,426,653	29,150,000	998,311 ( Note 7 )	-	-	-	93,550,000	2,424,964
UniBest Holding Limited	Best Option Investments Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	2,222,222,222	201,385	34,141,688	339,621 ( Note 8 )	-	-	-	2,256,363,910	541,006
Hemingway Int'l Limited	Best Option Investments Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	627,263,312	29,211	17,000,000	98,423 ( Note 9 )	-	-	-	644,263,312	127,634
Best Option Investments Limited	Unifley Technology (KunShan) Inc.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	556,592	-	(22,541) ( Note 10 )	-	-	-	-	534,051
Unimicron Technology (SuZhou) Corp.	Unimicron-Carrier Technology (Huangshi) Inc.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	329,987	-	587,065 ( Note 11 )	-	-	-	-	917,052

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The amount includes investment increase of \$503,200, investment loss recognized for the year of \$77,046, gains on defined benefit plan of \$21,050, translation differences increase of \$96,300 and decrease of \$91,585 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 6: The amount includes investment increase of \$503,200, losses incurred before acquisition of \$103,487, investment loss recognized for the year of \$321,442, gains on defined benefit plan of \$19,376, decrease of \$758,227 in carrying amount from liquidation of UniClover, and translation differences increase of \$133,433.

Note 7: The amount includes investment increase of \$811,438, investment loss recognized for the year of \$187,882, translation differences increase of \$4,661 and increase of \$370,094 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 8: The amount includes investment increase of \$559,202, investment loss recognized for the year of \$513,530, translation differences increase of \$2,411 and increase of \$291,538 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 9: The amount includes investment increase of \$470,390, investment loss recognized for the year of \$145,469, translation differences increase of \$2,130 and decrease of \$228,628 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 10: The amount includes investment increase of \$555,640, investment loss recognized for the year of \$572,554 and translation differences decrease of \$5,627.

Note 11: The amount includes investment increase of \$583,299, investment gain recognized for the year of \$5,395 and translation differences decrease of \$1,629.

Unimicron Technology Corp.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:			Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship original owner and the acquirer	Date of the original transaction			
The Company		2019.08.23	\$ 1,520,000	Fully paid \$1,383,200 based on the contract.	Ever Accord Construction Corp.	-	-	-	-	\$ - NA	For production.	-
The Company		2020.03.23	333,800	Fully paid \$307,430 based on the contract.	Ever Accord Construction Corp.	-	-	-	-	- NA	For production.	-
The Company		2021.05.28	697,000	Fully paid \$630,000 based on the contract.	SINO TACTFUL CO., LTD.	-	-	-	-	-	It was appraised by Baoyuan Real Estate Appraiser Firm.	For the necessity of the Company's future development.
The Company		2021.10.01	1,233,000	contract. Unpaid	Fu Tai Construction Co., Ltd.	-	-	-	-	- NA	For production.	-
The Company		2021.11.16	517,000	Unpaid	Jingwen Construction Engineering Steel Structure Co., Ltd.	-	-	-	-	- NA	For production.	-
Unimicron Technology (SuZhou) Corp.		2021.12.16	591,666	Fully paid \$59,167 based on the contract.	Suzhou AMC Technology Co., Ltd.	Other related parties	-	-	-	-	It was appraised by Suzhou Zhongan Real Estate Appraisal Co., Ltd..	For production.

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Unimicron Technology Corp.  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Year ended December 31, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)			Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance				
The Company	Unimicron (KS) Trading Limited	The Company's subsidiary	Sales	\$ 378,377	1%	3 months after monthly billings	\$ -	-	\$ 102,709		1%		
The Company	Unimicron (SZ) Trading Limited	The Company's subsidiary	Sales	139,618	0%	3 months after monthly billings	-	-	39,222		0%		
Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	Same parent company	Sales	142,885	1%	3 months after monthly billings	-	-	10,486		0%		
Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	Same parent company	Sales	4,778,316	27%	3 months after monthly billings	-	-	1,219,492		30%		
Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	Same parent company		347,810	2%	3 months after monthly billings	-	-	247,159		6%		
Unimicron Technology (Huangshi) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	255,041	5%	3 months after monthly billings	-	-	159,937		9%		
Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	Same parent company	Sales	3,896,836	80%	3 months after monthly billings	-	-	1,426,083		82%		
Unimicron Technology (Huangshi) Corp.	UniGreat Holding Limited	Same parent company	Sales	185,765	4%	3 months after monthly billings	-	-	65,413		4%		
Unifley Technology (KunShan) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	916,238	19%	3 months after monthly billings	-	-	119,417		7%		
Unifley Technology (KunShan) Corp.	Best Option Investments Limited	Same parent company	Sales	593,060	12%	3 months after monthly billings	-	-	313,999		18%		
Unimicron Technology (ShenZhen) Corp.	NEOCONIX, INC.	Same parent company	Sales	443,850	13%	3 months after monthly billings	-	-	79,774		11%		
Unimicron Technology (ShenZhen) Corp.	Unimicron (SZ) Trading Limited	Same parent company	Sales	568,673	17%	3 months after monthly billings	-	-	135,126		18%		
Unimicron Technology (SuZhou) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	413,390	4%	3 months after monthly billings	-	-	49,060		2%		
Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	Same parent company	Sales	6,033,096	60%	3 months after monthly billings	-	-	1,913,407		66%		
Qun Hong Technology Inc.	The Company	Ultimate parent company	Sales	409,245	10%	3 months after monthly billings	-	-	39,082		5%		
Apm Communication, Inc.	The Company	Ultimate parent company	Sales	246,734	95%	3 months after monthly billings	-	-	94,818		100%		

## Unimicron Technology Corp.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)			Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance				
Unimicron (KS) Trading Limited	The Company	Ultimate parent company	Sales	\$ 2,912,504	25%	3 months after monthly billings	\$ -	-	\$ 669,401	22%			
Unimicron (SZ) Trading Limited	The Company	Ultimate parent company	Sales	561,312	28%	3 months after monthly billings	-	-	134,011	53%			
Unimicron Holding Limited	The Company	Ultimate parent company	Sales	2,283,507	38%	3 months after monthly billings	-	-	660,105	59%			
UniGreat Holding Limited	The Company	Ultimate parent company	Sales	187,487	1%	3 months after monthly billings	-	-	63,891	55%			
Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	6,572,200	57%	3 months after monthly billings	-	-	1,219,492	36%			
Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	Sales	231,584	11%	3 months after monthly billings	-	-	136,790	54%			
The Company	Unipoint Technology Co., Ltd.	The Company's investee	Processing expense	( 135,119)	(0%)	3 months after monthly billings	-	-	( 70,446)	1%			
The Company	Advance Materials Corp.	The Company's investee	Purchase and processing expense	( 151,013)	(0%)	3 months after monthly billings	-	-	( 37,886)	0%			

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity paid-in capital shall be replaced by 10% of equity

Note 4: These transactions are shown in revenue, and related transactions were no longer disclosed.

## Unimicron Technology Corp.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			\$	Amount		Action taken			
The Company	Unimicron (KS) Trading Limited	The Company's subsidiary	\$ 102,709	3.12	\$ -	-	\$ 8,295	\$ -	-
Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	Same parent company	1,219,492	4.27	-	-	-	356,577	-
Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	Same parent company	247,159	1.86	-	-	-	-	-
Unimicron Technology (Huangshi) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	159,937	1.70	-	-	-	59,934	-
Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	Same parent company	1,426,083	3.20	-	-	-	344,532	-
Unifley Technology (KunShan) Inc.	Unimicron Technology (KunShan) Corp.	Same parent company	119,417	7.93	-	-	-	90,927	-
Unifley Technology (KunShan) Inc.	Best Option Investments Limited	Same parent company	313,999	2.10	-	-	-	-	-
Unimicron Technology (ShenZhen) Corp.	Unimicron (SZ) Trading Limited	Same parent company	135,126	7.58	-	-	-	47,228	-
Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	Same parent company	1,913,407	4.13	-	-	-	555,608	-
Unimicron (KS) Trading Limited	The Company	Ultimate parent company	669,401	4.72	-	-	-	189,386	-
Unimicron (SZ) Trading Limited	The Company	Ultimate parent company	134,011	8.31	-	-	-	47,228	-
Unimicron Holding Limited	The Company	Ultimate parent company	660,105	5.02	-	-	-	209,116	-
Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	Same parent company	1,219,492	4.41	-	-	-	576,216	-
Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	136,790	1.07	-	-	-	6,916	-
The Company	3D Circuit Taiwan Company Ltd.	Investee accounted for using equity method	156,564	Note 3	156,564	Note 4	-	-	156,564
The Company	Unimicron Technology (Huangshi) Corp.	The Company's subsidiary	1,106,800	Note 2	-	-	-	-	-
The Company	Smart Idea Holdings Limited	The Company's subsidiary	2,038,124	Note 2	-	-	-	-	-
The Company	Unimicron Germany GmbH	The Company's subsidiary	1,589,048	Note 2	-	-	-	-	-
The Company	Unimicron Holding Limited	The Company's subsidiary	426,995	Note 2	-	-	-	-	-
The Company	Unimicron JAPAN Co., Ltd.	The Company's subsidiary	822,852	Note 2	-	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
The Company	UniGreat Holding Limited	The Company's subsidiary	169,431		Note 2	-	-	2,625	-
Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	Same parent company	1,050,994		Note 2	-	-	10,224	-
Unimicron Technology (KunShan) Corp.	Unifley Technology (KunShan) Inc.	Same parent company	455,126		Note 2	-	-	-	-
Unimicron Technology (KunShan) Corp.	Kunshan Dingchangxin Electronic Technology Co., Ltd.	Same parent company	174,641		Note 2	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Primarily other receivables arising from financing and payments made on behalf of other parties, therefore calculation of turnover rate is not needed.

Note 3: No sales were made to the company for the year.

Note 4: The company has declared bankruptcy. Allowance for doubtful accounts equal to the full amount of the receivables due from this company has been recorded.

Unimicron Technology Corp.  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2021

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 5)			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	3	Accounts receivable	\$ 1,219,492	Available for the third party	1%
2	Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	3	Accounts receivable	1,426,083	Available for the third party	1%
3	Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	3	Accounts receivable	1,913,407	Available for the third party	1%
4	Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	3	Accounts receivable	1,219,492	Available for the third party	1%
5	The Company	Smart Idea Holdings Limited	1	Other receivables	2,038,124	Available for the third party	1%
6	The Company	Unimicron Germany GmbH	1	Other receivables	1,589,048	Available for the third party	1%
7	The Company	Unimicron Technology (Huangshi) Corp.	1	Other receivables	1,106,800	Available for the third party	1%
8	Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	3	Other receivables	1,050,994	Available for the third party	1%
9	Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	3	Sales	4,778,316	Available for the third party	5%
10	Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	3	Sales	3,896,836	Available for the third party	4%
11	Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	3	Sales	6,033,096	Available for the third party	6%
12	Unimicron (KS) Trading Limited	The Company	2	Sales	2,912,504	Available for the third party	3%
13	Unimicron Holding Limited	The Company	2	Sales	2,283,507	Available for the third party	2%
14	Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	3	Sales	6,572,200	Available for the third party	6%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transactions not exceeding \$1 billion are not disclosed. Those transactions are shown in assets and revenue. Relative related are not disclosed.

## Unimicron Technology Corp.

## Information on investees

Year ended December 31, 2021

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investment

income (loss)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December	Company for the year ended December
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership ( Note 4)	Book value ( Note 2(2))		
The Company	Subtron Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	\$ 1,333,548	\$ 1,333,548	90,613,516	30.62%	\$ 1,493,665	\$ 593,860	\$ 184,559
The Company	Hsin Yang Investment Corp.	Taiwan	Holding company	3,423,689	3,414,878	197,568,290	100.00%	1,058,140	( 35,931)	( 35,733)
The Company	Advance Materials Corp.	Taiwan	Manufacture and sale of electronic parts	198,962	198,962	19,175,303	17.17%	222,919	20,479	2,212
The Company	Asia Pacific Microsystems, Inc.	Taiwan	Manufacture and sale of electronic parts	982,156	982,156	29,476,572	62.78%	294,288	( 2,944)	( 12,665)
The Company	Hemingway Int'l Limited	BVI	Holding company	6,118,151	6,118,151	187,988,866	100.00%	7,891,046	374,076	374,076
The Company	UMTC Holdings Limited	BVI	Holding company	6,199,051	5,695,851	156,855,915	100.00%	4,264,319	( 77,046)	( 77,046)
The Company	3D Circuit Taiwan Company Ltd.	Taiwan	Manufacture and sale of electronic parts	220,833	220,833	10,416,962	42.83% ( 74,899)	-	-	-
The Company	UniBest Holding Limited.	Samoa	Holding company	2,713,632	1,902,194	93,550,000	100.00%	2,424,964	( 187,882)	( 187,882)
The Company	Uniflex Technology Inc.	Taiwan	Manufacture and sale of electronic parts	342,385	342,385	15,586,822	9.98%	106,160	( 84,907)	( 8,474)
The Company	NEOCONIX, INC.	USA	Design and manufacture of connector	118,963	118,963	865,526,530	92.00%	50,073	108,953	100,206
The Company	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	107,959	107,959	4,657,650	49.57%	36,022	40,415	20,300
The Company	UniFresh, Inc.	Taiwan	Food and restaurants	26,000	26,000	2,600,000	24.42%	13,634	11,469	2,734

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021				Investment income (loss)	
						Balance as at December 31,		Number of shares	Ownership ( Note 4 )	Book value ( Note 2(2) )	Net profit (loss) of the investee for the year ended December
				2021	2020	2021	2020				
The Company	HK3D-Circuit Ltd.	Hong Kong	Manufacture and sale of electronic parts	\$ 31,170	\$ 31,170	7,750,000	18.61%	\$ -	\$ -	\$ -	-
The Company	Yih Dar Technologies Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	40,000	40,000	4,000,000	26.67%	-	-	-	-
The Company	Qun Hong Technology Inc.	Taiwan	Manufacture and sale of electronic parts	2,435,152	2,435,152	153,653,543	91.41%	646,737	( 1,088,502 )	( 993,595 )	
The Company	Unidisplay Holding Corp.	Samoa	Holding company	342,372	342,372	11,790,000	100.00%	11,549	4,049	3,605	
The Company	PAVIDA Trading Limited	Samoa	Holding company and trading	4,406	4,406	139,818	17.27%	3,380	1,823	315	
Hsin Yang Investment Corp.	UniFresh, Inc.	Taiwan	Food and restaurants	80,480	80,480	8,048,000	75.58%	47,186	11,469	8,464	
Hsin Yang Investment Corp.	UniSense Technology Co. Ltd.	Taiwan	Manufacture and sale of electronic parts	48,231	48,231	4,823,074	30.98%	72,498	13,036	5,016	
Hsin Yang Investment Corp.	Asia Pacific Microsystems, Inc.	Taiwan	Manufacture and sale of electronic parts	355,496	355,496	1,952,861	4.16%	20,827	( 2,944 )	( 122 )	
Hsin Yang Investment Corp.	Advance Materials Corp.	Taiwan	Manufacture and sale of electronic parts	95,935	95,935	7,781,675	6.97%	81,940	20,479	898	
Hsin Yang Investment Corp.	Subtron Technology Co., Ltd	Taiwan	Manufacture and sale of electronic parts	9,934	9,934	4,620,710	1.56%	72,833	593,860	9,407	
Hsin Yang Investment Corp.	Unimax C.P.I Technology Corp.	Mauritius	Holding company	112,326	112,326	2,304,000	23.79%	16,911	467	139	
Hsin Yang Investment Corp.	3D Circuit Taiwan Company Ltd.	Taiwan	Manufacture and sale of electronic parts	18,360	18,360	612,000	2.52% ( 4,669 )	-	-	-	
Hsin Yang Investment Corp.	Unipoint Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	190,037	190,037	19,003,703	38.24%	258,756	18,439	6,993	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Investment income (loss)		
									Net profit (loss) recognized by the of the investee	Company for the year ended December	
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value (Note 4)	31, 2021 (Note 2(2))	31, 2021 (Note 2(3))	Footnote
Hsin Yang Investment Corp.	Uniflex Technology Inc.	Taiwan	Manufacture and sale of electronic parts	\$ 502,294	\$ 502,294	25,307,736	16.21%	\$ 228,498	(\$ 84,907)	(\$ 13,763)	
Hsin Yang Investment Corp.	Unidisplay Trading Corp.	Samoa	Trading	859,190	859,190	41,666,666	76.50%	3,413	( 29,460)	( 22,537)	
Hsin Yang Investment Corp.	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	58,337	58,337	168,801	1.80%	333	40,415	727	
Hsin Yang Investment Corp.	Qun Hong Technology Inc.	Taiwan	Manufacture and sale of electronic parts	110,863	110,863	5,947,153	3.54%	26,352	( 1,088,502)	( 38,533)	
UniFresh, Inc.	UniCuisine, Inc.	Taiwan	Sales and manufacture of food	81,622	81,622	1,398,507	69.97%	23,456	14,819	10,186	
APM communication, Inc.	PAVIDA Trading Limited	Samoa	Holding company and trading	20,832	20,832	670,000	82.73%	16,189	1,823	1,508	
Asia Pacific Microsystems, Inc.	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	332,259	332,259	2,911,867	30.99%	19,166	40,415	12,525	
Hemingway Int'l Limited	Plato Electronics (Cayman) Limited	Cayman	Holding company	1,467,681	1,926,000	27,989,612	72.02%	1,259,611	46,798	33,704	
Hemingway Int'l Limited	Smart Idea Holdings Limited	Cayman	Holding company	888,787	888,787	30,000,000	42.10%	3,636,341	( 240,118)	( 85,954)	
Hemingway Int'l Limited	Best Option Investments Limited	Samoa	Holding company	3,415,024	2,944,634	644,263,312	21.89%	127,634	( 670,055)	( 145,469)	
Hemingway Int'l Limited	Unimicron Holding Limited	Samoa	Holding company	1,719,360	1,719,360	53,151,515	32.28%	2,830,549	1,753,212	586,975	
Hemingway Int'l Limited	UniSmart Holding Limited	Samoa	Holding company	174,124	174,124	5,099,086	15.55%	19,354	( 50,456)	( 7,846)	
UMTC Holdings Limited	Plato Electronics (Cayman) Limited	Cayman	Holding company	216,114	289,378	4,474,259	11.51%	108,925	46,798	5,386	
UMTC Holdings Limited	Smart Idea Holdings Limited	Cayman	Holding company	629,580	629,580	20,761,904	29.13%	2,489,881	( 240,118)	( 59,474)	
UMTC Holdings Limited	Best Option Investments Limited	Samoa	Holding company	1,232,586	1,149,576	42,195,000	1.44%	14,553	( 670,055)	( 9,180)	
UMTC Holdings Limited	Unimicron Holding Limited	Samoa	Holding company	1,210,064	1,210,064	40,400,000	24.54%	2,085,945	1,753,212	446,192	
UMTC Holdings Limited	UniSmart Holding Limited	Samoa	Holding company	703,420	703,420	21,286,112	64.93%	28,612	( 50,456)	( 32,761)	
UMTC Holdings Limited	UniClover Holding Limited	Cayman	Holding company	-	1,113,854	-	-	-	( 103,487)	( 103,487)	Note 4
UMTC Holdings Limited	Unimicron JAPAN Co., Ltd. (Formerly: Clover Electronics Co., Ltd)	Japan	Manufacture and sale of electronic parts	503,200	-	35,130	100.00%	527,147)	( 424,083)	( 321,442)	Note 4
Plato Electronics (Cayman) Limited	Unimicron(SZ) Trading Ltd.	Samoa	Trading	202,525	202,525	6,500,000	100.00% (	19,005)	61,171	61,171	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Investment income (loss)	
									Net profit (loss) recognized by the of the investee	Company for the year ended December
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership	Book value (Note 4)	31, 2021 (Note 2(2))	31, 2021 (Note 2(3))
Smart Idea Holdings Limited	UniGreat Holding Limited	Samoa	Holding company	\$ 1,407,974	\$ 1,407,974	45,900,050	100.00%	\$ 757,079	(\$ 120,094)	(\$ 120,094)
Smart Idea Holdings Limited	UniRuwel Holding Limited	Cayman	Holding company	1,049,300	1,049,300	35,000,000	100.00%	428,039	( 413,371)	( 413,371)
Smart Idea Holdings Limited	Unimicron (KS)Trading Ltd.	Samoa	Trading	582,000	582,000	20,000,001	100.00%	8,109	( 36,322)	( 36,322)
UniSmart Holding Limited	MARUWA CORPORATION	Japan	Manufacture and sales of flexible Print	118,482	118,482	3,900	45.88% (	51,631)	-	-
UniRuwel Holding Limited	Unimicron Germany GmbH	Germany	Manufacture and sale of electronic parts	917,473	917,473	25,000	100.00%	425,407	( 413,588)	( 413,588)
UniClover Holding Limited	Unimicron JAPAN Co., Ltd. (Formerly: Clover Electronics Co., Ltd)	Japan	Manufacture and sale of electronic parts	-	912,440	-	-	-	( 424,083)	( 103,487)
Unidisplay Holding Corp.	Unidisplay Trading Corp.	Samoa	Trading	335,776	335,776	11,800,000	21.66%	966	( 29,460)	( 6,381)
UniBest Holding Limited	Unimicron Holding Limited	Samoa	Holding company	1,377,245	1,125,644	36,282,468	22.04%	1,889,391	1,753,212	335,565
UniBest Holding Limited	Best Option Investments Limited	Samoa	Holding company	1,132,402	573,200	2,256,363,910	76.67%	541,006	( 670,055)	( 513,530)
UniBest Holding Limited	UniSmart Holding Limited	Samoa	Holding company	185,165	185,165	6,400,000	19.52% (	6,011)	( 50,456)	( 9,849)

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Unrealized gains and losses have not been excluded.

Note 4: UniClover Holding Limited was liquidated on March 18, 2021. After the liquidation, Unimicron JAPAN Co., Ltd. was directly held by UMTC Holdings Limited.

In addition, the original investment amount of UniClover Holding Limited. in Unimicron JAPAN Co., Ltd. was \$912,440.

Unimicron Technology Corp.

Information on investments in Mainland China

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Amount remitted from Taiwan to Mainland China/						Ownership held by the Company (direct or indirect)	Investment income (loss) recognized	Accumulated by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment remitted back to Taiwan as of December 31, 2021					
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021											
					Remitted to Mainland China	Remitted back to Taiwan													
Unimicron Technology (ShenZhen) Corp.	Manufacture and sale of electronic parts	\$ 3,050,860	Plato-Cayman	\$ 1,484,856	\$ -	\$ -	\$ 1,484,856	(\$ 14,430)	83.53	(\$ 12,072)	\$ 1,303,790	\$ -	-	-					
Unimicron Technology (KunShan) Corp.	Manufacture and sale of electronic parts	2,369,600	SI	1,372,769	-	-	1,372,769	400,751	71.23	284,028	6,682,074	-	-	-					
Unifley Technology (KunShan) Inc.	Manufacture and sale of electronic parts	5,646,772	BO	4,640,911	555,640	-	5,196,551	( 572,554)	100.00	( 572,554)	534,051	-	-	-					
Unimicron Technology (SuZhou) Corp.	Manufacture and sale of electronic parts	4,971,298	UHL	1,837,430	-	-	1,837,430	2,025,042	78.86	1,596,948	7,504,339	-	-	-					
Suzhou AMC Technology Co., Ltd.	Manufacture and sale of electronic parts	1,263,293	AMCHOLDING LIMITED	192,869	-	-	192,869	( 7,780)	6.38	-	32,567	-	-	-					
Unipoint Technology (KunShan) Corp.	Manufacture and sale of electronic parts	35,544	UMT Technology Corp.	6,813	-	-	6,813	-	19.01	-	-	-	-	-					
Unimicron Touch (ShenZhen) Corp.	Manufacture and sale of electronic parts	-	UniDT	1,159,920	-	-	1,159,920	( 28,334)	-	( 27,814)	-	-	-	Note 6					
Kunshan 3D Circuit Technology Co., Ltd.	Manufacture and sale of electronic parts	125,925	HK3D-Circuit Ltd.	31,170	-	-	31,170	-	18.61	-	( 12,015)	-	-	-					
Unimicron Technology (Huangshi) Corp.	Manufacture and sale of electronic parts	4,672,240	UniGreat and Unimicron Management (KunShan)	-	-	-	-	( 200,929)	71.23	( 143,122)	2,242,679	-	-	-					
Unimicron Management (KunShan) Corp., Ltd.	Business management consulting and property management	3,515,397	Unimicron Technology (KunShan)	-	-	-	-	( 158,448)	71.23	( 112,862)	2,032,434	-	-	-					

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Amount remitted from Taiwan to Mainland China/						Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment of investment referred back to Taiwan as of December 31, 2021				
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021									
					Remitted to Mainland China	Remitted back to Taiwan											
Unimicron-Carrier Technology (Huangshi) Inc.	Manufacture and sale of electronic parts	\$ 1,319,658	UHL and Unimicron Technology (SuZhou)	\$ 87,954	\$ 251,601	\$ -	\$ 339,555	\$ 7,707	78.86	\$ 6,078	\$ 1,033,144	\$ -	-				
Hu Se Sn Li Managememnet Corp., Ltd.	Business management consulting	702,068	Unimicron Management (KunShan) PAVIDA	-	-	-	-	( 17,907 )	71.23	( 12,755 )	454,172	-	-				
Gobo Lighting Technology Ltd.	Manufacture and sale of lighting products	38,943	SI	17,914	-	-	17,914	4,060	35.39	1,891	18,203	-	-				
Kunshan Dingchangxin Electronic Technology Co., Ltd.	Manufacture and sale of electronic parts	-	SI	-	-	-	-	( 3,906 )	71.23	( 2,768 )	( 2,785 )	-	-				
Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021				Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs	MOEA	MOEA										
Company name	( Note 4 )	( MOEA )															
The Company	\$ 11,825,117	\$ 13,415,914	\$ -														

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others : Investment in Mainland Chinese company through an investment company in the same region

Note 2: Investment income (loss) recognized for the year in accordance with the financial statements audited and attested by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Subsequent investments in Mainland China with disposal proceeds of other investments in Mainland China are included in ceiling on investments in Mainland China not remitted back to Taiwan.

Note 5: On November 11, 2020, the Company received an approval letter issued by the Industrial Development Bureau of the Ministry of Economic Affairs, effective from November 5, 2020 to November 4, 2023. Hence, calculation of investment limit is not needed.

Note 6: Unimicron Touch (ShenZhen) Corp. was liquidated in January 2022.

Unimicron Technology Corp.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2021		Balance at December 31, 2021		Purpose	Maximum balance during the year ended December 31,		Interest rate 2021	Interest during the year ended December 31,	
										2021	2021		2021	Others
Unimicron Technology (ShenZhen) Corp.	\$ 139,618	0%	\$ -	-	\$ 39,222	0%	\$ 553,400		Borrowings	\$ 213,600	\$ -	-	\$ -	-
Unimicron Technology (ShenZhen) Corp.	( 561,312)	2%	-	-	( 134,011)	2%	-	-		-	-	-	-	-
Unimicron Technology (KunShan) Corp.	378,392	1%	-	-	131,178	1%	691,750		Borrowings	-	-	-	-	-
Unimicron Technology (KunShan) Corp.	( 2,912,504)	11%	-	-	( 669,401)	8%	-	-		-	-	-	-	-
Unifley Technology (KunShan) Inc.	-	-	-	-	-	-	3,458,750		Borrowings	1,730,356	276,700	-	14,432	
Unimicron Technology (SuZhou) Corp.	60,378	0%	-	-	40,627	0%	1,936,900		Borrowings	-	-	-	-	-
Unimicron Technology (SuZhou) Corp.	( 2,289,959)	8%	-	-	( 660,105)	8%	-	-		-	-	-	-	-
Unimicron Technology (Huangshi) Corp.	( 187,487)	1%	-	-	( 63,891)	1%	2,075,250		Borrowings	1,677,000	1,106,800	1.20%~1.30%	12,090	
Unimicron -Carrier Technology (Huangshi) Inc.	-	-	-	-	-	-	830,100		Borrowings	-	-	-	-	-

Note 1: The transactions between the Company and Unimicron Technology (ShenZhen) Corp., Unimicron Technology (KunShan) Corp., Unifley Technology (KunShan) Inc., Unimicron Technology (SuZhou) Corp., Unimicron Technology (HuangShi) Corp and Unimicron -Carrier Technology (Huangshi) Inc. are through the indirect investee companies of the Company - Unimicron (SZ) Trading Limited, Unimicron (KS) Trading Limited, Best Option Investments Limited, Unimicron Holding Limited, UniGreat Holding Limited and Unimicron Holding Limited, respectively.

Unimicron Technology Corp.  
Information on Major Shareholders  
December 31, 2021

Table 12

Name of Major Shareholders	Shares	
	Number of Shares	Ownership (%)
United Microelectronics Corp.	196,136,008	13.29%
Mandated Fubon Asset Management Account For 2021 First Investment of Labor Pension Fund (New Scheme)	85,287,500	5.78%