Stock Code: 3105

WIN Semiconductors Corp.

2021 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw
WIN's website: http://www.winfoundry.com
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IR Contact

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Title: Associate Vice President of Finance Division

Deputy Spokesperson: Lilith Wu / Derek Chen

Title: Finance Manager / Finance Specialist

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Headquarters and Fabrication Facilities

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Tel: 886-3-397-5999

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Company Website: http://www.winfoundry.com

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I. LETTER TO SHAREHOLDERS

Dear Shareholders,

2021 ended with COVID-19 still running rampant worldwide. We have occasionally heard about factories in the industry that have encountered suspension of production, chip shortage, backlog at ports, and price hikes over the past year. Coupled with the impact of a trade ban on a customer at the end of the previous year, it is truly an accomplishment for WIN Semi to achieve record high revenue in 2021 despite the many severe challenges.

For the full year of 2021, we seized the opportunity to be a key beneficiary amidst the reshuffling of China's smartphone market, by leveraging our strength of advanced technology, excellent production yield, and industry-leading production capacity. This was our most outstanding growth driver last year. In addition, while the die size shrink of the new generation 3D sensing chips for US-based smartphones caused the market to be cautious about the overall shipments for wafers, our 3D sensing revenue actually increased year-on-year given the increased difficulty of wafer production technology, making it another key growth driver for us last year. This demonstrated that our strategy of focusing on technology leadership and customer diversification has served us well, allowing us to continue to outperform despite volatility and uncertainties in the market. Looking ahead to the upcoming new year, while the COVID-19 pandemic continues to impact the world, the global 5G network infrastructure is still incomplete, and the penetration rate of 5G smartphones still has huge room to grow. However, the long-term development of the Internet of Things, AI and big data, and the evolution from AR and VR to XR and Metaverse, all require the characteristics of broadband, high-speed transmission and low-latency for 5G networks. Thus, we continue to be optimistic about the development of 5G in the next few years, as well as the construction of satellite communication infrastructure. In addition, our technologies in optical communication and optical sensing are becoming more mature, as we continue to accumulate more experience, which also helps to attract more potential customers. As a result, we continue to invest in R&D resources and cooperate with customers closely, aiming to become a pioneer of the next new application.

In addition to driving operational excellence, we also prioritize corporate sustainability and corporate governance. For the 2021 Corporate Governance Evaluation Survey by TWSE, we not only have been ranked top 5% among TPEx-listed companies for seven consecutive years, but also ranked top 10% among all TWSE and TPEx-listed companies in the electronics industry with a market value of over NT$10 billion. In addition, we were also the winner of the 14th TCSA "Sustainability Report - Platinum Award." Internationally, we have been selected to join the DJSI World Index for the second year since 2020. As ESG continues to grow in importance globally, it is encouraging for us to be included in DJSI again, along with other global leading semiconductor companies, and gain recognition for our efforts in corporate governance and sustainability. 2021 operating results and 2022 outlook are reported as follow: 2021 operating results and 2022 outlook are reported as follows:

A. Operating Performance in 2021

- **Operating Performance**

The Company's 2021 consolidated revenues totaled NT$26,182,376 thousand, representing an increase of 2.49% compared to the year 2020. 2021 net profit attributable to owners of parent was NT$5,454,962 thousand, representing a decrease of 16.45% compared to the prior year, and EPS for 2021 was NT$12.9.

- **Analysis of Receipts, Expenditures, and Profitability**

Unit: NT$ thousand; %

Items			2021 (Consolidated)	2020 (Consolidated)
Interest Income & Interest Expense	Interest Income		37,752	29,425
	Interest Expense		309,380	92,964
Profitability	Return on Total Assets (%)		8.42	13.51
	Return on Equity (%)		15.81	20.49
	Ratio to Issued Capital (%)	Operating Income	151.50	183.52
		Pre-tax Income	150.95	188.71
	Profit Ratio (%)		19.90	25.32
	Earnings per Share (NT$ dollars)		12.90	15.45

- **Budget Implementation**

The Company is not required to make public its 2021 financial forecast information; however, the Board of Directors approved the budget plan and the overall operating plan is in good condition.

- **Research and Development Status**

WIN Semi. has developed applications spanning low frequency to high frequency from mobile phones to SATCOM and VSAT, and further entered the field of optical communications and light sensor components, covering transmission, reception, short wavelength, and long wavelength, expanding one step at a time to become the leader in the foundry industry. This was made possible through consistent investment of considerable R&D resources to provide customers with the most advanced process technologies and helping customers gain an advantage and increase their market share through these leading technologies and performance. In the development of advanced compound semiconductor materials in recent years, WIN Semi. continued to optimize process technologies for GaN applications in 5G infrastructure, and has accelerated the development of the process technologies for InP in optical communications and optical sensing components.

For the long term research and development deployment and nurturing talents, on November 2021, WIN and National Yang Ming Chiao Tung University (NYCU) entered into a cooperation agreement for establishment of the NYCU-WIN Joint Technology Innovation Center. In addition, WIN together with 15 companies invested in National Cheng Kung University to establish the Academy of Innovative Semiconductor and Sustainable Manufacturing. In the future, the parties will combine their advantages and resources to form a first-tier R&D team, focusing on development of compound semiconductor materials and devices related to wireless communication and optoelectronic application, and most importantly, fostering of future top-notch talents desperately needed by the industry. The research and development results of these projects will be brought into B5G (post 5G), 6G, next-generation ultra-high frequency (THz) communication and optical sensing components to meet demands ranging from mobile phones, autonomous cars, data centers to satellite communication, in the hope of supporting Taiwan’s compound semiconductor supply chain to establish an irreplaceable market position in the world.

B. Business Plan in 2022

After one year of planning and implementing for the capacity expansion, the first floor clean room expansion of Fab C will be completed in the first half of 2022, and we will install equipment immediately after that. The new capacity is expected to come online in the second half of the year to meet the demand for the stronger season. In addition, for the new Luzhu fab in the Southern Taiwan Science Park in Kaohsiung, after its groundbreaking in the middle of last year, the construction of the new fab is a key focus for this year, and the goal is to complete the construction of clean room in the middle of 2023 and enter mass production before the end of 2024 to prepare in advance for customers long-term future demand.

C. Development Strategy

WIN Semi continues to pay attention to the developments of the industry’s long-term growth momentum. According to the analysis of a research institute, the penetration of 5G smartphones will increase from 40% in the previous year to 50% in 2022. Besides increasing demand on cellular PA, countries also have relatively higher requirements on the density of 5G network. In addition, in order to meet the requirements of AI, IoT, and big data, upgrading Wi-Fi to Wi-Fi 6 and Wi-Fi 6E has become the top priority, and WIN Semi is actively developing technologies needed for Wi-Fi 7 in the future. Moreover, Low-Earth orbit satellites that allow seamless Internet access from land, air, and sea is the most crucial application among the development strategies for microwave applications in WIN Semi. As for optoelectronics applications, WIN Semi utilized its leading VCSEL manufacturing technologies and quality to further expanded the applications to proximity sensor and in-cabinet sensing for automobiles and the processes technologies of InP that we have been developing for years, the applications include receptors and other laser components. We are also actively developing LiDAR applications with potential customers.

D. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

The world has been living in the shadows of COVID-19 and geopolitical tensions in recent years, which have caused uncertainties to supply and demand in the industry. Material and labor shortage and rising costs are issues that companies must face every single day. While facing these challenges and external competition, WIN Semi insists on complying with the law, implementing corporate governance, caring for society, the environment, and stakeholders and pursuing sustainable development.

Chin-Tsai Chen	*Kuo-Hua Chen*	*Linna Su*
Chairman	*CEO*	*Accounting Officer*

II. COMPANY PROFILE

2.1. Date of Incorporation

WIN Semiconductors Corp. was founded in October 16, 1999.

2.2. Company History

Year	Month	Milestone
1999	Oct.	WIN Semiconductors Corp. incorporated in Taiwan
	Dec.	Ground breaking ceremony for corporate office & Fab-A
2000	Jul.	Facility construction completed
	Sep.	Process equipment installation completed, process qualification initiated, and HBT preliminary design kit available
	Nov.	Completed production of the first 6-inch GaAs HBT MMIC wafer and pHEMT wafer in Asia
2001	Jan.	WIN Semiconductors Corp. initiated pre-initial public offering (pre-IPO)
	Mar.	Presented the first 6-inch 0.15μm GaAs pHEMT MMIC wafer in the world
	Apr.	pHEMT preliminary design kit available
	May	Produced the first 6-inch pHEMT MMIC wafer with 2-mil substrate in the world
	May	Granted by Economy Ministry for R&D Project
	Jun.	Presented 6-inch GaAs 2μm HBT MMIC wafer
	Sep.	Pass QS-9000 & ISO9001 certification, creating a new quality certification record of III-V semiconductor industry
	Nov.	Began foundry production for 0.15μm pHEMT
2002	May	World's first 0.15μm mHEMT wafer on 6-inch GaAs
	Jun.	Production release of 2μm HBT
	Jun.	Demonstrated the first 6-inch pHEMT wafer with 1-mil substrate in the world
	Jun.	The first 0.5μm switch pHEMT wafer for customer
	Oct.	Foundry production of 0.5μm power pHEMT
	Nov.	Production released 1μm HBT
	Nov.	Pilot run release 0.15μm power pHEMT with 2-mil substrate
	Nov.	The first & largest pure-play GaAs wafer foundry service provider to pass ISO14001 & OHSAS18001 certification
2003	Jan.	Foundry production of customer specific 3μm HBT started
	Feb.	The first 0.15μm mHEMT wafer for customer
	Dec.	Shipped more than 1.5 million WLAN PAs in a single month
2004	Feb.	Baseline release of 2μm high ruggedness HBT
	Sep.	Pilot run of 0.5μm 35V pHEMT for CATV
2005	May.	Successfully developed HBT process for high efficiency, high performance 2G/3G cellphone application

Year	Month	Milestone
2007	Apr.	Acquired Fab-B's land and factory
	Apr.	Established MMIC and Optoelectronic business units, lead by PhD Yu-Chi Wang and PhD Wen-Ming Chang respectively
	Dec.	Started making profit annually (EPS: NT$0.79)
2008	May	Successfully developed 0.25μm pHEMT MMIC wafer process
	Jun.	Skyworks Solution announced WIN as their official GaAs foundry
	Oct.	The first pilot run of HBT GaAs wafer in Fab-B
2009	Apr.	Fab-B mass production
	Jul.	Successfully developed BiHEMT process to integrates both of HBT and pHEMT processes
	Oct.	Initial public offering
	Oct.	Announced strategic partnership with Anadigics
2010	Apr.	Acquired Fab-B second phase land and factory
	May	Start the second phase expansion of Fab-B
	Nov.	Passed ISO/TS 16949 certification
	Dec.	Developed high performance application for multiphase and multisystem cellphone switch process
	Dec.	Successfully developed the first 6-inch 0.1μm MMIC wafer in the world
2011	May.	Morgan Stanley Capital International enlists WIN Semiconductors Corp. in MSCI Index
	Oct.	Taipei Exchange (TPEx) awarded Contribution Excellence Golden Laurel Award to WIN Semiconductors Corp.
	Nov.	Awarded the best supplier award from M/A COM Technology Solutions
	Dec.	Stock was offered publically in TPEx
	Dec.	Annual revenue broke NT$10 billion record
2012	Oct.	WIN participates Seasoned Equity Offering and offers Global Depositary Receipts
	Dec.	Granted 2012 Best Supplier Award by muRata, a publicly traded company in Japan
	Dec.	Awarded 2012 Best Technology Partner by Inphi, a publicly traded company in US
	Dec.	Became one of the world's top 12 foundries, and only one manufacturing GaAs products with 62.4% pure-play foundry service market share
2013	Dec.	Won 3rd National Industrial Innovation Award, Outstanding Enterprise Innovation Award category
2014	Feb.	Won 2nd Taiwan Mittelstand Award
2015	Apr.	WIN got the top 5% in Y2014 Corporate Governance Evaluation on TPEx-listed companies

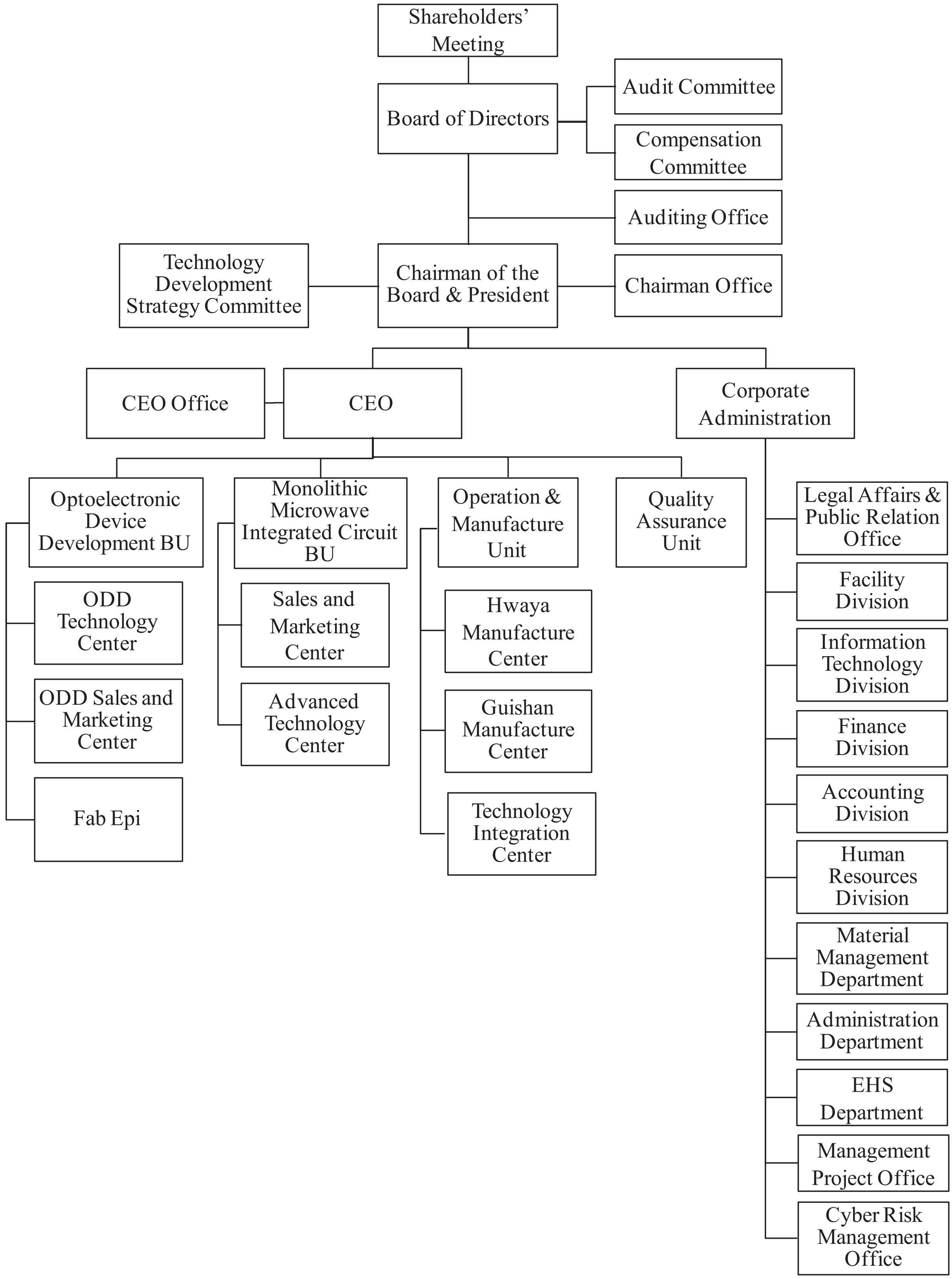
Year	Month	Milestone
2015	Jul.	To improve the capital structure and enhance return on equity, WIN conducted a 20% capital reduction by distributing cash to shareholders
	Dec.	Surpassed 1,000,000 wafers shipped
2016	Jan.	Fab-C completed the facility construction
	Mar.	WIN attended the 2016 Optical Fiber Conference and launched foundry services for optical device manufacturing
	Apr.	Fab-C formally announced for mass production
	Apr.	WIN got the top 5% in Y2015 Corporate Governance Evaluation on TPEx-listed companies
	Aug.	To improve the capital structure and enhance return on equity, WIN conducted a 30% capital reduction by distributing cash to shareholders
	Sep.	WIN GaN technology project got A+ Industrial Innovative R&D Program of the MOEA
2017	Apr.	WIN got the top 5% in Y2016 Corporate Governance Evaluation on TPEx-listed companies
	July	Mass production for 6-inch VCSEL wafer (for Face ID)
	Oct.	WIN market value broke NT$100 billion record
	Nov.	Morgan Stanley Capital International enlists WIN Semiconductors Corp. in MSCI Global Standard Indexes
2018	Jan.	Pass AS9100 certification
	Feb.	Pass SONY Green Partner certification (WIN Fab-B)
	Apr.	WIN got the top 5% in Y2017 Corporate Governance Evaluation on TPEx-listed companies
2019	Apr.	WIN got the top 5% in Y2018 Corporate Governance Evaluation on TPEx-listed companies
2020	Feb.	Selected as Industry Mover for The Sustainability Yearbook 2020 published by S&P Global in collaboration with RobecoSAM
	Apr.	WIN got the Top 5% in Y2019 Corporate Governance Evaluation on TPEx-listed companies and Top 10% among listed electronics companies with market value of NT$10 billion or more
	Nov.	WIN got the SGS “CSR Awards”
	Nov.	WIN got the “Taiwan Corporate Sustainability Award”
	Nov.	WIN selected as a new constituent of DJSI World Index
2021	Apr.	WIN ranked in the top 5% among TPEx-listed companies in the 7th Corporate Governance Evaluation and top 10% among listed electronics companies with market value of NT$10 billion or more
	May	Passed ISO/IEC 27001:2013 certification
	Nov.	WIN won the 14th TCSA “Sustainability Report - Platinum Award”
	Nov.	WIN selected as DJSI World Index again

Year	Month	Milestone
2022	Apr.	WIN ranked in the top 5% among TPEx-listed companies in the 8th Corporate Governance Evaluation and top 11% ~20% among listed electronics companies with market value of NT$10 billion or more

III. CORPORATE GOVERNANCE REPORT

3.1. Organization

3.1.1. Organization Chart



3.1.2. Major Corporate Functions

Department	Functions
Chairman Office	Execute the projects instructed by the Chairman.
Technology Development Strategy Committee (TDSC)	1. Continuously lead the research of technology innovation and integration of diverse technologies to reach the goal of gaining advantage of integrated service. 2. Develop and retain key technical talents and facilitate recruitment strategy for talents. 3. Assist in outlining global strategies of technology and operation.
CEO Office	Assist CEO in improving management effectiveness including: 1. Business operation analysis, planning and execution. 2. Coordination and improvement of management system. 3. Integrate, develop, and improve efficiency of enterprise resources. 4. Introduction of management information system. 5. Implementation and planning of projects.
Auditing Office	1. Regularly and on an ad-hoc basis implementing auditing activities to ensure the operation performance and progress of improvement in different business operation aspects; supervising and reviewing the self-inspection reports prepared by all departments and subsidiaries. 2. Submitting the audit reports, findings of deficiencies of the internal control system and follow up on the correction of any defects and irregularities to the independent directors. 3. Attending and presenting audit reports to the Board of Directors and the Audit Committee.
Monolithic Microwave Integrated Circuit BU	Planning and executing GaAs MMIC's key materials, technologies, process, equipment improvement, manufacturing and selling.
Optoelectronic Device Development BU	R&D and manufacturing for III-V optoelectronic materials and components.
Operation & Manufacture Unit	1. Manages efficiency of manufacturing operations of all fabs and conducts capacity management. 2. Operates mainstream product manufacturing and integrates process engineering technology development to support all BU's production orders. 3. Ensures implementing quality management system to meet customers' expectations on products. 4. Coordinates manufacturing operations resources and production demands to drive business efficiency.
Quality Assurance Unit	Coordination of product quality improvement and execution of quality control. 1. Implement quality assurance policy and carry out to daily operation. 2. Quality system build up and maintenance. 3. Customers complain management. 4. Engineering changes control. 5. Reliability system building up. 6. Product quality monitoring, analysis, and improvement.

Department	Functions
Corporate Administration	1. Legal Affairs & Public Relation Office: Drafting, reviewing, negotiating and managing of contracts and legal documents. Providing of legal advice and consultation to the management, intellectual property management, legal disputes and litigations. Public relation, corporate social responsibility and related projects. 2. Facility Division: Planning, set-up and maintaining of fab facility system. 3. Information Technology Division: Planning, implementation, managing and integration of IT systems, including application system fulfillment and infrastructure establishment in the company. 4. Finance Division: Fund raising, cash control and management analysis, maintaining credit facility and bank relationship, evaluating and monitoring investments, property insurance, stock affairs and investor relations. 5. Accounting Division: Reviewing transaction documents and vouchers, conducting accounting close, tax filing, budgeting and book-keeping. 6. Human Resources Division: Division: Ensuring human resources management to contribute to organization's accomplishment, based upon the company's business strategy, goals and objectives. Setting up, planning and executing the matters of employee recruitment, training, salary, compensation, welfare, performance management and employee engagement. 7. Material Management Department: Supply chain planning and risk management, raw material, machinery and equipments purchasing and subcontracting; inventory planning and controlling, import, export and storage management. 8. Administration Department: Providing administration and management service including employee resident, staff cafeteria, catering service, shuttle bus service, cleaning service and security. 9. EHS Department: Planning, managing and operating of environmental protection, fire prevention and labor safety and health of the company. 10. Management Project Office: Assessment, planning, and implementation of investments and M&A in coordination with the group's strategy and direction. Supervision, management, and professional assistance of subsidiaries. 11. Cyber Risk Management Office: Responsible for maintaining the company's information security management system and making sure the information security task operates continuously and efficiently. 12. An interdepartmental team for corporate social sustainability (ESG) project to collaborate various organization of the company for planning, implementing, compiling and exploring issues of ESG related activities and issuing of ESG report.

3.2. Directors and Management Team

3.2.1. Directors

A. Information Regarding Directors

April 19, 2022

Title	Nationality	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding (Note 1)		Shareholding by Nominee Arrangement (Note 1)		Education & Previous Major Experience	Major Positions Currently Held	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Chin-Tsai Chen	Male / Over 70	06/14/2019	3	05/01/2003	12,402,953	2.93	12,752,953	3.01	1,045,368	0.25	0	0	• Master Degree in Public Administration, University of San Francisco, USA • Master Degree in Accounting, Tamkang University, Taiwan • Honorary Doctorate, Tamkang University, Taiwan • Director, Namchow Chemical Industrial Co., Ltd. • General Manager, Namchow Chemical Industrial Co., Ltd.	• **President,** WIN Semiconductors Corp. • **Chairman,** ITEQ Corporation (and its subsidiaries) For representatives of affiliated of WIN Semiconductors Corporation, please refer to "(5) Directors, Supervisors, Presidents of Affiliates" at pages 160~164 of this annual report. • **Vice Chairman,** HIWIN Technologies Corp. • **Independent Director,** Kinsus Interconnect Technology Corp. Tong Hsing Electronic Ind, Ltd. Inventec Besta Co., Ltd. • **Director Representative,** Mercuries Life Insurance • **Director**, Taiwan New Economy Foundation • **Supervisor,** Excellence Sporting Goods Co., Ltd. Comax Sporting Goods Co., Ltd.	Director	Shun-Ping Chen	Son	(Note 3)
Vice Chairman	ROC	Yu-Chi Wang	Male / 50~59	06/14/2019	3	06/19/2008	880,000	0.21	650,000	0.15	0	0	0	0	• PhD in Material Engineering, Rutgers University, USA • Researcher, Bell Laboratories, Lucent Technologies, Murray Hill, NJ, USA • CEO, WIN Semiconductors Corp. • Director & CEO, WIN SEMI. USA, INC.	• Chairman of Technology Development Strategy Committee, WIN Semiconductors Corp.	-	-	-	-
Director	R.O.C.	KC Fibertech INC. (Note 4)	-	06/14/2019	3	10/12/1999	3,503,097	0.83	3,510,000	0.83	0	0	0	0	None	None	-	-	-	-
	R.O.C.	Representative : Mr. Ming-Chien Hsieh	Male / 50~59	11/12/2019	3	11/12/2019	0	0	0	0	0	0	0	0	• Bachelor Degree in Architecture, National Cheng Kung University, Taiwan • Master Degree in Science of Finance, Golden Gate University, USA • Chairman, Hua-chuang Development Co., Ltd.	• **Chairman,** KC Fibertech INC. (Note 4) Going Champion Enterprise Co., Ltd. Triumphant Capital Ltd. • **Director,** Kuo Cheng Investment Enterprise Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding (Note 1)		Shareholding by Nominee Arrangement (Note 1)		Education & Previous Major Experience	Major Positions Currently Held	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Li-Cheng Yeh	Male 50~59	06/14/2019	3	06/24/2016	7,687,525	1.81	7,687,525	1.81	1,306,708	0.31	0	0	• Master Degree in Information Engineering, Pace University • Chairman, Goldshare Investment Corporation Chairman, Fulltime Investment Corporation	• **Chairman,** Goldshare Investment Corporation Fulltime Investment Corporation RNS Assets Management Company • **Vice Chairman,** Royal Base Corporation • **Director**, Inventec Corporation Inventec Besta Co., Ltd. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. Inventec Group Charity Foundation • **Director Representative,** Inventec Appliances Corp. AIMobile Co.,Ltd **President,** • Shanghai Shisheng Enterprise Management Consulting Co., Ltd.	-	-	-	-
Director	R.O.C.	Wen-Ming Chang	Male 60~69	06/14/2019	3	06/19/2008	314,750	0.07	290,750	0.07	0	0	0	0	• PhD in Chemical Engineering, Clemson University, USA • General Manager, Huga Optotech Inc.	• BU General Manager, WIN Semiconductors Corp. • Independent Director, GIGA SOLAR MATERIALS CORPORATION	-	-	-	-
Director	R.O.C.	Shun-Ping Chen	Male 50~59	06/14/2019	3	06/10/2013	1,897,993	0.45	1,897,993	0.45	0	0	0	0	• Master Degree in Business Administration, Rutgers University, USA • Deputy Spokesperson, ASUSTEK Computer Inc. • Manager, Protek (Shanghai) Limited	• General Manager of Corporate Administration, WIN Semiconductors Corp • Chairman of ESG Committee, WIN Semiconductors Corp. • **Independent Director,** Wei Chuan Foods Corp. • **Director Representative,** NEW FUTURE CAPITAL CO., LTD. NFC I Renewable Power Co., Ltd. Gogolook Co., Ltd. Phalanx Biotech Group, Inc. • **Supervisor Representative,** CDIB CME Fund Ltd.	Chairman	Chin-Tsai Chen	Father	-
Independent Director	R.O.C.	Shen-Yi Lee	Male Over 70	06/14/2019	3	06/24/2010 (Note 2)	38,000	0.01	5,000	0.001	0	0	0	0	• PhD in Law, Chinese Culture University, Taiwan • Qualified Arbitrator, Chinese Arbitration Association • Chairman, Consumer's Foundation, Taiwan, R.O.C. • Commissioner, Political Party Review Commission, Executive Yuan, Taiwan • Commissioner, Fair Trade Commission, Executive Yuan, Taiwan • Member, 2nd and 3rd Sessions, Control Yuan, Taiwan	• **Chairman,** One Eternity Foundation Company Limited • **Vice Chairman,** Taiwan New Economy Foundation • **Director,** East Tender Optoelectronics Corporation Pharmaessentia Corporation • **Director Representative,** Nan Ya Plastics Corporation • **Independent Director** Capital Securities Corporation • **Supervisor,** Taoyuan International Airport Services Co., Ltd. Dharma Drum Mountain Humanity and Social Foundation Chinese Culture University • **Compensation Committee Member,** WIN Semiconductors Corp. Capital Futures Corporation Capital Securities Corporation	-	-	-	-

Title	Nationality	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding (Note 1)		Shareholding by Nominee Arrangement (Note 1)		Education & Previous Major Experience	Major Positions Currently Held	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Chin-Shih Lin	Male 60~69	06/14/2019	3	06/16/2017	0	0	0	0	0	0	0	0	• Master Degree in Accounting, Tamkang University, Taiwan • Certified Public Accountant (CPA), Lin Chin-Shih Accounting Firm • Supervisor, Prolific Technology Inc. • Independent Director, Namchow Holdings Co., Ltd. • Compensation Committee Member, Namchow Holdings Co., Ltd.	• Compensation Committee Member, WIN Semiconductors Corp. • Certified Public Accountant (CPA), Lin Chin-Shih Accounting Firm • Director, Prolific Technology Inc. • Independent Director, Namchow Holdings Co., Ltd. • Compensation Committee Member, Namchow Holdings Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Hai-Ming Chen	Female Over 70	06/14/2019	3	06/14/2019	5120	0.001	5,120	0.001	0	0	0	0	• PhD in Management, National Yang Ming Chiao Tung University, Taiwan • Emeritus Professor, Tamkang University, Taiwan • Professor, Graduate Institute of Management Sciences & Dean of Human Resource, Tamkang University, Taiwan • Chairman and Professor, Graduate Institute of Management Science, Tamkang University, Taiwan • Adjunct Professor, Institute of Business and Management, National Chiao Tung University, Taiwan • Consultant, Taiwan Research Institute • Compensation Committee Member, BES Engineering Corporation	• Chairman and Member of Compensation Committee, WIN Semiconductors Corp. • Independent Director, Tecom Co., Ltd. • Chairman and Member of Compensation Committee, Tecom Co., Ltd. • Compensation Committee Member, Namchow Holdings Co., Ltd.	-	-	-	-

Note 1: Shareholdings as of April 19, 2022.
Note 2: Mr. Lee was not the Company's director during the period from June 10, 2013 to June 9, 2016. Mr. Lee was elected as the Company's independent director at the shareholders' meeting on June 24, 2016 and has not served consecutive terms for over 3 sessions.
Note 3: Where the chairman and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures must be disclosed:
In order to strengthen the company's operation and management, the chairman and the president of the company are the same person. Under the leadership of the chairman, the Company's profit keep reaching record high, proven that the company's operations still need to draw on his experience. However, the company is expected to add one more independent director in the ninth session of Board of Directors to further strengthen corporate governance, enhance the functions of the board of directors and strengthen its functions of supervision functions.Note 4: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

B. Major Shareholders of the Institutional Shareholders

April 19, 2022

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
KC Fibertech INC. (Note 1)	Kuo Cheng Investment Enterprise Co., Ltd. (27.95%) Going Champion Enterprise Co., Ltd. (28.07%) Ming-Hui Hsieh (21.86%) Ming-Chien Hsieh (9.23%) Ming-Chieh Hsieh (7.7%)

Note 1: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

C. Major Shareholders of the Company's Institutional Shareholders

April 19, 2022

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Kuo Cheng Investment Enterprise Co., Ltd.	Ming-Chieh Hsieh (66.93%) Chao-Chi Hsiung (16.92%)
Going Champion Enterprise Co., Ltd.	Ming-Chien Hsieh (55.6%) I-Cheng Chan (22.2%) Ming-Chieh Hsieh (11.1%) Ming-Hui Hsieh (11.1%)

D. Professional Qualifications and Independence Analysis of Directors

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Criteria	Number of Other Listed Companies in Which the Individual is Concurrently Serving as an Independent Director
Chin-Tsai Chen, Chairman	Chairman, Dr. Chin-Tsai Chen, holds a Master's Degree in Accounting from Tamkang University, Taiwan and a master's degree in Public Administration from University of San Francisco, USA and was awarded an honorary doctorate by Tamkang University in 2021. Dr. Chen used to be the director and general manager of Namchow Holding Co., Ltd. as well as the directors and supervisors of several companies. Dr. Chen is now the President of WIN Semiconductors Corp., Chairman of ITEQ Corporation, Vice Chairman of HIWIN Technologies Corp. and the Board members of many listed companies. WIN Semi became the world's leading GaAs foundry company through his leadership and 40 years of management experience in various industries. Dr. Chen received the "2015 Ernst & Young Entrepreneur of the Year Award - Breakthrough Entrepreneur Award." No matters related to Article 30 of the Company Act.	Not Applicable	3
Yu-Chi Wang, Vice Chairman	Vice Chairman, Dr. Yu-Chi Wang acquired his Ph.D. in Material Engineering from Rutgers University, USA and was a researcher at Bell Labs in Lucent Technologies, Murray Hill, NJ, USA. Dr. Wang joined WIN Semiconductors Corp. at the beginning of its establishment in 1999 and led WIN Semi's R&D team to develop the most advanced HBT and pHEMT technology in the industry. Although Dr. Wang resigned from the position of CEO in August 2019, WIN Semi rehired Dr. Wang as the Chairman of the Company's Technology Development Strategy Committee, in order to maintain the Company's operating direction, technologies, and resource integration in 5G and optical communications through strengthened R&D, manufacturing and professional services. We hope to rely on Dr. Wang's 20 years of experience in the semiconductor industry to continue innovating and integrating the Company's research and technologies. No matters related to Article 30 of the Company Act.	Not Applicable	0

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Criteria	Number of Other Listed Companies in Which the Individual is Concurrently Serving as an Independent Director
Ming-Chien Hsieh, Representative of KC Fibertech INC. (Note 2), Director	Mr. Ming-Chien Hsieh, representative of KC Fibertech INC. (Note 2), acquired his Master Degree in Science of Finance from Golden Gate University, USA. Mr. Hsieh was the Chairman and General Manager of Hua-chuang Development Co., Ltd. and is now the Chairman of KC Fibertech INC. (Note 2). Mr. Hsieh is expertized in finance, investment and management and has 20 years of practical experience that is related to the Company's business. No matters related to Article 30 of the Company Act.	Not Applicable	0
Li-Cheng Yeh, Director	Mr. Li-Cheng Yeh holds a Master Degree in Information Engineering from Pace University, USA. Mr. Yeh was the supervisor of Inventec Energy Corporation and is now the Directors of the Comapny's affiliates including Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. Mr. Yeh has 20 years of practical experience in business management. No matters related to Article 30 of the Company Act.	Not Applicable	0
Wen-Ming Chang, Director	Dr. Wen-Ming Chang acquired his Ph.D. in Chemical Engineering from Clemson University, USA. Dr. Chang was the General Manager, of Huga Optotech Inc. Dr. Chang joined the Company in 2007 and serves as the General Manager of Optoelectronic Device Development BU till today, he is in charge of the epi and the research of process technologies for optoelectronic components of compound semiconductors and effectively enhance the Company's technical capability to develop optical communication, optical information and other related products. Dr. Chang is now also the Independent Director of GIGA SOLAR MATERIALS CORPORATION. He has 30 years of experience in optoelectronics and semiconductor industry. No matters related to Article 30 of the Company Act.	Not Applicable	1
Shun-Ping Chen, Director	Mr. Shun-Ping Chen acquired his Master Degree in Business Administration from Rutgers University, USA. Mr. Chen was the Deputy Spokesman of ASUSTEK COMPUTER INCORPORATION and the Manager, of Protek (Shanghai) Limited. Mr. Chen joined the Company and serve as the top manager of the administrative support units (including finance division, accounting division, human resources division, material management department, facility division, legal affairs & public relation office, EHS department, ESG and other public affairs' functional units) since 2009. Mr. Chen is now the Chair of the Company's ESG Committee and Independent Director of Wei Chuan Foods Corp. Mr. Chen has 20 years of cross industrial management experience, his expertise is to integrate and optimize management efficiency to help enterprises to maintain their industrial advantages. No matters related to Article 30 of the Company Act.	Not Applicable	1

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Criteria	Number of Other Listed Companies in Which the Individual is Concurrently Serving as an Independent Director
Shen-Yi Lee, Independent Director	Mr. Shen-Yi Lee possesses the qualification of lawyer. Mr. Li was the Chairman of Consumer's Foundation, the commissioner of Political Party Review Commission of Executive Yuan, the Commissioner of Fair Trade Commission of Executive Yuan and Member of Control Yuan of R.O.C. He has rich experience in law related field and he is now the independent director of Capital Securities Corporation. No matters related to Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of any of the Company's affiliates 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. 6. Not a director, supervisor, or employee of the Company which majority director seats or voting shares and those of any other company are controlled by the same person 7. Not a director (or governor), supervisor, or employee of the Company or institution which the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses 8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1
Chin-Shih Lin, Independent Director	Mr. Chin-Shih Lin is a Certified Public Accountant (CPA). He is now the chairman of the Audit Committee of the Company and the independent director of Namchow Holdings Co., Ltd. Mr. Lin is familiar with accounting theory and has rich experience in financial and accounting fields. No matters related to Article 30 of the Company Act.		1
Hai-Ming Chen, Independent Director	Ms. Hai-Ming Chen acquired her Ph.D. in Management from National Yang Ming Chiao Tung University, Taiwan. She has rich experience in academia, and was the professor of Graduate Institute of Management Sciences of Tamkang University and she is now the Emeritus Professor of Tamkang University. Ms. Chen specializes in human resources and management, organizational behavior, management, strategic management and organizational theory, she is now the Chairman of the Company's Compensation Committee, independent director of Tecom Co., Ltd. and chairman or member of Compensation Committee of 3 other listed companies. No matters related to Article 30 of the Company Act.		1

Note1: For Directors' education & previous major experience, gander and major positions currently held, please refer to "A. Information Regarding Directors" at pages 14~16 of this annual report.
Note 2: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

E. Diversity and Independence of the Board of Directors

(a) Diversity of the Board of Directors: Describes the Board's diversity policy, objectives, and achievements. The diversity policy includes, but is not limited to, the criteria for selection of directors, professional

qualifications and experiences of directors, and gender, age, nationality and culture in terms of the composition or proportion of the Board of Directors, and describes specific objectives of the Company and its achievements in accordance with the foregoing policy.
The Company has stipulated the “Corporate Governance Best Practice Principles”. “Chapter 3 Strengthening Board of Directors Functions” of the Principles has stipulated the diversification policies for the board members. The nomination and selection of board members shall follow the Company’s Articles of Incorporation. The process shall adopt the nomination method. Apart from evaluating the academic qualifications of the candidates, the “Rules Governing the Election of Directors” and “Corporate Governance Best Practice Principles” shall be followed to ensure board member diversity.
The current Board of Directors consists of 9 directors. The specific management goals and implementation of director diversification policies are as follows:

Management objectives	**Achievement status**
Independent directors shall account for one third of the Board of Directors	Achieved
Professional knowledge and skills of adequate diversity	Achieved
Independent directors have not served for more than three sessions	Achieved
At least one female director	Achieved

The diversity of composition of the Board of Directors:

Title	Name	Nationality	Gender	Age	Industry Experience/ Professional Skill								Employee
					Operational Judgment	Operation and Management	Crisis Management	Leadership and Decision-making	Industry Knowledge	International Outlook	Accounting and Financial	Law	
Chairman	Chin-Tsai Chen	R.O.C	Male	Over 70	V	V	V	V	V	V	V		V
Vice Chairman	Yu-Chi Wang	R.O.C	Male	50~59	V	V	V	V	V	V			V
Director Representative	Ming-Chien Hsieh	R.O.C	Male	50~59	V	V	V	V		V	V		
Director	Li-Cheng Yeh	R.O.C	Male	50~59	V	V	V	V		V			
Director	Wen-Ming Chang	R.O.C	Male	60~69	V	V	V	V	V	V			V
Director	Shun-Ping Chen	R.O.C	Male	50~59	V	V	V	V	V	V	V		V
Independent Director	Shen-Yi Lee	R.O.C	Male	60~69						V	V		
Independent Director	Chin-Shih Lin	R.O.C	Male	Over 70						V		V	
Independent Director	Hai-Ming Chen	R.O.C	Female	Over 70						V	V		

(b) Independence of the Board of Directors: Specifies the number and proportion of independent directors, states that the Board of Directors is independent, and includes reasons as to whether or not there are circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including spousal relationships and familial relationships within the second degree of kinship among directors or supervisors, or between directors and supervisors.
The 8th session of Board of Directors consists of nine directors (including three independent directors, account for 33% of overall directors of the Board), all of whom are distinguished professionals with extensive practical experience, leadership and decision-making skills, and industry knowledge. The three independent directors have backgrounds in law, financial accounting and business administration, respectively. Tenure and Seniority of the Independent Directors: 1 of them less than 3 years and 2 of them less than 6 years. Mr. Shen-Yi Lee is a lawyer, and was the Chairman of the Consumers’ Foundation of R.O.C. and the Member of 2nd and 3rd Sessions of Control Yuan of R.O.C. Mr. Chin-Shih Lin is a certified public accountant with a professional background in accounting and financial analysis. Ms. Hai-Ming Chen was a professor and the head of the personnel office at the Graduate Institute of Tamkang University Department of Management Sciences. The six directors have backgrounds and expertise in financial accounting, technology, and industrial marketing. The policy of diversifying the members of the Board is implemented to enhance corporate governance and management performance.
As of the end of 2021, all independent directors have complied with the independent director regulations of the Financial Supervisory Commission Securities and Futures Bureau. No situations described in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act exist between the directors and independent directors.

3.2.2. Management Team

April 19, 2022

Title	Nationality	Name	Gender / Age	Date Effective	Shareholding (Note1) Shares	Shareholding (Note1) %	Spouse & Minor Shareholding (Note1) Shares	Spouse & Minor Shareholding (Note1) %	Shareholding by Nominee Arrangement (Note1) Shares	Shareholding by Nominee Arrangement (Note1) %	Education & Previous Major Experience	Major Positions Currently Held	Managers who are Spouses or within Second Degrees of Kinship: Title	Name	Relation	Remarks (Note 2)
President	R.O.C.	Chin-Tsai Chen	Male / Over 70	12/16/2011	12,752,953	3.01	1,045,368	0.25	0	0	• Master Degree in Public Administration, University of San Francisco, USA • Master Degree in Accounting, Tamkang University, Taiwan • Honorary Doctorate, Tamkang University, Taiwan • Director, Namchow Chemical Industrial Co., Ltd. • General Manager , Namchow Chemical Industrial Co., Ltd.	• Please refer to "A. Information Regarding Directors" at pages 14~16 of this annual report	General Manager of Corporate Administration	Shun-Ping Chen	Son	(Note 2)
Chairman of Technology Development Strategy Committee	R.O.C.	Yu-Chi Wang	Male / 50~59	09/28/2010	650,000	0.15	0	0	0	0	• PhD in Material Engineering, Rutgers University, USA • Researcher, Bell Laboratories, Lucent Technologies, Murray Hill, NJ, USA • CEO, WIN Semiconductors Corp.	-	-	-	-	-
CEO	R.O.C.	Kuo-Hua Chen	Male / 60~69	07/01/2010	155,176	0.04	0	0	0	0	• EMBA, Graduate Institute of Accounting, National Taiwan University, Taiwan • Fab Director, Macronix International Co., Ltd. • BU General Manager, WIN Semiconductors Corp.	• CEO, WIN SEMI. USA, INC.	-	-	-	-
BU General Manager	R.O.C.	Wen-Ming Chang	Male / 60~69	03/01/2007	290,750	0.07	0	0	0	0	• PhD in Chemical Engineering, Clemson University, USA • General Manager, Huga Optotech Inc.	• Please refer to "A. Information Regarding Directors" at pages 14~16 of this annual report	-	-	-	-
General Manager of Corporate Administration	R.O.C	Shun-Ping Chen	Male / 50~59	07/01/2010	1,897,993	0.45	0	0	0	0	• Master Degree in Business Administration, Rutgers University, USA • Deputy Spokesperson, ASUSTEK Computer Inc. • Manager, Protek (Shanghai) Limited	• Please refer to "A. Information Regarding Directors" at pages 14~16 of this annual report	President	Chin-Tsai Chen	Father	-

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note1)		Spouse & Minor Shareholding (Note1)		Shareholding by Nominee Arrangement (Note1)		Education & Previous Major Experience	Major Positions Currently Held	Managers who are Spouses or within Second Degrees of Kinship			Remarks (Note 2)
			Age		Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	R.O.C.	Brian Lee	Male 60~69	04/01/2010	339,330	0.08	0	0	0	0	• Master's Degree, University of Southern California, USA • Sales Manager, United Microelectronics Corporation	-	-	-	-	-
Vice President	Canada	Lap-Sum Yip	Male 50~59	05/01/2016	3,473	0.001	56,043	0.01	0	0	• PhD in Electrical Engineering, McGill University, Canada	-	-	-	-	-
Vice President	R.O.C.	Eric Hsu	Male 50~59	05/15/2018	200,000	0.05	0	0	0	0	• Master Degree in Material Science and Engineering, National Tsing Hua University, Taiwan • Manager, United Microelectronics Corporation	• Director, Nan Ya Food Industrial Corp.	-	-	-	-
Vice President	R.O.C.	HP Hsiao	Male 50~59	05/15/2018	35,798	0.01	0	0	0	0	• PhD in Optics and Photonics, National Central University, Taiwan • Director of Technology Development, Inforcomm Semiconductor Corporation • Assistant Professor, Department of Electrical Engineering, Dayeh University, Taiwan • Technical Consultant, Hugo Optotech Inc. • Researcher, Chunghwa Telecom Laboratories	-	-	-	-	-
Vice President	R.O.C.	S.Y. Wang	Male 50~59	09/01/2005	120,000	0.03	0	0	0	0	• Master Degree in Industrial Engineering and Engineering Management, Tsing Hua University, Taiwan • Manager, Macronix International Co., Ltd.	-	-	-	-	-
Chief Officer of Corporate Governance and Associate Vice President	R.O.C.	Annie Yu	Female 50~59	03/15/2005	14,202	0.003	0	0	0	0	• Master Degree in Law, Cornell University, USA • Supervisor, Huga Optotech Inc.	-	-	-	-	-
Associate Vice President of Accounting	R.O.C.	Linna Su	Female 60~69	11/01/2010	83,706	0.02	0	0	0	0	• Master Degree in Accounting, Soochow University, Taiwan • Associate Manager of Accounting & Audit Manger, Elitegroup Computer Systems Co., Ltd.	-	-	-	-	-
Associate Vice President of Finance	R.O.C.	Joe Tsen	Male 50~59	11/01/2010	281,834	0.07	0	0	0	0	• MBA in Finance, Baruch College, USA • Account Manager, CIBC, Canada	• CFO, WIN SEMI. USA, INC. • Director Representative, ITEQ Corporation • For Directors and Supervisors of affiliated of WIN Semiconductors Corporation, please refer to "(5) Directors, Supervisors, Presidents of Affiliates" at pages 160~164 of this annual report	-	-	-	-

Note 1: Shareholdings as of April 19, 2022.

Note 2: Where the chairman and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures must be disclosed: Please refer to Note 3 at page 16 of this annual report.

3.3. Remuneration of Directors, President and Vice President

3.3.1. Remuneration of Directors

Unit: NT$ thousand; Shares in thousands; %

Title	Name	Remuneration (Note1)								Total Remuneration (A+B+C+D) and the Ratio to Net Income (%) (Note 4)		Relevant Remuneration Received by Directors Who Are Also Employees								Total Compensation (A+B+C+D+E+F+G) and the Ratio to Net Income (%) (Note 4)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay (B) (Note 2)		Bonus to Directors (C) (Note 3)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)		Profit Sharing-Employee Bonus (G) (Note 3)						
																The Company		All Consolidated Entities				
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	Cash	Stock	Cash	Stock	The Company	All Consolidated Entities	
Chairman	Chin-Tsai Chen	0	0	0	0	64,500	64,500	20	32	64,520 1.18%	64,532 1.18%	89,914	130,228	324	324	106,262	0	106,262	0	301,433 5.53%	341,763 6.26%	15,555
Director	KC Fibertech INC. (Note 6) Representative: Ming-Chien Hsieh	0	0	0	0	40,313	40,313	100	104	40,413 0.74%	40,417 0.74%											
Director	Li-Cheng Yeh																					
Director	Yu-Chi Wang																					
Director	Wen-Ming Chang																					
Director	Shun-Ping Chen																					
Independent Director	Chin-Shih Lin	0	0	0	0	24,187	24,187	60	60	24,247 0.44%	24,247 0.44%	0	0	0	0	0	0	0	0	24,247 0.44%	24,247 0.44%	0
Independent Director	Shen-Yi Lee																					
Independent Director	Hai-Ming Chen																					

Title	Name	Remuneration (Note1)								Total Remuneration (A+B+C+D) and the Ratio to Net Income (%) (Note 4)		Relevant Remuneration Received by Directors Who Are Also Employees								Total Compensation (A+B+C+D+E+F+G) and the Ratio to Net Income (%) (Note 4)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay (B) (Note 2)		Bonus to Directors (C) (Note 3)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)		Profit Sharing-Employee Bonus (G) (Note 3)						
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
																Cash	Stock	Cash	Stock			

* Compensation policy, standards/packages, procedures, the linkage to operating performance and future risk exposure:
Remuneration for Directors and independent directors is made according to the Company's Articles of Incorporation. According to the Article, if there is any net profit after closing of a fiscal year, no more than 3% of the same shall be allocated as Directors' compensation. The rational of Directors' remuneration policy takes into account the Procedures for Board Performance Evaluation, overall business performance of the Company, operation requirement and development of the industry in the future, and the individual Director contribution to the Company's operations. The reasonable Directors' compensation is proposed by the Compensation Committee and approved by the Board of Directors, in addition, a report of such remuneration shall be submitted to the shareholders' meeting.

* Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the 2021 financial statements: None.

Note 1: If the total remuneration paid to all directors and supervisors in their capacity as directors or supervisors from all consolidated entities exceeds 2% of the net income, and the remuneration paid to any individual director or supervisor exceeds NTD$15 million, the remuneration paid to that individual director or supervisor shall be disclosed.

Note 2: Pensions funded according to applicable law, there was no pensions paid during the most recent year.

Note 3: The employees' remuneration and Directors' remuneration for year 2021 were NT$447,000 thousand and NT$129,000 thousand, respectively, which were approved by the Board of Directors' meeting on March 18, 2022 and will be reported at the 2022 Annual Shareholders' Meeting.

Note 4: The Company's net income for 2021 was NT$5,454,962 thousand.

Note 5: The Company that has had an average ratio of share pledging by directors in excess of 50 percent in any 3 months during the most recent year: None.

Note 6: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
NT$0~NT$999,999	Directors: Ming-Chien Hsieh (Note 1)	Directors: Ming-Chien Hsieh (Note 1)	Directors: Ming-Chien Hsieh (Note 1)	Directors: Ming-Chien Hsieh (Note 1)
NT$1,000,000 ~ NT$1,999,999				
NT$2,000,000 ~ NT$3,499,999				
NT$3,500,000 ~ NT$4,999,999				
NT$5,000,000 ~ NT$9,999,999	Directors: KC Fibertech INC. (Note 2), Li-Cheng Yeh, Yu-Chi Wang, Wen-Ming Chang, Shun-Ping Chen	Directors: KC Fibertech INC. (Note 2), Li-Cheng Yeh, Yu-Chi Wang, Wen-Ming Chang, Shun-Ping Chen	Directors: KC Fibertech INC. (Note 2), Li-Cheng Yeh	Directors: KC Fibertech INC. (Note 2), Li-Cheng Yeh
	Independent Directors: Shen-Yi Lee, Chin-Shih Lin, Hai-Ming Chen	Independent Directors: Shen-Yi Lee, Chin-Shih Lin, Hai-Ming Chen	Independent Directors: Shen-Yi Lee, Chin-Shih Lin Hai-Ming Chen	Independent Directors: Shen-Yi Lee, Chin-Shih Lin Hai-Ming Chen
NT$10,000,000 ~ NT$14,999,999				
NT$15,000,000 ~ NT$29,999,999				
NT$30,000,000 ~ NT$49,999,999			Directors: Wen-Ming Chang	Directors: Wen-Ming Chang
NT$50,000,000 ~ NT$99,999,999	Directors: Chin-Tsai Chen	Directors: Chin-Tsai Chen	Directors: Yu-Chi Wang, Shun-Ping Chen	Directors: Yu-Chi Wang, Shun-Ping Chen
Over NT$100,000,000			Directors: Chin-Tsai Chen	Directors: Chin-Tsai Chen
Total	10	10	10	10

Note 1: Mr. Ming-Chien Hsieh is the representative of KC Fibertech INC.

Note 2: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

3.3.2. Compensation of President and Vice President

Unit: NT$ thousand; Shares in thousands; %

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C) (Note 2)		Profit Sharing-Employee Bonus (D) (Note 3)				Total Compensation (A+B+C+D) and the Ratio to Net Income (%) (Note 4)		Compensation paid to the President and Vice President from Non-consolidated Affiliates or Parent Company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Chin-Tsai Chen	60,110	75,462	934	934	94,649	119,611	147,811	0	147,811	0	303,504 5.56%	343,818 6.30%	15,555
Chairman of Technology Development Strategy Committee	Yu-Chi Wang													
CEO	Kuo-Hua Chen													
BU General Manager	Wen-Ming Chang													
General Manager of Corporate Administration	Shun-Ping Chen													
Vice President	Brian Lee													
Vice President	Lap-Sum Yip													
Vice President	Eric Hsu													
Vice President	HP Hsiao													
Vice President	S.Y. Wang													

Note 1: Pensions funded according to applicable law, there was no pensions paid during the most recent year.
Note 2: Including long-term incentives.
Note 3: The employees' remuneration for year 2021 was NT$447,000 thousand which was approved by the Board of Directors' meeting on March 18, 2022 and will be reported at the 2022 Annual Shareholders' Meeting.
Note 4: The net income for 2021 was NT$5,454,962 thousand.

Range of Remuneration	Name of Presidents and Vice Presidents	
	The Company	All Consolidated Entities
NT$0~NT$999,999		
NT$1,000,000~NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4,999,999		
NT$5,000,000 ~ NT$9,999,999	Lap-Sum Yip	Lap-Sum Yip
NT$10,000,000 ~ NT$14,999,999	Brian Lee, Eric Hsu, HP Hisao, S.Y. Wang	Brian Lee, Eric Hsu, HP Hisao, S.Y. Wang
NT$15,000,000 ~ NT$29,999,999	Wen-Ming Chang	Wen-Ming Chang
NT$30,000,000 ~ NT$49,999,999		
NT$50,000,000 ~ NT$99,999,999	Chin-Tsai Chen, Yu-Chi Wang, Kuo-Hua Chen, Shun-Ping Chen	Yu-Chi Wang, Kuo-Hua Chen, Shun-Ping Chen
Over NT$100,000,000		Chin-Tsai Chen
Total	10	10

3.3.3. Employee Bonus Granted to Management Team

Year 2021; Unit: NT$ thousand; %

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Employee Bonus - in Stock (Fair Market Value)</th><th>Employee Bonus - in Cash (Note)</th><th>Total</th><th>Ratio of Total Amount to Net Income (%)</th></tr>
<tr><td rowspan="13">Managerial Officers</td><td>President</td><td>Chin-Tsai Chen</td><td rowspan="13">0</td><td rowspan="13">156,450</td><td rowspan="13">156,450</td><td rowspan="13">2.87%</td></tr>
<tr><td>Chairman of Technology Development Strategy Committee</td><td>Yu-Chi Wang</td></tr>
<tr><td>CEO</td><td>Kuo-Hua Chen</td></tr>
<tr><td>BU General Manager</td><td>Wen-Ming Chang</td></tr>
<tr><td>General Manager of Corporate Administration</td><td>Shun-Ping Chen</td></tr>
<tr><td>Vice President</td><td>Brian Lee</td></tr>
<tr><td>Vice President</td><td>Lap-Sum Yip</td></tr>
<tr><td>Vice President</td><td>Eric Hsu</td></tr>
<tr><td>Vice President</td><td>HP Hsiao</td></tr>
<tr><td>Vice President</td><td>S.Y. Wang</td></tr>
<tr><td>Chief Officer of Corporate Governance and Associate Vice President</td><td>Annie Yu</td></tr>
<tr><td>Associate Vice President of Accounting Division</td><td>Linna Su</td></tr>
<tr><td>Associate Vice President of Finance Division</td><td>Joe Tsen</td></tr>
</table>

Note: The employees' remuneration for year 2021 was NT$447,000 thousand which was approved by the Board of Directors' meeting on March 18, 2022 and will be reported at the 2022 Annual Shareholders' Meeting.

3.3.4. Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The Ratio of Total Remuneration Paid by the Company and by All Companies Included in the Consolidated Financial Statements for the Most Recent Two Years to Directors, Supervisors, Presidents and Vice Presidents of the Company, to the Net Income

<table>
<tr><th rowspan="3">Year / Items</th><th colspan="4">Ratio of Total Remuneration to Net Income (Note 1)</th></tr>
<tr><th colspan="2">2020</th><th colspan="2">2021 (Note 2)</th></tr>
<tr><th>The Company</th><th>All Consolidated Entities</th><th>The Company</th><th>All Consolidated Entities</th></tr>
<tr><td>Paid to Directors</td><td>2.42%</td><td>2.42%</td><td>2.36%</td><td>2.36%</td></tr>
<tr><td>Paid to Presidents and Vice Presidents</td><td>6.46%</td><td>7.07%</td><td>5.56%</td><td>6.30%</td></tr>
</table>

Note 1: The net income for 2020 and 2021 were NT$6,528,740 thousand and NT$5,454,962 thousand, respectively.

Note 2: The employees' remuneration and Directors' remuneration for year 2021 were NT$447,000 thousand and NT$129,000 thousand, respectively, which were approved by the Board of Directors' meeting on March 18, 2022 and will be reported at the 2022 Annual Shareholders' Meeting.

B. The Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance

(1) The remuneration of the Company's directors consists of compensation and fees for professional practice.

(i) Compensation: In accordance with Article 22 of the Company's Articles of Incorporation, the Company may set aside not more than 3% of the Company's annual profits and determine the compensation for individual directors based on the Company's operating performance and the results of the evaluation of the duties, responsibilities and performance of individual directors.

(ii) Fees for professional practice are allotted in fixed amounts based on the actual number of board meetings attended.

(2) The remuneration of the Company's managers consists of three parts: salaries, bonuses and employee compensation, and welfare measures.

(i) Salaries: Determined based on factors such as the individual manager's position, job duties, expertise and contributions, and with reference to external benchmarks.

(ii) Bonuses and employee compensation: Determined in accordance with the Company's sustainability performance, departmental and individual performance, and the manager's position, job duties and future risks.

(iii) Welfare measures: Designed to be shared by the employees, on the premise of complying with the laws and regulations and taking into account the needs of the employees. Please refer to "5.5 Employee Relations" at pages 129~137.

(3) The performance appraisal of the Company's directors and managers is governed by the Regulations Governing the Performance Appraisal of the Board of Directors and the Regulations Governing the Performance Management and Development and Promotion of Employees, respectively.

(i) At the end of the year, the directors are evaluated internally through self-assessment questionnaires. The evaluation indicators include mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relationship management and communication, directors' professionalism and continuing education (such as courses related to corporate governance), and internal control.

(ii) The performance appraisal of the managers is conducted at the end of the year.

Evaluated items	Description
Performance Indicators (60%)	Finances: The Company's profit attainment rate, product yield, production capacity target achievement rate, new technology development, etc.
	Corporate sustainability: Successor training and talent cultivation, complete quality management, internal controls, cyber risk management, environmental friendliness (water conservation/energy conservation/air pollution controls), customer satisfaction, effective handling of complaints, zero occupational disasters, health promotion, etc.
Core Competency (40%)	Integrity and accountability, forward thinking innovation, customer satisfaction, quality foremost, leadership abilities, planning and decision-making, etc.

The various behavior indicators will be used to score the evaluated person during the evaluation period.

(4) The Company's Compensation Committee is responsible for developing the compensation structure and the benefit policy for the Company as a whole (including directors and managers), as well as incentives and motivational measures for managers. The Compensation Committee annually sets the operational performance targets (e.g., revenues, market share, etc.) for each type of compensation and regularly performs salary benchmarking to ensure that the overall compensation is competitive in the market. The purpose is to motivate and nurture employees and retain talent. Further, the Company's remuneration policy will be linked to the objectives and structure of corporate governance, operational performance, core values, and environmental risk management results to promote sustainable management.

Average adjustment for employees' salary in 2021			
Adjustment for Non-Managerial Officers	3%~5%	Adjustment for Managerial Officers	3%~5%

(5) Correlation with future risks: The payment of remuneration will be subjected to future changes in environment and business performance, if Directors or employees are involved in anything illegal and cause any loss of the Company, proper actions will be taken according to relevant laws and regulations.

3.4. Implementation of Corporate Governance

3.4.1. Board of Directors Meeting Status

A total of 8 (A) meetings of the 8th session of Board of Directors were held in 2021. Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Chin-Tsai Chen	8	0	100%	Re-elected on June 14, 2019
Director	KC Fibertech INC.-Representative: Ming-Chien Hsieh (Note 1)	8	0	100%	Newly appointed on Nov. 12, 2019
Director	Li-Cheng Yeh	8	0	100%	Re-elected on June 14, 2019
Director	Yu-Chi Wang	8	0	100%	Re-elected on June 14, 2019
Director	Wen-Ming Chang	8	0	100%	Re-elected on June 14, 2019
Director	Shun-Ping Chen	8	0	100%	Re-elected on June 14, 2019
Independent Director	Chin-Shih Lin	8	0	100%	Re-elected on June 14, 2019
Independent Director	Shen-Yi Lee	7	1	87.5%	Re-elected on June 14, 2019
Independent Director	Hai-Ming Chen	8	0	100%	Newly elected on June 14, 2019

Note 1: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

Annotations:

1. If there are any circumstances listed below during a meeting of the Board of Directors, the dates of meetings, sessions, contents of motions of the directors' meetings, all Independent Directors' opinion and the Company's response to independent directors' opinion should be specified:
   (1) Items listed in Article 14-3 of Securities and Exchange Act:
   The Company has established Audit Committee, independent directors shall express their opinions in accordance with Article 14-5 of Securities and Exchange Act, please refer to page 37 "Audit Committee Members' Opinions or Resolutions to Material Matters in 2021."
   (2) Besides the above-stated resolutions of the Board of Directors, resolutions which received objections or reserved comments from the Independent Directors that are supported by appropriate records or written declarations:
   None.
2. If there is any Director(s) excused from motions due to conflict of interest, such Directors' names, contents of motions, causes for avoidance and voting should be specified:
   (1) Board Meeting Date: March 18, 2021

Content of Motion	Directors of Conflict of Interest Avoidance	Status
Proposal for release the Prohibition on Directors from Participation in Competitive Business	Chin-Tsai Chen, Li-Cheng Yeh Chin-Shih Lin Shen-Yi Lee	Released directors/ independent directors and their proxies from the non-competition restrictions. Directors/ independent directors who have conflict of interest did not participate in the discussion.

(2) Board Meeting Date: March 18, 2021

Content of Motion	Directors of Conflict of Interest Avoidance	Status
Executive Officers' compensation for the year of 2020 and Executive Officers' compensation and budget for the year of 2021	Yu-Chi Wang, Wen-Ming Chang and Shun-Ping Chen	Yu-Chi Wang, Wen-Ming Chang and Shun-Ping Chen are the Company's executive officers, so they recused themselves to avoid conflicts of interest discussion and voting.

3. The evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self-evaluations conducted by the Board of Directors:

Evaluation cycle	Scope of evaluation	Evaluation method	Evaluation period	Evaluation items	Evaluation results
Once a year	Overall of the Board of Directors	Self-evaluation by the Board of Directors	December 1, 2020 ~ November 30, 2021	The level of participation in company operations, decision-making quality, composition and structure, appointment of directors/members and their continuing education, and internal controls.	Level of the result: Excellent, Good, or Fair. Result: Excellent.
Once a year	Audit Committee	Self-evaluation by the Committee	December 1, 2020 ~ November 30, 2021	The level of participation in company operations, understanding of the responsibilities, decision-making quality, composition and election of members and internal controls.	Level of the result: Excellent, Good, or Fair. Result: Excellent.
Once a year	Compensation Committee	Self-evaluation by the Committee	December 1, 2020 ~ November 30, 2021	The level of participation in company operations, understanding of the responsibilities, decision-making quality, composition and election of members and internal controls	Level of the result: Excellent, Good, or Fair. Result: Excellent.

Evaluation cycle	Scope of evaluation	Evaluation method	Evaluation period	Evaluation items	Evaluation results
Once a year	Individual Board Members	Self-evaluation by individual Board members	December 1, 2020 ~ November 30, 2021	Grasp of company targets and missions, understanding of the director's responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continuing education, and internal controls.	Level of the result: Superb, Excellent, Average, Poor, or Very poor. Result: Between Excellent to Superb.

4. Measures taken to strengthen the function of the Board:
   (1) To scheduled the meeting calendar in the beginning of the year.
   (2) To request for agenda items from all directors before one month of each board meeting date.
   (3) The Board of Directors continues to enhance corporate governance and sustainable development, and the Company got the top 5% TPEx-listed companies in Taiwan in Corporate Governance Evaluation.
   (4) The Board of Directors sets up the Audit Committee and the Compensation Committee assisting the Board to fulfill its supervising functions.
   (5) The Company has established its Procedures Governing the Board Performance Evaluation, and execute the performance assessments for the overall Board and individual Board members from year 2019.
   (6) After the election held in the Annual Shareholders' Meeting on June 24, 2016, three Independent Directors has organized the Audit Committee to supervise the following matters: (a) fair presentation of the financial reports of the Company, (b) the hiring (and dismissal), independence, and performance of certificated public accountants of the Company, (c) the effective implementation of the internal control system of the Company, (d) compliance with relevant laws and regulations by the Company, and (e) control of the existing or potential risks of the Company.
   (7) Since 2011, the Company has established the Compensation Committee to review and form corporate policy, structure and payment terms applicable to compensation of Directors and managers, as well as rewards and incentive programs of managers of the Company.

Attendance of Independent Director at Board Meetings in 2021

◎Attendance in Person ☆By Proxy

Independent Director's Name	Meeting Date							
	8th Board							
	03/18/2021	05/07/2021	07/01/2021	08/06/2021	09/01/2021	11/05/2021	12/06/2021	12/24/2021
Chin-Shih Lin	◎	◎	◎	◎	◎	◎	◎	◎
Shen-Yi Lee	◎	◎	◎	◎	☆	◎	◎	◎
Hai-Ming Chen	◎	◎	◎	◎	◎	◎	◎	◎

3.4.2. Audit Committee Meeting Status

A total of 6 (A) meetings of the 2nd session of Audit Committee were held in 2021. Independent director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (B/A) (%)	Remarks	
Independent Director (Convener)	Chin-Shih Lin	6	0	100%	Re-elected	The 8th session of Board of Directors was elected during AGM held on June 14, 2019 and the Audit Committee was formed by newly elected Independent Directors
Independent Director	Shen-Yi Lee	6	0	100%	Re-elected	
Independent Director	Hai-Ming Chen	6	0	100%	Newly elected	

Annotations:

1. If there are any circumstances listed below during a meeting of the Audit Committee, the dates of the Audit Committee meetings, sessions, contents of motions of the Committee' meetings, contents of dissenting opinion, qualified opinion, or material recommendation items of Independent Directors, all committee members' opinion and the Company's response to committee members' opinion should be specified:
   (1) Items listed in Article 14-5 of Securities and Exchange Act:
   Please refer to page 37 "Audit Committee Members' Opinions or Resolutions to Material Matters in 2021."
   (2) Besides the above-stated matters, any matter that has not been approved with the consent of one-half or more of all Audit Committee members but approved by two-thirds or more of all Directors:
   Please refer to page 37 "Audit Committee Members' Opinions or Resolutions to Material Matters in 2021."

2. If there is any Independent Director(s) avoiding of motions due to conflict of interest, such Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.

3. Communications between the Independent Directors, the Internal Auditors and the Independent Auditors (e.g. the items, methods and results of the audits of corporate finance or operations, etc.):
   (1) Communications between Audit Committee and the Internal Auditors in 2021:

Date	Communications between the Independent Directors and the Internal Auditors	Communication Memos
03/18/2021	Reviewing internal audit reports of the fourth quarter of 2020, and the assessments of overall efficacy of all internal control systems.	No additional comments.
05/07/2021	Reviewing internal audit reports of the first quarter of 2021 and internal auditing directions for next quarter.	No additional comments.
08/06/2021	Reviewing internal audit reports of the second quarter of 2021 and internal auditing directions for next quarter.	No additional comments.
11/05/2021	Reviewing internal audit reports of the third quarter of 2021, internal auditing directions for next quarter and annual audit plan for the year of 2022.	No additional comments.

Head of internal auditing office communicates with independent director through monthly auditing report, reporting auditing execution status in Audit Committee meeting at least one time each quarter, and update Audit Committee members any time where there are special circumstances. There is no above-stated special circumstance up to the date of printing of the annual report. The communications between the Audit Committee members and the internal auditor chief are good.

(2) Communications between Audit Committee and the external CPAs in 2021:

Date	Communications between the Independent Directors and the External CPAs	Communication Memos
03/18/2021	1. Reviewing the scope of audit, auditors' responsibility, audit findings (key audit matters, major accounting estimates, etc.), and independence, for the year of 2020. 2. Matters of concern to the competent authority – Enhance the evaluation for the internal control process of investment cycle. 3. Important law update –The ability to prepare financial reports for TWSE/TPEx listed companies and items that should be followed.	No additional comments.
05/07/2021	1. Reviewing the scope of review, auditors' responsibility and independence, review findings (major accounting estimates, etc.), for the first quarter of 2021. 2. Important law update – Amended the reporting deadline for announcement of financial reports of TWSE/TPEx listed companies, added relevant regulations on reporting annual unaudited financial information for TWSE/TPEx listed companies and amended the regulations for setting aside special reserve.	No additional comments.
08/06/2021	1. Reviewing the scope of review, auditors' responsibility and independence, review findings (major accounting estimates, etc.), for the second quarter of 2021. 2. Important law update –Amended the Q&A for regulations governing procedure for Board of Directors meetings.	No additional comments.
11/05/2021	1. Reviewing the scope of review, auditors' responsibility and independence, review findings (major accounting estimates, etc.), for the third quarter of 2021. 2. Planning for annual audit- scope, team, fields emphasized and timeline.	No additional comments.

The external CPAs communicated with Audit Committee, among other matters, results of the audited or reviewed quarterly financial report, the plan and timing of the audit and significant audit findings, the statement of the personnel from CPA firm is independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China, the determination that key audit matters should be communicated in the auditors' report, impact on the Company of regulatory changes. The external CPAs will report to Audit Committee members from time to time when there are special circumstances. There is no above-stated special circumstance up to the date of printing of the annual report. The communications between the Audit Committee members and the external CPAs are good.

4. Major tasks of Audit Committee are listed as below:
   (1) The adoption of or amendments to the internal control system
   (2) Assessment of the effectiveness of the internal control system.
   (3) The adoption or amendment of the procedures for handling financial or business activities of a

material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.

(4) Matters in which a director is an interested party.
(5) Asset transactions or derivatives trading of a material nature.
(6) Loans of funds, endorsements, or provision of guarantees of a material nature.
(7) The offering, issuance, or private placement of equity-type securities.
(8) The hiring or dismissal of a certified public accountant, or their compensation.
(9) The appointment or discharge of a financial, accounting, or internal audit officer.
(10) Financial reports.

Review of financial reports

The Board of Directors prepared the business report, the financial statements, and the proposal for distribution of earnings of the Company for 2021. The financial statements were audited by KPMG Taiwan, and an audit report was issued. The foregoing business report, financial statements, and proposal for distribution of earnings were reviewed by the Audit Committee, and no inconsistencies were found.

Appraisal of the effectiveness of the internal control system

The design and effectiveness of the internal control system was evaluated by each unit, reviewed by the auditing unit, and audited by the Audit Committee.

Assessment of the appointment of independent auditors

To ensure the independence of the independent auditors, the Audit Committee formulated an independence assessment form with reference to the “integrity, impartiality and objectivity, and independence” specified in the Certified Public Accountant Act and the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and in terms of independence, professionalism, and suitability, assessed whether the independent auditors were related parties to the Company, with business relations or financial interests. The assessment was resolved by the Audit Committee on March 18, 2021.

5. Audit Committee Members' Opinions or Resolutions to Material Matters in 2021 - Items Listed in Article 14-5 of Securities and Exchange Act:

Audit Committee Meeting Date	Resolutions	Audit Committee Members' Opinion and Company's Response
03/18/2021 The 14th meeting of the 2nd Committee	1. Approval of the parent-company-only financial statements and consolidated financial statements for the year of 2020. 2. Approval of the Business report for the year of 2020. 3. Recommendation of the distribution of earnings for the year of 2020. 4. Evaluation of independence and suitability of the CPAs to be retained by the Company in 2021. 5. Approval of the professional service fee of the CPAs for the year of 2021. 6. Assessment of the effectiveness of the Internal Control System. 7. Amendment to the Article of Incorporation. 8. Public offering and listing for trading on OTC for the common shares issued through private placement in 2017. 9. Increased investment in subsidiary, Win Semiconductors Cayman Islands Co., Ltd.	No Audit Committee member had any dissenting opinion or qualified opinion to the proposal and all attending members agree to pass the proposal.
05/07/2021 The 15th meeting of the 2nd Committee	1. Capital expenditure budget for Luzhu fab in Southern Taiwan Science Park located in Kaohsiung. 2. Increase investment in subsidiary, Phalanx Biotech Group, Inc.	
08/06/2021 The 16th meeting of the 2nd Committee	1. Participation in 2021 cash capital increase of NFC I Renewable Power Co., Ltd. 2. Participation in 2021 cash capital increase of related party, ITEQ Corporation.	
09/01/2021 The 17th meeting of the 2nd Committee	1. Participated as specified person in 2021 cash capital increase of related party, ITEQ Corporation. 2. Investment in NFC Fund III, L.P.	
12/06/2021 The 19th meeting of the 2nd Committee	The Company's endorsements/guarantees to subsidiary.	

Note: Besides the matters referred to Article 14-5 of Securities and Exchange, any matter that has not been approved with the consent of one-half or more of all Audit Committee members but approved by two-thirds or more of all directors: None.

3.4.3. Corporate Governance Implementation Status

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company follow "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its Corporate Governance Best-Practice Principles?	V		The Company has established its "Corporate Governance Best Practice Principles" and disclose on its website and the Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders' Rights				
(1) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) The Company has internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters: it has designated the spokesperson /deputy spokesperson and to handle shareholders' recommendations or issues. There have been no dispute or law suits incurred between shareholders and the Company.	None
(2) Does the Company possess a list of its major shareholders and beneficial owners of these major shareholders?	V		(2) The Company has assigned employee to be responsible for stock affairs. The stock transfer agent - Registrar Transfer Department, Grand Fortune Securities Corporation assists the Company to collect and disclose the updated information about its shareholders holding more than 10 percent of the outstanding shares, directors relating to the pledge, increase or decrease of share ownership, and other matters that may possibly trigger a change in the ownership of their shares. The Company ensures duly updating of information regarding of major shareholders and the ultimate control persons who have an actual control over the Company.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) The Company has promulgated rules related to internal control such as "Operating Procedures for Transactions between Affiliated Enterprises, Related Parties and Group Enterprises" and "Operating Procedures for Supervision of Subsidiaries." The rules are made to strictly regulate transactions between the Company and its affiliates to set up the "firewall" and manage risk.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) To prevent the insider trading, the Company has established the "Procedures for the Prevention of Insider Trading" and advised all insiders to comply with the rules.	None
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy, specific management goals and has it been implemented accordingly?	V		(1) The Company's diversification policy for the composition of its Board of Directors is defined in its "Corporate Governance Best Practice Principle" and "Rules for Election of Directors" and disclosed on its official website, as well as described as following: The composition of the Board of Directors shall be determined by taking diversity into account. An appropriate policy on diversity from perspectives of the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, but not limited to, the following two general standards: A. Basic requirements and values: Gender, age, nationality, and culture. B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. All members of the Board shall have knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			5. Knowledge of the industry. 6. An international market perspective. 7. Leadership. 8. Ability to make decisions. In addition, the Board of Directors has nine directors, and the Board's overall abilities meet the Company's needs for future development. In order to comply with the Board diversity policy, the member of the Board is targeted to have at least one female; also, in order to strength the independency of the independent directors, independent directors will not serve for over 3 sessions. The status of the implementation is as follows: independent directors account for 33% of all Board members, 44% of all directors are executive directors of the Company, and 11% of directors are female, achieved the target of at least one female director. Up to Dec. 31, 2021, four directors are 45 – 55 years old and the rest are all over 60 years old. The three independent directors have not served consecutive terms for over 3 sessions. Please refer to pages 19~20 of this annual report for Company's implementation of the Board diversity policy.	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	V		(2) The Company has set up the Compensation Committee in 2011 and proactively established the Audit Committee in place of the supervisors in 2016. We will establish other functional committees in accordance with laws and regulations or practical requirements.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis and submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	V		(3) The Company has established the “Regulations Governing the Board Performance Evaluation” approved by the Board and implement the internal performance evaluation of Board of Directors, members of the Board, Compensation Committee and Audit Committee at least once a year and the results are used along with self-evaluations by directors as the basis for nominating directors and determining their remuneration. The result of the performance evaluation in 2021 had reported to the Board of Director on Dec. 24, 2021. Please refer to pages 32~33 of this annual report for “The evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self-evaluations conducted by the Board of Directors.”	None
(4) Does the Company regularly evaluate its external CPAs' independence?	V		(4)The Company evaluates independence and suitability of CPAs regularly and reported with the issuance of declaration of independence of all CPAs to and approved by the Audit Committee meeting and Board meeting on March 18, 2021 (please refer to Note 1, page 52, “The evaluation of independence and suitability of external CPAs”).	None
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	V		The Company's Board established a corporate governance unit on May 14, 2019, the Associate Vice President of Legal and Public Affairs who has more than 3 years of experience in the legal business of a public offering company and has 12 hours of training within a year after taking office in accordance with the regulation, (please refer to Note 2, page 53) is the chief officer. The corporate governance unit is responsible for handling matters relating to Board meetings and shareholders' meetings according to laws; producing minutes of Board meetings and shareholders' meetings; assisting in on boarding and continuous education of directors; furnishing information required for business execution by directors; and assisting directors with regulatory compliance. Major work in 2021 was as below: 1. Acting as the secretary of the Board and the major contact between the Directors and the Company.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			2. Assisting Directors to performing their duties and provide meeting materials information as they deem necessary as well as to help the communications between Directors and internal officers. 3. Propagate the law and regulation of corporate governance to the Board. 4. Providing continuing educations information to Directors and arranging training courses for them. 5. Assisting the arrangement the communication affairs between Audit Committee members, external CPAs and chief of internal auditor. 6. Setting up the Board meetings agenda, call the meetings and providing meetings materials. Reminder the director for rescue in advance if there is any conflict interests matter. Providing meeting minutes within 20 days after the Board meeting. 7. Assisting shareholders' meeting affairs.	
5. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' question on corporate responsibilities?	V		The Company has set up the Stakeholders Engagement Section on its official website (http://www.winfoundry.com/en-US/About/about_contact) and has sound communication channel with shareholders, employees, clients, banks, suppliers and other stakeholders. The Company shall provide sufficient business information in good faith to protect the interest of the Stakeholders. Please refer to "rights with stakeholders", pages 44~46, for further details.	None
6 Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has appointed the professional registrar "Registrar Transfer Department, Grand Fortune Securities Corporation" to facilitate shareholders' meetings.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company's financials, business and corporate governance information have been disclosed in the Investor Relations Section on its official website and the Company has designated appropriate personnel to handle information collection, disclosure and update.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has set up its website both in Chinese and English, and has designated the spokesperson and deputy spokesperson in charge of making external statements. The Company has also designated appropriate departments to handle the information collection, disclosure and update about its shareholders, regulations/laws changes, investment and market status. The Company has recorded and disclosed investor conference webcasts on its website.	None
(3) Does the company publish its annual financial statements within two months after the end of each fiscal year, and publish its Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			(3) The Company published its first quarter, second quarter, and third quarter financial statements before the prescribed time limit, as for the annual financial statements, the Company is striving to make them to be published before the prescribed time limit, but it's still under evaluation.	Currently being evaluated
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		See explanations below:	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Other important information to facilitate better understanding of the Company’s implementation of corporate governance:

(1) Employee rights:

Please refer to pages 129~137, “5.5 Employee Relations” of this annual report.

(2) Employee wellness:

Please refer to pages 129~137, “5.5 Employee Relations” of this annual report.

(3) Investor relations:

Investors can easily understand the Company’s operation status from the spokesperson, the MOPS and the Company’s website. In addition, WIN holds investor conference quarterly to update investors the Company’s operational results and outlook. The webcast replays are released in the Company’s website. We have good communications with domestic/foreign institutional investors, through attending investor conference each year or visit investors in Asia, Europe or America in person. In the meetings, we give investors our operational results and also learn knowledge and suggestions regarding corporate operation, finance, corporate governance from investors. Due to COVID-19, WIN attended 23 virtual investor conferences held by domestic/foreign securities companies or competent authority in 2021. We also pay attention to individual shareholders by assigning employee to receive phone calls from them and responding the shareholders’ suggestions on the annual general shareholders meeting.

(4) Suppliers:

The Company maintains close partnership with suppliers and deal with supplies based on the principal of good faith.

(5) Rights with stakeholders:

The Company upholds the spirits of corporate governance to keep good communications and good relationships with stakeholders which including shareholders, employees, customers, banks and suppliers. In order to understand the extent to which stakeholders are concerned with WIN’s sustainability issues, we have followed the GRI Standards guidelines and the criteria for AA1000SES stakeholder engagement to compile these issues, so that we can understand their economic, environmental and social impacts. This information serves as the basis for the analysis of material topics and the results were reported to the Board of Director at the end of each year. Below please see the stakeholder engagement of the Company:

Stakeholders	Issue of Concern	Communication Frequency and Method	Communication with Stakeholders in 2021
Customers	1. Customer privacy 2. Customers’ health and safety 3. Compliance with environmental protection regulations	Irregular: video conference, visiting customers, on-site audit by customers Annually: customer satisfaction questionnaire survey Contact: Ms. Chen E-mail: winbusiness@winfoundry.com	1. Conducted a customer satisfaction survey and Average satisfaction rate was 88.7 points (out of 100 points). 2. Visited customers and accepted customer to audit our fabs.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Stakeholders	Issue of Concern	Communication Frequency and Method	Communication with Stakeholders in 2021
Employees	1. Employment 2. Employee diversity and equality 3. Economic performance	Irregular: website portal, project satisfaction survey, sexual harassment grievance hotline & email Quarterly: employee/employer meeting, foreign labor seminar, meetings of the employee welfare committee Contact: Ms. Chen E-mail: investigating.office@winfoundry.com	1. Hold health promoted events with total participants of 448 people. 2. Hold annual health check for employees with an average satisfaction rate of 9.48 points (out of 10 points).
Suppliers/ Contractors	1. Customer privacy 2. Economic performance 3. Anti-corruption	Irregular: on-site audit of suppliers, communicate with suppliers via telephone or email Annually: supplier/contractor assessment on environmental protection and safety and health management systems and performance Contact: Ms. Chen E-mail: wincsr@winfoundry.com	100% of WIN's new suppliers signed "WIN Supplier Code of Conduct."
Government authorities	1. Waste 2. Customers' health and safety 3. Compliance with environmental protection regulations	Irregular: official documents, participation in seminars and conferences held by government Monthly: reporting required information via the Market Observation Post System (MOPS) Contact: Ms. Chen E-mail:wincsr@winfoundry.com	Attended seminars and promotional meetings held by government.

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Stakeholders	Issue of Concern	Communication Frequency and Method	Communication with Stakeholders in 2021
Shareholders/ investors/ financial institutions/ creditor	1. Economic performance 2. Employment 3. Labor/Management relations	Quarterly: financial report, investor conference Annually: annual report, shareholders' meeting Irregular: investment institution conference, telephonic response to investor/media questions Contact: Mr. Tsen E-mail: ir@winfoundry.com	1. Hold 23 investor-related events to give investors the Company's operating results. 2. Spokesperson replied to shareholder's questions irregularly.
General public /non-governmental organizations	1. Waste 2. Emission 3. Public welfare events	Irregular: participation in charity events and Industry-Academy Cooperation Contact: Ms. Chen E-mail: wincsr@winfoundry.com	Hold 6 public welfare events and industry-academia cooperation including environmental protection, talent cultivation and community give back.

(6) Implementation of customer policy:

The Company has designated appropriate departments to handle and implement customer policy, respond inquires raised by customers regarding products and service and ensure sound communication with customer.

In addition, WIN actively participates in international exhibitions to enhance relationships with customers, promote WIN's newly developed products and innovative technology and help customers to increase their industrial competitive edge.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

(7) Directors' education/training records:

The Directors of the Company have professional background and work their respective fields of expertise. The Company facilitated seminars and provided updates of relevant regulatory information to directors as needed. The Directors take continuous education by attending corporate governance courses held by professional organizations to further strengthens their knowledge. The education/training records of Directors in 2021 were listed below:

Title	Name	Date	Host by	Course Title	Hours
Chairman	Chin-Tsai Chen	03/29/2021	Taiwan Corporate Governance Associate	Current information security status sharing and future challenges in technology industry	1.5
		04/26/2021	Taiwan Corporate Governance Associate	Fully activate the digital resilience of enterprises - from the perspective of the emergency reaction of ransomware and the response	3
		05/10/2021	Taiwan Corporate Governance Associate	The trend of ESG and Corporate Governance 3.0	1.5
		08/09/2021	Taiwan Corporate Governance Associate	Global minimum tax system	1.5
		08/19/2021	Taiwan Insurance Institute	Corporate integrity management and anti-money laundry	3
		09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		10/28/2021	Taiwan Institute of Directors	The trend of ESG and sustainable governance in the life insurance industry	3
		11/11/2021	Taiwan Corporate Governance Associate	New thought on intellectual property management	1.5

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Title	Name	Date	Host by	Course Title	Hours
Director	KC Fibertech INC. (Note 1) Representative: Ming-Chien Hsieh	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
Director	Li-Cheng Yeh	03/30/2021	Taiwan Corporate Governance Associate	Current information security status sharing and future challenges in technology industry	1.5
		05/11/2021	Taiwan Corporate Governance Associate	The trend of ESG and Corporate Governance 3.0	1.5
		08/10/2021	Taiwan Corporate Governance Associate	Global minimum tax system	1.5
		09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
Director	Yu-Chi Wang	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3

Note 1: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Title	Name	Date	Host by	Course Title	Hours
Director	Wen-Ming Chang	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
Director	Shun-Ping Chen	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
Independent Director	Shen-Yi Lee	09/01/2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		10/05/2020	Digital Governance Association	AVM to master big data to improve business performance and implement ESG	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
Independent Director	Hai-Ming Chen	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		11/09/2021	Securities & Futures Institute	2021 insider trading prevention conference	3

(Continued)

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Title	Name	Date	Host by	Course Title	Hours
Independent Director	Chin-Shih Lin	03/25/2021	CPA Associations R.O.C.	Practical analysis of closely held company	3
		03/29/2021	CPA Associations R.O.C.	Corporate Governance 3.0 – blueprint for sustainable development	3
		04/06/2021	CPA Associations R.O.C.	Company's capital increase for non-cash credit	3
		08/05/2021	CPA Associations R.O.C.	Anti-money laundry and CFT system	3
		08/19/2021	CPA Associations R.O.C.	CPA's response and responsibility for disputes of shareholders	3
		08/26/2021	CPA Associations R.O.C.	Accounting process for investment in affiliated companies	3
		09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		09/15/2021	CPA Associations R.O.C.	Accounting for income tax	3
		10/27/2021	CPA Associations R.O.C.	Legal issues of the contest for corporate control	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3

(8) Status of risk management policies and risk evaluation:

The Board of Directors of WIN is the highest guiding unit responsible for the Company's management risk. With the assistance of the Audit Committee, the Board controls and manages the existing or latent risks of the Company, including establishing internal control systems, implementing internal auditing, and determining budgets to manage significant capital expenditure. The CEO is the chief organizer of the risk management organization. The CEO oversees the implementation and execution of risk management mechanisms and there are responsible units assigned to take charge of risk management in all operations under CEO. The scope of risk management includes technical risk, operational risk, product risk, legal risk, financial risk, information security risk and climate change risk. Existing systems and regulations are used to handle and execute risk matters pertaining to marketing, production services, technology R&D, purchases and supply, quality control, human resource planning, amendments to domestic and foreign regulations, and finance and accounting. Furthermore, risk identification assessment and management mechanisms are strengthened to reduce the possibilities of risk occurrence and mitigate the impact of risk-induced damage.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

The responsible units in the risk management organization proposed 86 risk factors in 2021 and classified them into 24 potential risk items.

The evaluation did not reveal any items that must be improved immediately. Items that must be improved as appropriate included unlawful abuse of employees in the performance of their duties, abnormalities in critical equipment, shortages of key raw materials, insufficient production capacity, updates on labor laws and regulations, and infringement of intellectual property rights. The responsible unit will propose a prevention and recovery plan and test the effectiveness of the emergency response plan on an annual basis, which will remain as part of medium- to long-term risk management in the future, and the Company will continue to implement the emergency response mechanism.

Please refer to "7.6. Risk Management", pages 152~156, for information on the risks items and response measures for operating risks and financial risks.

(9) Directors' and officers' insurance for company directors:

The Company has purchased directors' and officers' liability and company indemnification insurance for all directors.

Insured	Insurance Company	Insured Amount (NT$)	Term of Policy
All directors	Fubon Property & Casualty Insurance Co., Ltd.	442,350,000	08/24/2020~08/24/2021
All directors	Fubon Property & Casualty Insurance Co., Ltd.	416,250,000	08/24/2021~08/24/2022

9. Status of the improvement regarding the result of Corporate Governance Assessment announced by Taiwan Stock Exchange:

(1) Improvements already made: Based on the most recent Corporate Governance Evaluation results, improvements already made by the Company are as follows:

The Company published its first quarter, second quarter and third quarter financial statements before the prescribed time limit.

(2) Priority Strengthening Matters and Measures: In response to revisions to indicators used in the Corporate Governance Evaluation, we prioritized the following matters for improvement:

The Company expects to commission external assessment institutions or external expert teams to conduct the Board of Directors Performance Assessment in 2022.

(3) We will continue to evaluate the feasibility of future improvements in areas that we did not receive a score in.

Note1: The evaluation of independence and suitability of external CPAs of year 2021

CPA: Chia-Chien Tang Education & Major Experience:	CPA Firm: KPMG Education: Bachelor Degree in Accounting, Fu Jen Catholic University Major Experience: Certified Public Accountant of R.O.C. Certified Public Accountant of U.S.A.
CPA: Ming-Hung Huang Education & Major Experience:	CPA Firm: KPMG Education: Master Degree in Accounting, Chinese Culture University Bachelor Degree in Public Finance, National Chengchi University Major Experience: Certified Public Accountant of R.O.C.

Evaluation Item	Evaluation Result	Independence
1. Does the CPA have significant financial stakes with the Company?	No	Yes
2. Whether the CPA has financing or guarantees with the Company or the directors of the Company?	No	Yes
3. Does the CPA have close business relationships and potential employment relationships with the Company?	No	Yes
4. Whether the members in the Audit Services team have served as directors, managers or any position that have a significant impact on the audit case for the previous two years.	No	Yes
5. Does the CPA have any non-audit service project that may affect the audit of the Company?	No	Yes
6. Does the CPA act as broker of the stock or other securities issued by the Company?	No	Yes
7. Whether the CPA acts as a defender of the Company or coordinates conflicts with third parties on behalf of the Company.	No	Yes
8. Does the CPA have kinship with the directors, managers of the Company or those who have significant influence on the audit case?	No	Yes
9. Whether the CPA has received a gift or gift of great value to the directors or managers of the Company or the Company.	No	Yes

Evaluation result: the external CPAs meet the requirements of independence and suitability of the Company.

Note2: Management team education/training records in 2021

Chairman, Chin-Tsai Chen, Directors, Yu-Chi Wang, Wen-Ming Chang, and Shun-Ping Chen are executive officers of the Company, whose education/training record have been disclosed in pages 47~50 of this annual report.

Title	Name	Date	Host by	Course Title	Hours
CEO	Kuo-Hua Chen	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
Associate Vice President of Accounting Division	Linna Su	10/25/2021~ 10/26/2021	Accounting Research and Development Foundation	Continuing education and training courses for accounting officers	12
Associate Vice President of Finance Division	Joe Tsen	09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		10/01/2021	Securities & Futures Institute	Cognition of global risks - opportunities and challenges in the next decade	3
		10/15/2021	Securities & Futures Institute	2021 propagate session on legal compliance of insider equity transactions	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
Chief Officer of Corporate Governance and Associate Vice President	Annie Yu	03/24/2021	Corporate Operation Association	“How to hold a good shareholders’ meeting in 2021” lecture series - changes and case studies of shareholders’ meetings	3
		09/01/2021	Digital Governance Association	The impact of commercial courts on the operation of the Board and the execution of duties by Directors	3
		10/27/2021	Corporate Operation Association	Intellectual property rights and Corporate Governance	3
		10/29/2021	Corporate Operation Association	Practical cases and case analysis of Corporate Governance, Board of Directors and Compensation Committee	3
		11/05/2021	Taiwan Corporate Governance Associate	Cases study of violation of security laws and the responsibilities of Directors and Supervisors (including insider trading)	3
		12/14/2021	Corporate Operation Association	Operational practices of Board of Directors - management of agenda and minutes of Board meetings	3

3.4.4. Composition, Responsibilities and Operations of the Compensation Committee

A. Professional Qualifications and Independence Analysis of the Compensation Committee Members

Position	Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Listed Companies in Which the Individual is Concurrently Serving as an Member of the Compensation Committee
Independent Director (Convener)	Hai-Ming Chen	Please refer to page 17~19, "Professional Qualifications and Independence Analysis of Directors"	Please refer to page 17~19, "Professional Qualifications and Independence Analysis of Directors"	2
Independent Director	Shen-Yi Lee	Please refer to page 17~19, "Professional Qualifications and Independence Analysis of Directors"	Please refer to page 17~19, "Professional Qualifications and Independence Analysis of Directors"	2
Independent Director	Chin-Shih Lin	Please refer to page 17~19, "Professional Qualifications and Independence Analysis of Directors"	Please refer to page 17~19, "Professional Qualifications and Independence Analysis of Directors"	1

Position	Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Listed Companies in Which the Individual is Concurrently Serving as an Member of the Compensation Committee
Other	Wei-Lin Wang	**Expertise:** Intellectual property right laws, technology laws and technology policies, international technology transfers, international trade and international direct investments, Company Act, and corporate acquisitions & mergers, etc. **Experience and qualifications:** ✓ Director, Institute for Information Industry Science & Technology Law Institute ✓ Associate professor/professor and director of the Department of Financial Law, School of Law, Ming Chuan University ✓ Assistant professor/associate professor of the Graduate Institute of Financial and Economic Law, Feng Chia University ✓ Assistant professor of the Graduate institute of Technology & Innovation Management, College of Commerce, National Chengchi University ✓ Assistant professor of the Graduate institute of Intellectual Property Rights, School of Law, Shih Hsin University ✓ Senior attorney, Lee and Li Attorneys at Law ✓ Foreign attorney, Haynes & Boone, U.S.A. ✓ Attorney, New Hope Law Firm	1. The person, the person's spouse and relative within the second degree of kinship are not a director, supervisor or employee of the Company or any of its affiliates. 2. The person, the person's spouse and relative within the second degree of kinship neither hold in an aggregate amount of 1% or more of the total number of outstanding shares of the Company nor ranking in the top 10 in holdings. 3. Not serving as a director, supervisor or employee of a company that has specific relationship with the Company. 4. Only serve as the member of the Compensation Committee at the Company and received the compensation from the Committee of the Company in the past 2 years.	1

Position	Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Listed Companies in Which the Individual is Concurrently Serving as an Member of the Compensation Committee
Other	Wei-Kang Pan	**Expertise:** Social workers protecting the rights of women, the elderly, children, and other disadvantaged groups. **Experience and qualifications:** ✓ Doctor of Law, National Taiwan Normal University ✓ Compensation Committee member, Sinkang Industries Co., Ltd. ✓ City council members of the 4th to 6th term, City Councils of Taipei City ✓ Members of the 2nd to 4th and 6th to 8th term, Legislative Yuan ✓ President of the Senior University ✓ Chairperson of the Modern Women's Foundation ✓ 16th Top Ten Outstanding Young Women	1. The person, the person's spouse and relative within the second degree of kinship are not a director, supervisor or employee of the Company or any of its affiliates. 2. The person, the person's spouse and relative within the second degree of kinship neither hold in an aggregate amount of 1% or more of the total number of outstanding shares of the Company nor ranking in the top 10 in holdings. 3. Not serving as a director, supervisor or employee of a company that has specific relationship with the Company. 4. Only serve as the member of the Compensation Committee at the Company and received the compensation from the Committee of the Company in the past 2 years.	1

B. Authorities of the Compensation Committee

The Compensation Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors, including:

1. to review the performance appraisal and Compensation Committee Charter periodically and proposed amendments.
2. to prescribe and review periodically the performance appraisal and remuneration policy, systems, standards and structure for directors, supervisors and managerial officers.
3. to evaluate status of performance appraisal periodically and prescribe the remuneration of individual director, supervisor, and managerial officer.

The Committee shall comply with the following principles when exercising its authority set forth in the preceding paragraph:

1. Ensure that the Company's compensation standards conform to the law and are sufficient to attract talented personnel.
2. The performance evaluation and compensation of Directors, supervisors and executives should take prevailing industry standards into account and take into consideration the amount of personal time invested, responsibilities, personal target completion, performance in other roles and company compensation for other people in equivalent roles in recent years. The achievements of the company's short-term and long-term business objectives as well as the company's finances are used to evaluate the correlation between personal performance, company business performance and future risks.
3. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
4. For Directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of this Company's business.
5. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

C. Compensation Committee Meeting Status

1. The Compensation Committee is composed of 5 members.
2. The tenure of the 4rd session is from June 14, 2019 to June 13, 2022.
   A total of 2 (A) meeting of the Compensation Committee were held in 2021. The members' attendance status was as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Attendance in Person (B)</th><th>By Proxy</th><th>Attendance Rate in Person (%) (B/A)</th><th>Remarks</th></tr>
<tr><td>Convener</td><td>Hai-Ming Chen</td><td>2</td><td>0</td><td>100%</td><td rowspan="5">Re-appointed and the tenure is the same as the 8th session Board of Directors.</td></tr>
<tr><td>Member</td><td>Shen-Yi Lee</td><td>2</td><td>0</td><td>100%</td></tr>
<tr><td>Member</td><td>Chin-Shih Lin</td><td>2</td><td>0</td><td>100%</td></tr>
<tr><td>Member</td><td>Wei-Lin Wang</td><td>2</td><td>0</td><td>100%</td></tr>
<tr><td>Member</td><td>Wei-Kang Pan</td><td>2</td><td>0</td><td>100%</td></tr>
</table>

Annotations:

1. If the Board of Directors declines to adopt, or modifies a recommendation of the Compensation Committee:
   Year 2021 and up to the date of printing of the annual report, there is no Board of Directors declined to adopt, or modifies a recommendation of the Compensation Committee.
2. The Compensation member has an objection or qualified opinion together with a record or written statement regarding a Compensation Committee resolution:
   Year 2021 and up to the date of printing of the annual report, there is no Compensation member had an objection or qualified opinion.
3. Major resolutions of Compensation Committee meetings in 2021 and the Company's response to committee members' opinion:

Compensation Committee Meeting Date	Content of Motion	Resolutions	Compensation Committee Members' Opinion and Company's Response
03/16/2021 The 5rd meeting of the 4th Committee	1. Executive officers' compensation budget for the year of 2021. 2. Directors' compensation budget for year 2020.	All of the committee members unanimously agree to pass the proposal.	All attending Directors unanimously agree to pass the proposal on the Board meeting held on Mar. 18, 2021.
12/24/2021 The 6th meeting of the 4th Committee	1. Execution report for 2021 Executive officers' compensation budget. 2. Execution report for 2020 Directors' compensation budget.	All of the committee members unanimously agree with the report items.	All attending Directors unanimously agree with the report items on the Board meeting held on Dec. 24, 2021.

3.4.5. Implementation Status of Promoting Sustainable Development and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
1. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	V		1. The Company's Corporate Social Responsibility Committee was established in 2016 and changed the name to "ESG Committee" in 2021, Mr. Shun-Ping Chen, General Manager of Corporate Administration, is the chair of the committee. The Committee has five ESG promotion teams whose members consist mainly of executives of Centers and Departments. The teams are dedicated to ESG tasks in corporate governance, care for culture and humanity, innovative technology, sustainable environment, and corporate value chain. They are responsible for formulating objectives for and the execution of policies or systems for corporate governance, development of a sustainable environment, and protection of social welfare. At the end of each year, complete written information is compiled and reported to the Board of Directors (the most recent report date was on Dec. 24, 2021): 1. Review the accomplishment of the ESG objectives for the previous year; 2. Identify material topics and set objectives for the current year; 3. Propose initiatives and campaigns for the following year on corporate governance, environmental protection, employee health and safety at work, and public welfare. The Board of Directors regularly listens to the report of the ESG chairperson every year. The ESG team will review the implementation plans according to the directors' suggestions and determine whether adjustments are necessary.	None
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		2. The Company prepares a sustainability report each year, and analyzes the effect of material issues on WIN and strategies based on the principle of materiality. Please refer to Note 1 at pages 70~72 of this annual report for a description of risk assessments for material issues.	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
3. Environmental topics				
(1) Has the Company set an environmental management system designed to industry characteristics?	V		(1) The Company has established an ISO 14001 environmental management system based on the attributes of the industry and continues to improve its environmental management performance with the concept of "Plan-Do-Check-Act". In addition to obtaining annual third-party verification, the Company regularly examines environmental impacts and safety hazards and revises its management system accordingly. The Company diligently complies with laws and regulations relating to environmental protection, including the Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations Amended Clauses, Regulations on the Review of Water Contamination Control Measures Plans and Permit Applications, the Regulations on the Review of Industrial Waste Cleanup Plans, the Permit Registration and Approval Regulations for Toxic and Concerned Chemical Substances, and the Regulations on Greenhouse Gas Emissions Inventory Registration. All of the Company's plants (Fab A, Fab B, and Fab C) were successfully converted to ISO 14001:2015 environmental management system in 2017. The latest certificate was obtained on October 15, 2020 and is valid until October 15, 2023.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company continues to improve the efficiency of energy resources through engineering improvements or equipment replacement, such as energy saving devices and lighting and uses recyclable materials such as dummy wafers, gold-related scrap, acetone, isopropanol and NMP. Please refer to Note 3 at pages 77 of this annual report.	None
(3) Does the Company evaluate potential risks and opportunities brought by climate change,	V		(3) In response to global climate change and the transformation into a low carbon market, WIN Semi focused on the risks and opportunities that climate change may bring. With the support and oversight of the Board of Directors and senior executives, the Company has gathered members from relevant departments to compose the Task Force on Climate-related Financial Disclosures (TCFD) and establish and strengthen the	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
and take response measures to climate-related issues?			mechanism. The TCFD develops strategies and action plans to address climate change in four areas: governance, strategy, risk management, and indicators and targets, determines the extent to which the Company is impacted by climate-related risks and opportunities, identifies potential risks and opportunities, and regularly examines quantitative targets and performance indicators. Please refer to Note 2 at pages 73~77 of this annual report.	
(4) Does the Company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		(4) In 2011, the Company established a standard mechanism for greenhouse gas inventory in accordance with ISO14064 and the Greenhouse Gas Inspection Guidelines of the Environmental Protection Administration, Executive Yuan. Since then, the Company has inventoried the greenhouse gas emissions of all the fabs and obtained third-party (SGS Taiwan Ltd.) verification every year to monitor the current use of greenhouse gases and verify the effectiveness of the reduction measures. WIN Semi uses operational control as the boundary for the inventory, which includes the management processes and facilities of all fabs (Fab A, Fab B, and Fab C). The greenhouse gases inventoried are CO2, CH4, N2O, HFCs, PFCs, SF6, and NF3. No ozone depleting substances (ODS) are used in any of the fabs. We established policies and reduction goals for water conservation, energy conservation, and pollution prevention, proposed corresponding improvement plans, and periodically inspected results. Under the premise of technology, economy, and feasibility, we carried out company-wide water conservation, energy conservation, and pollution prevention work, included it in annual reduction goals, and periodically inspected results. We prepare quarterly implementation reports and conduct performance reviews, and report the progress and results of improvement plans. At the end of each year, we review implementation results and set goals for the following year. Please refer to Note 3 at page 77 of this annual report.	None
4. Social issues (1) Does the Company set policies and procedures in	V		(1) Please refer to Note 4 at pages 77~81 of this annual report.	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
compliance with regulations and internationally recognized human rights principles?				
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) The Company has established the "Work Rules", "Employment Performance Assessment Rules", "Employee Reward and Discipline Rules" and "Procedures for Ethical Management and Guidelines for Conduct" according to relevant laws and regulations. The compensation policy is measured based on the employee's capability, contribution made to the Company and performance which has a positive correlation with the performance of the Company's business. The Company offers competitive salaries and establishes and reviews a reasonable compensation policy by participating reliable compensation survey annually. The overall remuneration includes the base salary, allowances, bonuses and employee dividends; employees receive competitive compensation based on such factors as job responsibility, core functions, academic background, prior experience, performance evaluation, market conditions, future development of the company, retention of employees with exceptional performance, and shareholder equity. Compensation is not subject to discrimination on the basis of gender, age, race, religion, political affiliation, marital status or other factors, and salaries are adjusted annually based on overall operating conditions and industry standards. In addition to providing competitive salaries, WIN also offers incentives include: a. Remuneration of employees: in order to express our gratitude to the employees for their contribution to the Company as well as to share the fruits of our labor, given that the year has been profitable, we will set aside 5% to 10% of the profits, in accordance with the provisions of the Company's Articles of Incorporation, as part of the employees' remuneration, as a token of appreciation for their hard work during the previous year. b. Year-end bonus: year-end bonus payments are distributed to employees based on their individual	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
	V		performance and the Company's overall business performance. The amount of the bonus is generally 2 months of salary, plus an additional amount that depends on the year's business performance. For 2021, this additional bonus was determined to be 2 month of salary. c. Quarterly bonus: bonus payments are made based on the fulfillment rates of profit targets. d. Loyalty bonus: direct employees receive a NT$15,000 bonus for each completed year of service with the Company. e. Childcare allowance: employees who have children under 7 will be entitled a childcare allowance of NT$5,000 per child every month. f. Diverse bonuses and prizes as incentives: bonus for proposals, accountability, innovation and instant rewards as recognition of skills. g. Stock Ownership Trust: WIN's employees have independently established an Employee Stock Ownership Trust. To facilitate employees' financial planning and share its business outcomes, the Company provides funds that match 100% of employee contributions. Workplace diversity and equality: The Company focuses on gender equality and equal remunerations, and realizes the same remuneration conditions and promotion opportunities for men and women. Over 15% of the managers of the Company are women. We hope to encourage sustainable and inclusive economic growth. In 2021, female employees accounted for 49.47% of the Company and female supervisors accounted for 16.8% of management. The Company has established its employment performance assessment rules and implements each year, employees shall set up his/her performance goals and training plans to enhance his/her capability, knowledge and skills regarding the Company's business. Please refer to pages 129~137, "5.5 Employee Relation" of this annual report.	
(3) Does the Company provide employees with a safe and healthy working	V		(3) Over the years the Company has been conducted the environmental impact and safety risk assessment, and comply with requirements of relevant laws and regulations to establish a workplace friendly and healthy to employees. All of the Company's fabs were verified by SGS Taiwan Ltd. and certified by ISO45001 and	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
environment, with regular safety and health training?			CNS45001. The certificates are valid until October 15, 2023 and October 14, 2023, respectively. In 2021, there were no work related deaths, major occupational accidents or occupational illnesses and 5 non-traffics related occupational accidents occurred. The disabling injury frequency rate (FR) was 0.77 and the disabling injury severity rate (SR) was 4. According to the types of work related injuries, there were 3 cases of falling, accounting for 18% of lost days. The main cause was tripping on elevated floors. There was 1 case of crushing due to mishandling of objects, accounting for 79% of lost days. WIN seeks to prevent the same types of occupational accidents from occurring and conducts special investigations on occupational accidents. We take measures to improve the work environment and enhance personnel safety education and training. We are actively improving safety awareness among employees. We also conduct reviews and improvements for accidents in quarterly meetings of the Occupational Safety and Health Committee, in order to reach the goal of zero accidents. Additionally, there were no accidents involving other workers that are not employees in WIN plants from 2018 to 2021. Protective measures taken to ensure a safe working environment and maintain employees' personal safety, please refer to pages 129~137, "5.5 Employee Relation" of this annual report.	
(4) Has the Company established effective career development training plans?	V		(4) WIN strives to create a diverse learning environment that offers rich and interesting contents. By establishing the "Education and Training Procedures", the Company has systematically integrated both internal and external resources, thus providing a complete talent development strategy as well as cultivating and improving employees' skills and capabilities so that they can grow with the Company and together create a mutually beneficial relationship. A training roadmap for professional and managerial competencies is designed on the basis of the company's mid-to-long-term business strategy and WIN's core values. Multiple training methods are used to promote different types of training and development programs. Examples include: classroom-based courses, on-the-job training and coaching, and online training. The objective is to develop a blueprint for each employee's future development through a comprehensive training program.	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	
			WIN's talent cultivation is divided into three contexts, formulating professional training roadmaps based on the department in which employee belongs, the job position, the expertise and familiarity required to be successful in the role. Additionally, the HR Division plans and organizes all types of professional training courses that meet the requirements to help employees adapt and learn the skills they need at work. Please refer to pages 129~137, "5.5 Employee Relation" of this annual report.	
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) Customers of the Company are not end users, and there are clear and effective channels between the Company and customers to deal the customer complaints. The Company has secured products liability insurance for all products to ensure consumers rights. The Company's commitment: Dedication to development and innovation of manufacturing technology to provide manufacturing service of superior compound semiconductor devices and integrated circuits. Continuous pursuit of excellence demonstrated by providing high-quality products characterized by the employment of "Plan-Do-Check-Act" cycles for continuous improvement. To assure sustainable operation and to fulfill responsibility of a good corporate citizen, the Company passed the following certifications after audits of third parties: a. ISO9001 Quality Management System Certification; b. ISO/TS16949 Automotive Management System Certification; c. ISO14001 Environmental Management System Certification; and d. ISO45001 Occupational Health and Safety Management System Certification. e. CNS45001 Taiwan Occupational Safety and Health Management Systems Certification. To protect the confidentiality and integrity of customer information, we continue to strengthen information system and data security including the establishment of a comprehensive anti-virus system and file encryption systems and mechanisms. We also implement rigorous access control and management for customer data and files.	None
(6) Does the Company have a supplier	V		(6) Company, depending on the nature of material, a chemical operation review will be undertaken in accordance with the Company's New Material and	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?</td><td></td><td></td><td>Supplier Verification Procedures to determine if the material supplier complies with EU directives of RoHS/REACH and the material to be offered is conflict. In addition, to enhance the Corporate Social Responsibility the company has established “Suppliers Code of Conduct” and disclosed the information includes labor, health and safety, environment, ethic and integrity on our website. Supplier management targets and the achievement statuses in 2021 are as follows:
<table>
<tr><th>Management Items</th><th>Goal in 2021</th><th>Performance in 2021</th><th>Status</th></tr>
<tr><td>1. Ratio of materials used for producing wafers is sourced from mines in non-conflict areas</td><td>100%</td><td>100%</td><td>Achieved</td></tr>
<tr><td>2. Ratio of new suppliers that signed the “WIN Supplier Code of Conduct”</td><td>100%</td><td>100%</td><td>Achieved</td></tr>
<tr><td>3. Ratio of suppliers of indirect materials, equipment, and packaging materials not directly related to production that signed the “WIN Supplier Code of Conduct”</td><td>83%</td><td>91%</td><td>Achieved</td></tr>
<tr><td>4. Ratio of direct material suppliers have completed the sustainable management self-assessment questionnaire</td><td>50%</td><td>56%</td><td>Achieved</td></tr>
</table></td><td></td></tr>
<tr><td>5. Does the Company references internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial</td><td>V</td><td></td><td>Our 2021 ESG Report has been assured by SGS Taiwan Ltd. to be in compliance with the “Core” option of the GRI Standards and AA1000 Type 2 moderate level assurance.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>information of the company, such as ESG reports? Do the reports above obtain assurance from a third party verification unit?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">6. If the Company has established sustainable development principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the principles and their implementation:
The Company has established “Corporate Social Responsibility Best Practice Principles.” The Company well recognizes a corporation is one of the community citizens and should fulfill corporate social responsibility. The Company has taken into consideration sustainable development related issues in designing of company systems and operating strategies, such as corporate governance, sustainability environment and social benefits. Operation of the Company is fully in compliance with the corporate governance guidelines set forth in the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.”</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s sustainable development practices:
(1) Since its establishment, WIN got sewer connection consent from the environmental protection agency and maintains the permit for wastewater effluent. Effluents out of WIN facilities undergo pre-treatment in house and treatment by Wastewater Treatment Plant of Hwaya Technology Park (the “Park”) before discharging into surface water body. Hwaya Technology Park Administration (the “Park Administration”) operating wastewater treatment for the Company checks effluents on a weekly basis and during year 2021, WIN’s effluents strictly met water quality standards required by the Park Administration.
(2) The Park Administration analyzes samples of air, water and underground water within and outside the Park quarterly to monitor quality of the same. The Environment Quality Supervision Committee of the Park, consisted of representatives of the firms in the Park, experts and academia, invites leaders of neighboring villages to communicate and discussion agenda related to interaction between the Park and its community, including environmental protection issues such as air and river water quality, transportation. The Company keeps involved in the committee to enhance environment quality of neighboring community.
(3) Since the European Union’s RoHS directive took effect on July 1, 2006, all products available on the market with substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ether, have been required to contain less than 1,000 ppm of these substances. Customers have actively inquired and requested that WIN comply with EU’s relevant regulations governing hazardous substances. Therefore, we began checking the ingredients of our raw materials and have since established a hazardous substance free management procedure. WIN is committed to meeting customer requirements concerning hazardous-substance-free operations. Since late 2010, we have included the requirements of the EU’s hazardous substance free directive in our test reports for product ingredients. These directives include REACH, RoHS, PFOS & PFOA, and Halogen-Free Regulations.
At the following Customer login page (select E-Service) on WIN’s official website</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	

(https://www.winfoundry.com/en-US/Other/other_login), a Hazardous Substance Free section was set up in the Customer section of WIN's official website which provides the following information pertaining to hazardous-substance-free and conflicting minerals for customer access:

- ✓ Statement On The Restriction of Hazardous Substances
- ✓ Declaration of Metal Conflict-Free
- ✓ Conflict Minerals Reporting Template (CMRT)
- ✓ Third-Party Product Testing Report for the Year

Besides establishing a hazardous substance free management procedure, WIN is committed to protecting the Earth by actively collaborating with its suppliers to produce products that are hazardous substance-free for customers and consumers. WIN specifies in purchase contracts and order forms that new material suppliers must comply with WIN's supplier management procedures, and that the provided materials may not contain hazardous substances as defined by WIN. Furthermore, suppliers must regularly provide product testing reports and undertake annual supplier assessments. Regarding new materials, the Technology R&D Department must abide by WIN's hazardous substance free management procedures when determining product specifications and selecting materials to ensure that new materials are hazardous substance-free. Responding the issue of metal conflict-free, the Company also requires suppliers to provide declaration of metal conflict-free, disclosure of minerals source and smelter information questionnaires in a RMI form. By actually taking action, WIN demonstrates its efforts in keeping in line with relevant environmental regulations, green purchase trends, and customer requirements.

(4) The Company upholds the core values of Integrity, Innovation, Discipline, and Efficiency in providing foundry total solutions to its worldwide wireless communications and optical communication customers to meet the mission of pursuing excellent and caring society.

(5) WIN upholds the spirit of respecting life, caring for disadvantaged individuals, and giving back what is taken from society. WIN spreads its love for society by donating resources as a way of showing our concern for the economically disadvantaged. We donated cash and supplies worth a total of NT$72,273 thousand to charity in 2021 to fulfill our CSR and promote community services and cultural and educational activities. The major charitable events were as follows:

a. The Company has long been working with Tamkang University to organize the Fun in Chemistry event. This year, 13 volunteers were recruited to serve Fuyuan Elementary School in Guishan District, Taoyuan City, with the idea of giving back to the local community. The volunteers acted as assistants and led the students to experience the fun of hands-on experiments, spreading the word that chemistry could be safe and interesting. The children learned the knowledge of popular science hidden in textbooks.

b. The Company cares for local schools and donates money to the Education Savings Account Program of the Ministry of Education to provide care and after-school learning for disadvantaged students at Fuyuan Elementary School.

c. Extending the effective campaign of Uniform Invoice Donation for Environmental Protection, we partner with the Taiwan Environmental Information Association to place long-term invoice collection boxes at all fabs. The staffs take the initiative to show support by donating uniform invoices or small change at hand. Multilingual posters are put up inside the Company to promote environmental education and habitat conservation. This year, about 1,711 uniform invoices were collected to support environmental information disclosure, environmental trusts and conservation campaigns in the interest of environmental education and habitat conservation.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	

d. In the “Send a Blessing to the Remote Villages - Christmas Gifts for Children” event, the staff prepared gifts and wrote cards on their own and found the right recipients to donate them. Volunteers went to the remote villages and donated the collected 150 Christmas gifts placed in shoeboxes to organizations that provided child care, such as Sanmin Catholic Church in Fuxing, Taoyuan (remote location), Xingfu Elementary School in Linkou, New Taipei City (remote school), and Guangfu Children’s Workshop in Hualien (remote local learning group), for the children to use in learning and living.
e. In the “Campus Care for Local Communities - Subsidies for College and University Clubs to Perform Public Service” event, clubs submitted proposals, and the Company sponsored the activities of the selected clubs and provided necessary assistance. During the COVID-19 pandemic, the Company reached out to different parts of Taiwan and enriched its services through diverse physical and online activities. Companies and college clubs can form a social network to provide greater support and care.
f. The Paper Windmill Foundation has been bringing theater to different parts of Taiwan for many years, creating a platform for children’s theater. WIN Semi is a long-term corporate sponsor, supporting performances such as the Paper Windmill Children’s Art Project in Towns and Cities, the Paper Windmill Youth Anti-Drug Drama Project, and the Hakka Parent-Child Drama “Rain Horse”, as well as the Paper Windmill Taiwan Youth Golden Image Award - 368 My Home, a call for entries to cultivate youth video creation. The theatrical performances conveyed warm energy, encouraging young students to create works that focus on their own hometowns and boost their self-confidence to reduce the gap between urban and rural areas. WIN Semi also called on the staff to support the development of Taiwan’s arts and cultural industry by watching the Paper Windmill performances online during the pandemic.
g. WIN Semi sponsored director Chen Hui-ling’s documentary “A Letter to A’ma”, which was nominated for Best Documentary at the 2021 Golden Horse Awards and for numerous awards at international film festivals in France, the United States, and Germany. Her art lesson plan, Collective Memory of the Island, prompts Taiwanese students to explore their own family stories and accumulate a strong cultural memory. The lesson plan is included in art textbooks. More than 16 cities and counties, 79 schools, 130 teachers, and 12,500 students nationwide have participated to demonstrate the value of art education.
h. WIN Semi purchased Tainung 17 pineapples in bulk from the production area to help farmers overcome the predicament of canceled export orders and maintain their livelihoods, and support Taiwan’s agriculture. While purchasing locally, stimulating consumption, and promoting the diversified values of pineapples, the Company rewarded each employee with one box so that they could bring home to share with their families. The Company also shared the purchases with all the students and faculty of Tamkang University, a concrete action to endorse the national fruit.

In addition to corporate sponsorship, our employees actively participate in fundraisers, supplies and book donations, and donate the funds and supplies to nursing homes, nurseries, and students in remote areas.

In 2021, Level 3 COVID-19 Alert was in place. To implement the pandemic prevention policy and protect the health of its employees, the Company suspended physical activities and events.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Explanation	

(6) Increase work opportunities for the underprivileged, and hire visually impaired people to serve as masseuses in accordance with the People with Disabilities Rights Protection Act, so that employees can enjoy a massage in the company at a preferential price.
(7) Launch "Employee Friendly Enterprise" Campaign
a. The Company is committed to creating job opportunities; local employees come first.
b. We offer competitive salaries that are linked to performance. Besides providing employees with stable living conditions, this also encourages employees with outstanding performance.
c. We emphasize employees' work-life balance and established a reasonable leave system, flexible work hours, and care for employees' physical and mental health; implement Employee Assistance Programs (EAP); encourage employees to join clubs through the Employee Welfare Committee, and plan company trips and other recreational activities to promote a harmonious labor-management relationship.
(8) Other social responsibility activities: The Company appointed personnel responsible for gathering and disclosing the information to be disclosed on MOPS, so as to ensure proper and timely disclosure of information that might affect the decisions of shareholders and stakeholders.

Note 1: Description of risk assessments for material issues

Material Topics	Risk Assessment Item	Importance to WIN	WIN's Strategy
Corporate Governance	Economic performance	A good business strategy is key to maintaining a healthy capital foundation that maintains investor, creditor, and market confidence, supports future operations and development, and maximizes benefits for customers, suppliers, and employees.	1. Maintain a sound capital base to support future operational development 2. Ensure good corporate governance 3. Expansion of product applications in other sectors 4. Investment of more resources in technology innovation, quality improvement, and reduction of manufacturing cost
	Anti-corruption	"Integrity and accountability" constitute one of WIN's core values. We uphold corporate governance principles and require members of the governance unit and company employees to uphold high moral standards and implement ethical management. We prohibit any behavior that may damage WIN's reputation or interests in order to achieve sustainable development.	1. Formulated 7 relevant policies and regulations 2. Promote the Company's core value of "integrity and accountability" during training courses for new employees 3. Promote the policy of integrity to employees at the end of each year 4. Set up an independent mailbox for whistleblowing

Material Topics	Risk Assessment Item	Importance to WIN	WIN's Strategy
Corporate Governance	Supplier environmental assessment	Suppliers are important partners for the sustainable management of WIN Semi. To strengthen cooperation with suppliers, improve quality, and reduce supply chain risks, we help suppliers understand and establish sound sustainable operation. This is crucial to our long-term operation.	1. Set standards: Code of conduct for WIN Semi's suppliers 2. Assess risks: Conduct risk assessment based on the supplier rating table 3. Evaluate suppliers: Conduct annual supplier performance evaluation 4. Continue to improve management: Require suppliers to continue to improve based on performance evaluation results
	Supplier social assessment		
Environment	Emissions	The climate affects the coexistence of humans and other species on Earth, and indirectly affects companies' sustainable operations and management strategies, impacting operations. WIN has adopted a corporate sustainable development philosophy that supports environmental protection and green production and we continue to supervise or improve emissions reduction measures for energy management, greenhouse gas emissions management, air pollution control, water resource management, and waste management. We implement these measures and work hard to reduce the impact of production on the environment.	1. Establish annual PFCs management objectives and review performance in quarterly management and review meetings 2. In the future, the local scrubbers for PFC emissions removal in new production lines will all be equipped with models that achieve 90% or higher PFCs removal efficiency. Existing production lines will undergo assessment and be gradually replaced or upgraded.
	Energy		1. Prioritize high-efficiency and low-energy consumption models for replacement of equipment 2. Establish annual energy conservation management objectives to review the performance in quarterly management and review meetings
	Waste		1. Reduce the use of raw materials in production 2. Increase the recycling rate of waste solvents
	Water and discharged water		1. Source reduction 2. Water recycling and reuse 3. Water pollution control 4. Recycling system for acid and alkali wastewater generates during process. 5. Recycling system for chemical mechanical polishing wastewater generates during process

Material Topics	Risk Assessment Item	Importance to WIN	WIN's Strategy
Society	Employment	Human resources are our most important asset, as well as the driving force behind our growth. To fulfill our CSR and reduce human rights risks, we provide employees with a friendly workplace. We attach importance to employee benefits, provide employees with communication and complaint channels, and are actively improving the work environment.	1. Offers competitive salaries, training programs, and incentives 2. Remuneration policy: No different treatment on the basis of such factors as gender, age, race, religion, political affiliation, marital status 3. Establishment and implement human rights management guidelines: Prohibit forced labor, ban child labor, non-discrimination, respect for freedom of association, respect for privacy, pay attention to employee health, balance safety and work
	Employee diversity and equal opportunity		
	Human rights assessment		
	Occupational health and safety	Massive amounts of chemicals and machines that pose high risks are involved in the production of semiconductors. Safety and health management is of the utmost importance. Through the operations and promotion of the management system, we effectively reduce risks of potential hazards, prevent accidents, protect the physical and mental health of workers, and protect the Company's assets and operations.	1. Use education materials to strengthen employees' awareness of correct and safe conduct at work 2. Convene quarterly meetings of the Occupational Safety Management Committee to discuss and review related issues in order to prevent from accidents and promote health. 3. Implement occupational health and safety policy
	Training and education	We established a comprehensive training and development system to improve employees' professional skills and satisfy requirements for growth.	1. Formulated the Education and Training Procedures and systematically integrate internal and external resources 2. Implement the performance management and development system to review and measure employees' skill development and create the optimal organization and personal performance

Note 2: Evaluation for current and future potential risks and opportunities brought by climate change, the results of the evaluation and the responds and measurements been taken.

Task Force on Climate-Related Financial Disclosures (TCFD)

Framework	Governance	Strategy	Risk management	Metrics and Target
Disclosure contents	**a) Describe the Board's oversight of climate-related risks and opportunities:** WIN established the Corporate Social Responsibility Committee (renamed as the ESG Committee) in 2016 as the highest governing organization for climate-related issues. The Executive Director and CEO of the Corporate Administration serves as the Chairperson of the Committee and regularly reports the targets and performance of climate and energy-related issues to the Board of Directors each year. **b) Describe management's role in assessing and managing climate-related risks and opportunities:** The ESG Committee has five promotion teams whose members consist mainly of executives of Centers and Departments. The teams report the material issues related to climate	**a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term:** The Short-term transition risks of climate-related risks include lack of regulations and renewable energy regulations; medium to long-term transition risks include uncertainty in market signals, shifts in customer preferences, and poor business reputation. Short-term physical risks are Changing precipitation patterns and types, extreme precipitation, and drought; the medium to long-term physical risk is extreme temperature changes. **b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning:** WIN assembled employees from related departments to analyze the impact on operations and finance based on the TCFD framework. When the occurrence of a single event in the financial indicators may affect the Company's revenue by 5% or more, it is defined as substantive or material. The impact of transition risks on financial risks includes additional cost	**a) Describe the organization's processes for identifying and assessing climate-related risks:** With the support of the Directors and senior executives, WIN assembled related departments to establish a TCFD task force to jointly identify and implement the risks and opportunities of climate change and evaluate the financial impact. **b) Describe the organization's processes for managing climate-related risks:** Based on the identification and evaluation process, we aggregated the results from identifying risks and opportunities, formulated relevant strategies, and took corresponding actions. **c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management:** We regularly review the results of physical risk, transition risk, and opportunity assessments for rolling revisions. We integrated assessment	**a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process:** WIN set targets for unit product energy consumption, greenhouse gas emissions, water consumption, and waste production in response to climate-related risks and encourage employees to propose related reduction programs. We shall continue to operate normally and stably by mitigating the impact of climate change through goal management plans. **b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks:** WIN has conducted GHG inventories of in accordance with ISO14064-1:2006 since 2011, which were then verified by a third-party verification company to review our greenhouse gas emissions. **c) Describe the targets used by the**

Framework	Governance	Strategy	Risk management	Metrics and Target
	change, annual performance targets, and improvement strategies to the Company twice each year.	expenditures due to regulations and the impact of risks involving poor reputation, market, or customers on the revenue. Physical risks include changes in precipitation and changes in the intensity or frequency of tropical cyclones which will affect the maintenance and repairs of equipment on the production line and generate losses. **c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:** Based on TCFD recommendations, three climate scenarios, NDC, WB2DC, and 1.5DC, are used as transition scenarios for analysis. WIN also analyzing physical scenarios risks, referencing government-published temperature and rainfall forecasts under RCP2.62 , RCP4.5, RCP6.0, and RCP8.5 scenarios.	and recovery plans for business interruptions caused by natural disasters in the assessment of climate risks and other operational risks in our risk assessment procedures.	**organization to manage climate-related risks and opportunities and performance against targets:** In addition to annual reviews and setting targets for unit product energy consumption, greenhouse gas emissions, water consumption, and waste production each year, we set long-term targets for 2023 in 2018 and the senior executives and related departments jointly review the performance each quarter to ensure that targets are attained.

Financial impact and management approach of risks of concern

Risk Type	Primary Climate-related Risk Driver	Scenario Description	Potential Financial Impact	Description of Response
Acute physical	Extreme precipitation and droughts	Extreme weather, resulting in an increase in abnormal precipitation and drought events, employees unable to go to work, production affected, resulting in financial losses	Production interruptions affect revenue, estimated at a loss of NT$60 million per day	1. Fabs are located on high terrain and not easily affected by heavy rain 2. Improve the fabs' ability to adapt to water shortages 3. Improve water use efficiency 4. Backup suppliers for main upstream and downstream materials and safe supply storage levels to prevent supply chain disruptions

<table>
<tr><th>Risk Type</th><th>Primary Climate-related Risk Driver</th><th>Scenario Description</th><th>Potential Financial Impact</th><th>Description of Response</th></tr>
<tr><td>Acute physical</td><td>Typhoons</td><td rowspan="2">Irregular rainfall causes supply chain disruptions, poor water quality/pressure, employees unable to go to work, and production line disruptions, which affect the revenue</td><td rowspan="2">Production interruptions affect revenue, estimated at a loss of NT$60 million per day</td><td rowspan="2">1. Fabs are located on high terrain and not easily affected by heavy rain
2. Assess flooding risks for the fabs and make adjustments
3. Strengthen flood protection and response abilities
4. Backup suppliers for main upstream and downstream materials and safe supply storage levels to prevent supply chain disruptions</td></tr>
<tr><td>Chronic physical</td><td>Changes in precipitation</td></tr>
<tr><td>Current regulation</td><td>Renewable energy regulations</td><td>Increase in operating costs caused by policies</td><td>Increase in operating costs, projected at less than NT$6 million per year</td><td>1. Plan to install renewable energy power generation equipment in the construction of new fabs
2. WIN look for purchasing renewable energy certificates</td></tr>
<tr><td>Reputation</td><td>Impact on company reputation</td><td>Inability to satisfy the requirements of customers or stakeholders may affect orders from customers and cause a decline in revenue</td><td>The estimated maximum impact is 10% reduction in revenue</td><td>1. Strengthen green manufacturing, continue to develop new processes and use equipment that consume less energy for production
2. Publish the sustainability report each year to help stakeholders understand the Company’s actions and strategies for energy conservation and carbon reduction
3. Actively respond to domestic and foreign sustainability assessments and proactively disclose relevant information</td></tr>
<tr><td>Emerging regulation</td><td>Increase in the cost of greenhouse gas emissions</td><td>Investment in energy conservation and carbon reduction equipment and carbon taxes may increase operating costs</td><td>Increased operating costs, projected at less than NT$40 million per year</td><td>1. Set up a Carbon and Energy Reduction Task Force to implement carbon reduction projects
2. Adopt high-efficiency local scrubbers through the government’s GHG offset project</td></tr>
</table>

Risk Type	Primary Climate-related Risk Driver	Scenario Description	Potential Financial Impact	Description of Response
Market	Uncertainty in market signals / Changing customer behavior	Changes in market demand, causing reduced revenue from products that are not low-carbon products	Reduced revenue, an estimated NT$200 million reduction	Develop energy-saving and environmentally friendly products
Technology	Investment in new technology	Increased cost in new technology development to satisfy customers and market demand	Increased operating costs, projected increase of NT$350 million	

Financial impact and management approach of opportunities of concern

Opportunity Type	Primary Climate-related Opportunity Driver	Potential Financial Impact	Strategy to Realize Opportunity
Resource Efficiency	Energy-efficient buildings	Reduce water and electricity consumption and reduce operating costs	Adopt improved energy conservation design for the construction of new fabs
	Reduced water usage and consumption	Increase water resource utilization rate to reduce direct water consumption, an estimated reduction of NT$3 million per year	Continue to execute various water conservation plans to improve overall process waste water recovery ratio in fabs
Energy Source	Use of new technologies	Introduce new technologies to improve energy utilization	Adopt new technologies for the construction of new fabs to increase the energy utilization rate
	Participation in carbon market	Apply for carbon credits and join the future carbon market for trading	Replace equipment on production line with high-efficiency local scrubbers for PFCs in advance through government offset projects
Products and Services	Adaptation and solutions	Meet stakeholders' expectations for low-carbon products and increase revenue through introducing new products, estimated to increase revenue by NT$100 million per year	Develop low-carbon products and increase low-carbon product diversity
	Develop low-carbon products		
	Shift in consumer preferences	Provide more low-carbon products, stabilize market position and competitiveness, estimated to increase revenue by 10%	Utilize the advantages of new technologies to improve product performance to achieve low energy consumption market scale
	Diversity business activities		

Opportunity Type	Primary Climate-related Opportunity Driver	Potential Financial Impact	Strategy to Realize Opportunity
Market	Policy incentives	Obtain government subsidies and reduce capital expenditures, obtain up to NT$5 million in subsidies	Participate in low-carbon projects eligible for government subsidies
Resilience	Efficient production and distribution processes	Use high-efficiency raw materials to reduce costs	Evaluate and use high-efficiency materials and reduce resource consumption

Note 3: Our main environmental, health, and safety goals for 2020 and 2021 are to increase the efficiency of energy use and reduce waste emissions through process and engineering improvements. Results are as follows:

Year / Total consumption	2020		2021	
	Reduction objective	Performance	Reduction objective	Performance
Electricity consumption (kW / 6"e wafer)	469.80	423.48	419.25	383.81
Water consumption (m3/ 6"e wafer)	3.04	2.65	2.63	2.34
General solid waste (kg/ 6"e wafer)	0.95	0.83	0.82	0.83*
PFCs emissions (ton CO2e / 6"e wafer)	0.200	0.185	0.184	0.181
*: The general solid waste objective was not achieved due to the increase in number of employees and pandemic prevention measures caused the increase in waste in 2021. The Company will strengthen employees' waste reduction concept through propaganda.				

Electricity and water consumption during the past three years are shown in the table below:

Year / Total consumption	2019	2020*	2021*
Electricity consumption (MWh)	137,580.46	157,723.08	170,759.30
Water consumption (km^3)	921.895	1,000.430	1,042.580
*: Total consumption increased in 2020 and 2021 due to production and expansion requirements of our Fab C.			

Greenhouse gas emission during the past three years are shown in the table below:

Year / Total consumption	2019	2020	2021
Greenhouse gas – Scope 1 (ton CO2 e)	66,342	76,890	87,864
Greenhouse gas – Scope 2 (ton CO2 e)	104,151	114,952	117,820

The above data is verified externally by third parties and disclosed in our ESG report.

Note 4: **Human Right Policy**

To protect the rights of all workers, WIN abides by all regulations of the Labor Standards Act as well as benchmark international human rights standards such as the "UN Guiding Principles on Business and Human Rights", "Declaration on Fundamental Principles and Rights at Work" of the International Labour Organization, and the UN Universal Declaration of Human Rights. In addition, we also adopted the Code of Conduct established by the Responsible Business Alliance (RBA) as the basis of internal management to protect the human rights of WIN's employees.

Our human rights management standards are established in the following regulations:

1. Organize employee/employer meetings in accordance with the "Regulations for Implementing Labor-Management Meeting"

Although WIN currently does not have a union organized by employees, an employee/employer meeting is held every quarter. Ten representatives each from Fab A and Fab B, and five representatives from Fab C are appointed by employees and the Company. An employee communication mailbox has been set up to discuss related issues once they appear and prompt effective and fair communication to promote harmonious labor-management relations and to find mutually beneficial solutions.

2. Established the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace"

To prevent sexual harassment at the workplace and protect gender equality and the rights and privacy of the parties, a temporary investigation team will be set up according to the nature of the case each time a sexual harassment complaint is received to protect employee rights.

3. Established the "Corporate Social Responsibility Announcement"

WIN is committed to protecting employees' human rights and making employees feel respected and dignified. We also maintain the environmental security of all work areas and be responsible for all business activities. This Announcement includes five parts - labor, health and safety, environment, code of ethics, and management system. In this document, we commit to human rights issues, including the prohibition of human trafficking, forced labor, child labor, discrimination, and harassment. We provide fair and appropriate work opportunities and establish a friendly workplace environment based on the principle of equal pay for equal work. We also protect employees' freedom of association and rights to collective bargaining.

4. Established the "WIN Supplier Code of Conduct"

The Company hopes to examine human rights issues with a more positive attitude and a broader perspective through communication and cooperation with our suppliers. We also take our responsibility seriously when it comes to social and environmental issues.

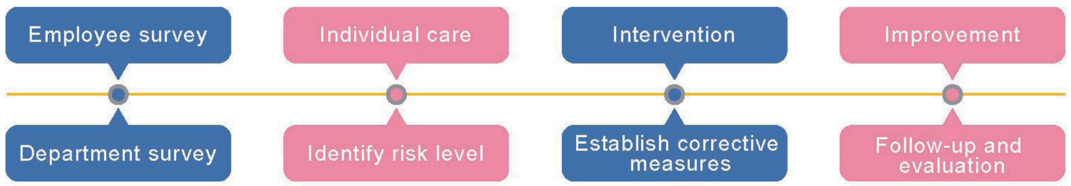
Human Rights Policy Training

WIN references international human rights standards and trends to regularly update and review the internal Corporate Social Responsibility Announcement. We implement training and awareness campaigns each year to meet international human rights standards and continue to protect employees' rights. We implement training and awareness campaigns for new and current employees each year. In 2021, the number of course enrollments for orientation training and RBA training totaled 4,162 and total training hours amounted to 1,842.46 hours. The RBA training ratio was 98.55%.

Percentage of human rights policy training coverage:

Employee category	Number of employees that completed training	Total number of people	Employee training completion percentage
Managers	377	387	97.42%
Professionals	1,382	1,423	97.12%
Technicians	1,703	1,703	100.00%
Total	**3,462**	**3,513**	**98.55%**

WIN's Human Rights Risks Identification Process (Two-Track System)



Human Rights Risks Identified by WIN and Mitigation Measures

WIN referenced the RBA and health conditions of the workplace environment to assess human rights risks. Related departments periodically assess the effect of risk items on employees. The scope covered all of WIN's three fabs and we identified 11 human rights risks in 2021. Besides implementing mitigation measures for all risks, we also formulated compensation measures for items with medium risk and above.

Risk Item	Mitigation measures	Main targets
Employee cafeteria hygiene	1. Daily inspections before meals 2. Daily sterilization of cafeteria equipment and monthly sterilization of the cafeteria environment 3. Annual medical check-ups for cafeteria personnel 4. Emergency drills of food poisoning each year	All employees
Forced labor and human trafficking	1. Formulate a social responsibility announcement for stating the Company's code of conduct for the workplace and strictly prohibiting forced labor, human trafficking, and other human rights violations 2. WIN respects human rights and does not withhold any identity documents of employees. Employees are free to resign	All employees
Child labor	1. WIN does not hire any underage employees, and verifies that employees are above the legal age before scheduling an interview 2. WIN established procedures for providing assistance in case child labor is used by accident	All candidates that have entered WIN's recruitment process
Work hours	1. Work hours and overtime rules are specified in the Employee Attendance Management Regulations 2. When employees work for 6 consecutive days, the direct supervisor will receive an employee overtime notification to prevent excessive overtime 3. Employees are not allowed to work overtime after reaching the legal limit each month 4. We provide overtime consent forms for all employees so that they can freely choose to work overtime within the legal scope	All employees

Risk Item	Mitigation measures	Main targets
Workplace bullying (harassment)	1. Explained the Corporate Social Responsibility Announcement at regular intervals and increase awareness about the Company's zero-harassment, zero-discrimination, and zero-retribution policy. Violator will be punished accordingly to our corrective disciplines 2. Established the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" to protect employees. All cases are classified and reported according to the responsible authority unit. In addition, the cases' severity is determined by the authority that will be handling the cases 3. Established a sexual harassment complaints hotline and internal complaint channel	All employees
Salary and benefits	1. Quarterly employer-employee meetings and foreign labor seminars are held to promote the government's new policies 2. After the government revises a policy, WIN immediately evaluates the effect and adjusts internal regulations	All employees
Discrimination	1. We implement recruitment and hiring based on merit. We do not discriminate candidates on the basis of age, gender, race, etc. We also do not perform discriminative personal health examinations such as those conducted for pregnancy 2. We established comprehensive complaint mechanisms and communication platforms to prevent and process discrimination 3. Migrant Workers Protection: (1) All WIN's human resources agencies need to sign the Supplier Code of Conduct, in order to protect all migrant workers' human rights (2) We hold Foreign Employees Conferences quarterly in order to understand all migrant workers' need, and deliver company's policies to reach smooth communication (3) Multiple Communication Channels: building a complaint mailbox, and electing representatives in order to receive and answer questions from foreign colleagues (4) Foreign employees care events: sharing culture exchange between foreign and local employees, teaching environmental protection knowledge, and providing multiple caring services specifically for migrant workers	All employees

Risk Item	Mitigation measures	Main targets
Freedom of association and collective bargaining	1. New employees are required to sign the Corporate Social Responsibility Announcement so that they understand their rights and obligations and employees may form or join unions. The Company respects their right to collective bargaining and peaceful assemblies 2. If employees have concerns about the freedom of association, they can exchange ideas and process them accordingly through the complaint processing mechanisms and communication platforms 3. We implement awareness campaigns at the end of each year to remind employees of their rights to form or join unions	All employees
Women protection	1. According to the Workplace Maternity Health Protection Program, conduct hazard evaluations and implement health protection measures for female employees who are pregnant, within the first year after childbirth, and still breastfeeding one year after childbirth 2. According to Female Staffs Security Procedure, we provide all female employees human rights, health and benefit protection	Female employees
Protection from overwork related illness	Conduct hazard investigations and control according to the Program for Prevention of Overwork Related Illness	Both human-factor hazard prevention survey and overwork high-risk group surveys were implemented 3,113 individuals
Unlawful infringement while performing duties	Handle according to the Program for Prevention of Unlawful Infringement While Performing Duties, Sexual Harassment Prevention Measures, and Complaint and Punishment Regulations	All employees

Compensation Measures for Medium and High-Risk Items

Risk Item	Level of risk in 2021	Compensation measures
Unlawful infringement while performing duties	Medium	Conducted an investigation and imposed penalties according to the Employee Rewards and Penalties Guidelines
Protection from overwork related illness	Medium	1. Provided leave and salary compensation 2. Provided adequate medical assistance
Work hours	Medium	Strengthen work hour management and overtime tracking mechanisms
Women protection	Medium	1. If encountered physical and/or chemical hazards, we provide adequate medical support 2. If work unit violated the Female Staffs Security Procedure, punishment will be in accordance to the management personnel reward and punishment regulations. We will then re-examine our employee’s rights and interests

3.4.6. Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Does the Company established Corporate Conduct and Ethics Policy that approved by the Board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the exclusive management team?	V		(1) "Integrity and Accountability" is one of WIN's core values. The Company has established its "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Code of Ethical Conduct". These principles/ procedures/ guidelines have been reviewed and approved by the Board and promoted actively to employees during their regular training sessions, and directors and senior executives are also required to attend training courses in ethical corporate management.	None
(2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company implements corruption risk assessments and mitigation measures each year, and contents include unethical conduct specified in subparagraphs of Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. The level of risk is determined after analyzing the probability and impact on the Company's asset losses. In addition to preventive measures, education, and training, high risk items are included in annual audit items.	None
(3) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	V		(3) The Company established its "Procedures for Ethical Management and Guidelines for Conduct" which includes preventing unethical conduct, whistle-blowing system and punishment against rule breakers. The Company also established a reporting procedure and an independent mailbox on its official website and review every year whether it is necessary to revise or establish supporting policies and operating procedures.	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>2. Ethic Management Practice
(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</td><td>V</td><td></td><td>(1) The Company upholds the principle of fair treatment to customers and suppliers. Before entering into contracts with the company, all suppliers have to comply with the Suppliers' Code of Ethics which covers labor, health, safety, environmental protection, ethics and integrity.</td><td>None</td></tr>
<tr><td>(2) Does the Company set up a unit which is dedicated to or tasked with promoting the Company's ethical standards and reports directly to the Board of Directors with periodical (at least once a year) updates on policy of ethic management and prevention program of unethical conduct and surprise the status of implementation?</td><td>V</td><td></td><td>(2) The Company upholds the principles of ethical corporate management and delegated Human Resources Division as responsible unit. Its main tasks are as follow:
1. Assist in incorporating the values of integrity and ethics into the Company's business strategies, and establish anti-corruption measures to ensure ethical corporate management in coordination with laws and systems.
2. Establish measures for preventing unethical conduct and establish SOPs for work in each measure.
3. Plan the internal organization and responsibilities, and establish supervision and balance mechanisms for operating activities in the scope of business with relatively high risk of unethical conduct.
4. Implement and coordinate promotion and training related to the policy of integrity.
5. Plan the whistleblower system to ensure the effectiveness of implementation.
6. Assist the Board of Directors and managers in inspecting and evaluating whether or not preventive measures are effectively implemented for ethical corporate management, periodically evaluate the compliance of related business processes, and prepare reports.</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			7. Report the implementation status to the Board of Directors at the end of the year (The most recent report date was December 24, 2021), including promotion, education, and training related to the implementation of the ethical corporate management policy and measures for preventing unethical conduct.	
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company has established its "Ethical Corporate Management Best Practice Guidelines", "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Code of Ethical Conduct" to require the Company personnel not offer, commitment, requirements or accepting any improper profit gains directly or indirectly when engaging in business operation, nor have any unethical or illegal conduct or breach the fiduciary obligations.	None
(4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	V		(4) The Company has established internal control systems, accounting systems and related management regulations and asked the audit unit to do the assessment of the risks of ethic management policy. 14 risk factors related to ethic were identified, and the audit operations were completed in 2021, no abnormalities have been found.	None
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(5) WIN has been conducting integrity awareness for years. New recruits who are required to sign the "Guidelines for the Code of Ethical Conduct" and "Employee Commitment Statement" on their first day of work. In terms of course offerings, training courses on integrity management are held for employees of the company every year, courses including prohibition of dishonest behavior, anti-corruption policy, protection of intellectual property and confidential information, prohibition of insider trading, etc. In 2021, 7,629 employees participated the integrity management training courses, which accounts for about 2,998 hours.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
3. Implementation of Complaint Procedures (1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) The Company's "Ethical Corporate Management Best Practice Principles" has a reporting procedure, any person who suspects or finds any violation of laws or ethical code may report the case to independent directors, manager officers, head of internal audit, or other eligible personnel. The Company has set up Reward and Discipline Commission to evaluate employee ethical and unethical conducts. The Company encourages anyone to report any illegal or unethical conducts to the personnel through mailbox in stakeholders' engagement section of its official website.	None
(2) Does the Company establish standard operation procedures for investigating the complaints received, respond and measurements after investigation and ensuring such complaints are handled in a confidential manner?	V		(2) The Company encourages its employees to report to a managerial officer, chief internal auditor, Independent Director or other appropriate individual upon discovery of any activity in violation of a law or regulation and also undertakes information confidential and whistleblowers protection based on its "Ethical Corporate Management Best Practice Guidelines" and "Procedures for Ethical Management and Guidelines for Conduct."	None
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) The Company keeps the whistleblowers' identity and contents of information confidential and assures the whistleblowers' rights and interests based on its "Procedures for Ethical Management and Guidelines for Conduct."	None
4. Information Disclosure (1) Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the MOPS?	V		(1) The Company has established its "Ethical Corporate Management Best Practice Guidelines" and disclosed on the Company's website and the MOPS, and assigned a dedicated unit to responsible for establishing and supervising the implementation of the ethical corporate management policies.	None
5. If the Company has established its own ethical corporate governance in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, describe the operation status and difference with the best practice principles: The Company has implemented its ethical corporate management policies based on its "Ethical Corporate Management Best Practice Principles."				

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
6. Other important information to facilitate better understanding of the Company's ethical corporate management operations (e.g. discussion of revisions to ethical corporate management rules set down by the Company): None.				

3.4.7. Corporate Governance Guidelines and Regulations

The Company has disclosed its corporate governance best practice principles and related regulations on its official website (http://www.winfoundry.com). Please visit Major Internal Policies\ Corporate Governance\ Investor Relations for more details.

Major Internal Policies	
• Articles of Incorporation • Rules for Elections of Directors • Procedures for Endorsement and Guarantee • Corporate Governance Best Practice Principles • Procedures Governing the Board Performance Evaluation • Procedures of Ethical Management and Guidelines for Conduct • Compensation Committee Charter	• Rules for the Procedures of the Shareholders' Meeting • Procedures for Acquisition or Disposal of Assets • Procedures for Loaning Funds to Other Parties • Corporate Social Responsibility Best Practice Principles • Ethical Corporate Management Best Practice Principles • Guidelines for the Code of Ethical Conduct • Rules and Procedures of Board of Directors Meetings • Audit Committee Charter

3.4.8. Other Important Information to Facilitate the Company's Implementation of Corporate Governance

A. The Company discloses the material information to investors in time and holds investor conference regularly to give investors the Company's operational results.

B. The Company has established "Procedures for the Prevention of Insider Trading", please refer to pages 166~170 of this annual report.

C. Employee behavior and ethics regulation were as below:

a. In the Company's working rules, employees of the Company are not allowed to take advantage of their position to engage in malpractice or benefit oneself or others, nor accept any gifts or other improper benefits. The key points in the Company's employee rewards and punishments also include the relevant penalties for violation of the above specifications to ensure that the Company performs its integrity management.

b. In the education and training of new personnel, the Company strengthens the core value of the company, which is "integrity", and emphasizes the importance to conduct on daily work, so that the new comer fully understands the determination and policy of the Company's integrity management. Furthermore, the assessment system is combined to give appropriate rewards and punishments in a timely manner.

c. The major content of "Work Rules" were as below:

I. The employees shall abide by the following regulations during service period:

1. To represent the Company and carry a good image.
2. To perform as is required by the Company's policies and managers' indications.
3. To respect individuals and cooperate to achieve business objectives.
4. To follow personnel rotation changed to business needs.
5. To perform accurately with no fears and no excuses or delay.

6. Never to reveal or inquire confidential compensation packages
7. Never to gamble, fight, do drugs or take any immoral action.
8. Never to look over documents irrelevant to individual's own business without permissions and never to reveal documents to the irrelevant third party.
9. To obey to regulations regards health and safety and maintain a healthy and safe working environment.

II. The employer, family of the employer, agent of the Company and every employee shall NOT behave any of the followings:

1. To insult, belittle or discriminate by gender.
2. To agitate oral or physical sexual harassment.
3. To intercourse for exchange or reward.
4. To threaten or punish for intercourse.
5. To rape or sexual attack.
6. No manifest discrimination at work, e.g. post pornographic pictures or books.

III. To prevent sexual harassment at work and protect gender equality, the Company enacts "Measures of Handling Prevention, Complaint and Correction of Sexual Harassment." If any violation is verified, the rule-breaker will be spared the punishment of reprimand, peccadillo, serious offense, transferral, degradation or dismission (Article 12, Labor Standard Act), depends on the severity. If the violation is criminal responsible, the Company could have the judicial authorities involved.

IV. According to its "Measures of Handling Prevention, Complaint and Correction of Sexual Harassment in the Workplace", the Company constitutes investigation team.

3.4.9. Internal Control Systems

A. Statement of Internal Control

WIN Semiconductors Corp.

Statement of Internal Control

March 18, 2022

The internal control self-assessment of WIN Semiconductors Corp. was conducted for the year ended December 31, 2021 based on the Company's internal control system. The results are described as following:

1. WIN Semiconductors Corp. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. WIN Semiconductors Corp. has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. WIN Semiconductors Corp. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment (3) control activities, (4) information and communication, and (5) monitoring. Each component consists of certain items, which could be referred to the Standards.
4. WIN Semiconductors Corp. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. WIN Semiconductors Corp. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of WIN Semiconductors Corp. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on March 18, 2022, with none of the nine attending directors expressing dissenting opinions on the content of the Statement.

WIN Semiconductors Corp.

Chairman: Chin-Tsai Chen *CEO: Kuo-Hua Chen*

B. A CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, Furnish the CPA Audit Report

None.

3.4.10. For the Most Recent Year or during the Current Year up to the Date of Printing of the Annual Report, Disclose Any Sanctions Imposed in Accordance with the Law upon the Company or Its Internal Personnel, any Sanctions Imposed by the Company upon its Internal Personnel for Violations of Internal Control System Provisions. If the Result of the Punishment May Have a Significant Impact on Shareholders' Equity or Securities Prices, the Content of the Punishment, Principle Deficiencies and the State of Any Efforts to Make Improvements Shall be Listed

None.

3.4.11. Major Resolutions of Shareholders' Meeting and Board Meetings

A. Action Arising of 2021 Annual General Shareholders' Meeting:

Major Resolutions	Action Arising
Approved the adoption of the 2020 business report, financial statements and the proposal for distribution of 2020 profits.	The relevant documents were filed with authority and disclosed on the MOPS. Distribution of 2020 earnings (The distribution of cash dividends was approved by the Board of Directors and a report of such distribution was submitted to the shareholders' meeting) was a cash dividend of NT$10 per common share, the ex-dividend date of cash dividends was set on July 13, 2021 and paid on July 30, 2021.
Approved the amendment to the Company's "Articles of Incorporation."	The amendment of "Articles of Incorporation" was filed with MOEA, R.O.C. on August 09, 2021 and disclosed on the Company's website.
Approved the amendment to the Company's "Rules and Procedures of Shareholders' Meetings."	The Company has executed the rule after amendment accordingly and disclosed on the Company's website.
Approved the amendment to the Company's "Rules for Election of Directors."	The Company has executed the rule after amendment accordingly and disclosed on the Company's website.
Approved the proposal for release of Directors from non-competition restrictions.	The proposal become effective after approval by the AGM and was disclosed on the MOPS.

B. Major Resolutions of Board Meetings

The summary of the important resolutions of the board of directors in 2021 and up to the printing date of the annual report as follows:

Date	Major Resolutions
03/18/2021	1. The distribution of employees' profit sharing bonus and directors' compensations for the year of 2020. 2. Approval of the financial statements and consolidated financial statements for the year of 2020. 3. Approval of the business report for the year of 2020. 4. Recommendation of the distribution of earnings for the year of 2020. 5. The evaluation of independence and suitability of the CPA for the year of 2021. 6. Approval of the professional service fee of the CPAs for the year of 2021 7. Process of the evaluation for the effectiveness of internal control and issuance of Internal Control Statement of the Company for the year of 2020. 8. Amendments to the "Article of Incorporation." 9. Apply for the public offering and Taipei Exchange listing of the private placement executed in 2017. 10. Record date of capital reduction of the recalled Employee Restricted Stocks. 11. Investment in subsidiary, Win Semiconductors Cayman Islands Co., Ltd. 12. Proposal for release of Directors from non-competition restrictions. 13. Convening the 2021 Annual Shareholders' Meeting. 14. Application for short-term and mid-term facilities with financial institutions. 15. Donation of Taoyuan i-Fare Charity Foundation. 16. Executive officers' compensation for the year of 2020 and compensation budget for the year of 2021.
05/07/2021	1. Capital expenditure budget for Luzhu fab in Southern Taiwan Science Park in Kaohsiung. 2. Increased investment in subsidiary, Phalanx Biotech Group, Inc. 3. Application for short-term and mid-term facilities with financial institutions.
07/01/2021	1. Re-schedule the date and the venue for 2021 Annual General Shareholders' Meeting.
08/06/2021	1. Participation in 2021 cash capital increase of NFC I Renewable Power Co., Ltd. 2. Participation in 2021 cash capital increase of related party, ITEQ Corporation.
09/01/2021	1. Participated as specified person in 2021 cash capital increase of related party, ITEQ Corporation. 2. Investment in NFC Fund III, L.P.
11/05/2021	1. The Company's audit plan for year 2022. 2. Record date of capital reduction of the recalled Employee Restricted Stocks. 3. Application for short-term and mid-term facilities with financial institutions.
12/06/2021	1. The Company's endorsements/guarantees to subsidiary
12/24/2021	1. Approval of 2022 budget plan of the Company.. 2. Application for short-term and mid-term facilities with financial institutions.
03/18/2022	1. The distribution of employees' profit sharing bonus and directors' compensations for the year of 2021. 2. Approval of the financial statements and consolidated financial statements for the year of 2021. 3. Approval of the business report for the year of 2021. 4. Recommendation of the distribution of earnings for the year of 2021. 5. The evaluation of independence and suitability of the CPA for the year of 2022. 6. Approval of the professional service fee of the CPAs for the year of 2022. 7. Process of the evaluation for the effectiveness of internal control and issuance of Internal Control Statement of the Company for the year of 2021.

Date	Major Resolutions
	8. Amendments to the "Procedures for Acquisition or Disposal of Assets" 9. The 9th election of Directors. 10. Nomination of eleven candidates for Board of Directors (including four independent directors) 11. Proposal for release the prohibition on newly-elected Directors from participation in competitive business. 12. Convening the 2022 Annual Shareholders' Meeting. 13. Executive officers' compensation for the year of 2021 and compensation budget for the year of 2022.

3.4.12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None.

3.4.13. Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Chef Officer of Corporate Governance and R&D

None.

3.5. Information Regarding the Company's Audit Fee and Independence

3.5.1. Audit Fee

Unit: NT$ thousand

<table>
<tr><th>CPA Firm</th><th>Name of CPA</th><th>Period Covered by CPA's Audit</th><th>Audit Fee</th><th>Non-audit Fee (Note 1)</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">KPMG</td><td>Chia-Chien Tang</td><td rowspan="2">01/01/2021~
12/31/2021</td><td rowspan="2">8,450</td><td rowspan="2">2,390</td><td rowspan="2">10,840</td><td rowspan="2">—</td></tr>
<tr><td>Ming-Hung Huang</td></tr>
</table>

Note 1: Non-audit fee includes transfer pricing report, application to Investment Commission of MOEA, oversea agency service, retroactive handling of public issuance review service for private placement common shares, and equity valuation report review service.

3.6. Replacement of CPA

A. Regarding the Former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">March 18, 2020</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">Due to internal restructuring at KPMG firm, the CPAs of the Company were changed starting January 1, 2020.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td>Parties
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="4">Differences with the company</td><td>None</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>None</td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td>None</td><td colspan="2">Audit scope or steps</td></tr>
<tr><td>None</td><td colspan="2">Others</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="3">None</td></tr>
</table>

B. Regarding the Successor CPA

Name of CPA firm	KPMG
Name of CPA	Chia-Chien Tang and Ming-Hung Huang
Date of appointment	March 18, 2020
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

3.7. Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2021.

3.8. Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Supervisors, Managers or Major Shareholders with a Stake of More than 10 Percent

3.8.1. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2021		As of April 30, 2022	
		Shares Additions (Deductions) in Shareholding	Shares Additions (Deductions) in Pledge	Shares Additions (Deductions) in Shareholding	Shares Additions (Deductions) in Pledge
Chairman	Chin-Tsai Chen	0	3,600,000	0	700,000
Vice Chairman	Yu-Chi Wang	(50,000)	0	0	0
Director	KC Fibertech INC. (Note 1)	6,903	0	0	0
	Representative: Ming-Chien Hsieh	0	0	0	0
Director	Li-Cheng Yeh	0	0	0	0
Director	Wen-Ming Chang	(2,000)	0	0	0
Director	Shun-Ping Chen	0	0	0	0
Independent Director	Shen-Yi Lee	(5,000)	0	0	0
Independent Director	Chin-Shih Lin	0	0	0	0
Independent Director	Hai-Ming Chen	0	0	0	0
CEO	Kuo-Hua Chen	0	0	(20,000)	0
Vice President	Brian Lee	(43,000)	0	0	0
Vice President	Lap-Sum Yip	0	0	0	0
Vice President	Eric Hsu	0	0	0	0
Vice President	HP Hsiao	0	0	1,432	0
Vice President	S.Y. Wang	(45,000)	0	0	0

Title	Name	2021		As of April 30, 2022	
		Shares Additions (Deductions) in Shareholding	Shares Additions (Deductions) in Pledge	Shares Additions (Deductions) in Shareholding	Shares Additions (Deductions) in Pledge
Associate Vice President and Chief Officer of Corporate Governance	Annie Yu	0	0	0	0
Associate Vice President of Accounting Division	Linna Su	0	0	0	0
Associate Vice President of Finance Division	Joe Tsen	(34,000)	0	(4,000)	0

Note 1: KC Fibertech INC. was previously translated as International Fiber Technology Co., Ltd. in historical annual reports.

3.8.2. Shares Trading with Related Parties

None.

3.8.3. Shares Pledge with Related Parties

None.

3.9. Relationship among the Top Ten Shareholders

April 19, 2022; Unit: Shares; %

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The Relationship between Any of the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Cathay Life Insurance Co., Ltd.	21,404,000	5.05	Not applicable						None
Representative: Tiao-Kuei Huang	Data not available								None
CTBC Bank in Custody for Avago Technologies Sales Pte Limited	20,000,000	4.72	Not applicable						None
Tien Ho Industrial Co., Ltd.	17,887,330	4.22	Not applicable						None
Representative: Yu-Wen Chen	Data not available								None
Chin-Tsai Chen	12,752,953	3.01	1,045,368	0.25	0	—	None	None	None
Kou-I Yeh	8,052,214	1.90	445,064	0.10	0	—	Li-Chuan Yeh Li-Cheng Yeh	Father	None
CTBC Bank in Custody for WIN Semiconductors Corp. Employees Stock Ownership Trust	7,977,914	1.88	Not applicable						None
UBS Europe SE	7,923,152	1.87	Not applicable						None
Li-Chuan Yeh	7,687,525	1.81	3,067,876	0.72	0	—	Kou-I Yeh Li-Cheng Yeh	Father Brother	None
Li-Cheng Yeh	7,687,525	1.81	1,306,708	0.31	0	—	Kou-I Yeh Li-Chuan Yeh	Father Brother	None
Nan Shan Life Insurance Company, Ltd.	7,251,000	1.71	Not applicable						None
Representative: Tang Chen	Data not available								None

3.10. Ownership of Shares in Affiliated Enterprises

March 31, 2022

Affiliated Enterprises (Note)	Ownership by the Company		Directly or Indirectly by Directors and Supervisors, Managers		Total Ownership	
	Shares (thousands)	%	Shares (thousands)	%	Shares (thousands)	%
Win Semiconductors Cayman Islands Co., Ltd.	367,600	100	0	0	367,600	100
WIN SEMI. USA, INC.	1,000	100	0	0	1,000	100
WIN Venture Capital Corp.	79,000	100	0	0	79,000	100
WIN Earn Investment Corp.	58,000	100	0	0	58,000	100
WIN Chance Investment Corp.	58,000	100	0	0	58,000	100
Phalanx Biotech Group, Inc.	53,427	73.67	1,116	1.54	54,543	75.21
ITEQ Corporation	65,409	17.08	14,223	3.72	79,642	20.80

Note: Investments accounted for using equity method.

IV. CAPITAL OVERVIEW

4.1. Capital and Shares

4.1.1. Source of Capital

April 30, 2022; Unit: Shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	423,976,384	576,023,616	1,000,000,000	Listed on Taipei Exchange, and the par value for each share is NT$10.

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Remarks	
		Shares (thousands)	Amount (NT$ thousands)	Shares (thousands)	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash
Jan. 2017	10	1,000,000	10,000,000	402,666	4,026,664	Capital reduction due to cancellation of treasury shares	None
Jan. 2018	277	1,000,000	10,000,000	422,666	4,226,664	Capital increase by cash through private placement	None
Oct. 2018	10	1,000,000	10,000,000	423,814	4,238,144	Capital increase by issuing new restricted employee shares	None
Apr. 2018	10	1,000,000	10,000,000	423,794	4,237,943	Capital deduction by redemption and retirement of restricted shares of stock for employee	None
Jun. 2019	10	1,000,000	10,000,000	424,056	4,240,564	Capital increase by issuing new restricted employee shares	None
Apr. 2021	10	1,000,000	10,000,000	424,041	4,240,413	Capital deduction by redemption and retirement of restricted shares of stock for employee	None
Dec 2021	10	1,000,000	10,000,000	423,976	4,239,764	Capital deduction by redemption and retirement of restricted shares of stock for employee	None

Approval has been granted to offer and issue securities by shelf registration: None.

4.1.2. Status of Shareholders

April 19, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	44	237	45,184	686	46,155
Shareholding (Shares)	3,496,000	60,242,857	36,553,988	141,320,665	182,362,874	423,976,384
Percentage	0.83%	14.21%	8.62%	33.33%	43.01%	100.00%

4.1.3. Shareholding Distribution Status

April 19, 2022

Class of Shareholding (Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	18,905	3,589,427	0.86%
1,000 ~ 5,000	23,833	42,057,113	9.92%
5,001 ~ 10,000	1,751	13,359,860	3.15%
10,001 ~ 15,000	472	5,992,161	1.41%
15,001 ~ 20,000	294	5,348,737	1.26%
20,001 ~ 30,000	219	5,487,078	1.29%
30,001 ~ 40,000	117	4,171,802	0.98%
40,001 ~ 50,000	94	4,293,899	1.01%
50,001 ~ 100,000	153	10,953,043	2.58%
100,001 ~ 200,000	100	13,915,843	3.28%
200,001 ~ 400,000	80	21,848,059	5.15%
400,001 ~ 600,000	37	18,733,811	4.43%
600,001 ~ 800,000	23	15,726,488	3.71%
800,001 ~ 1,000,000	14	12,597,807	2.97%
1,000,001 or over	63	245,901,256	58.00%
Total	46,155	423,976,384	100.00%

Note: The Company did not issue prefer stocks all shares are issued as common shares.

4.1.4. List of Major Shareholders

April 19, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Cathay Life Insurance Co., Ltd.	21,404,000	5.05%
CTBC Bank in Custody for Avago Technologies Sales Pte Limited	20,000,000	4.72%
Tien Ho Industrial Co., Ltd.	17,887,330	4.22%
Chin-Tsai Chen	12,752,953	3.01%
Kou-I Yeh	8,052,214	1.90%
CTBC Bank in Custody for WIN Semiconductors Corp. Employees Stock Ownership Trust	7,977,914	1.88%
Citibank Taiwan in Custody for UBS Europe SE	7,923,152	1.87%
Li-Chuan Yeh	7,687,525	1.81%
Li-Cheng Yeh	7,687,525	1.81%
Nan Shan Life Insurance Company, Ltd.	7,251,000	1.71%

4.1.5. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$; Shares in thousands

Item		2020	2021	01/01/2022~ 04/30/2022
Market Price Per Share	Highest Market Price	359.50	467.50	387.50
	Lowest Market Price	195.50	276.50	193.50
	Average Market Price	289.00	369.24	293.84

Item			2020	2021	01/01/2022~ 04/30/2022
Net Worth Per Share	Before Distribution		80.36	82.41	As of the publication date of this annual report, we have not obtained the audited financial statement information for the first quarter of 2022.
	After Distribution		70.36	74.41	
Earnings Per Share	Weighted Average Shares (thousand shares)		422,666	422,977	
	Earnings Per Share		15.45	12.90	
Dividends Per Share	Cash Dividends		10	8	
	Stock Dividends	0	0	0	
		0	0	0	
	Accumulated Undistributed Dividends		0	0	
Return on Investment	Price / Earnings Ratio (Note 1)		19.04	27.74	
	Price / Dividend Ratio (Note 2)		29.41	44.74	
	Cash Dividend Yield Rate (Note 3)		3.40%	2.24%	

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.6. Dividend Policy and Implementation Status

A. Dividend Policy

In accordance with Article 22-1 of the Article of Incorporation, If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Corporation shall set aside at least 50% for shareholders' dividends, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend.

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Company is a high-tech firm with intensive capital expenditure, conditions, timing, amount and kinds of the above-stated dividend policy may be adjusted, taking into account economic cycles, industry change and the Company's growth and cash demand.

B. Proposed Distribution of Dividend

Not Applicable.

C. Material Change in Dividend Policy Is Expected

Not expected to have material change in dividend policy.

4.1.7. Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting

There was no stock dividend distribution proposed or adopted at the most recent shareholders' meeting.

4.1.8. Compensation of Employees and Directors

A. Information Relating to Employee and Director Compensation in the Articles of Incorporation

If there is any net profit after closing of a fiscal year, the Company shall be allocated according to the following principles:

1. Employee's profit sharing bonus: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Corporation. In addition, employee's profit sharing bonus shall be distributed in the form of shares or cash. Stock-type employee's profit sharing bonus may be distributed to qualified employees of affiliates of the Corporation.
2. Compensation of Directors: no more than 3%.

However, if there are any accumulated losses of the Corporation, the Corporation shall pre-reserve the amount to offset the loss. The distribution of employees' compensation and compensation of Directors shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

B. The Estimated Basis for Calculating the Employee and Director Compensation

1. The estimate foundation: The Company estimates the employees' profit sharing bonus and Directors' compensation base on the pre-tax profit after deducting the employees' profit sharing bonus and compensation for Directors times the ratios described in the Article of Incorporation.
2. The Company has not distributed employees' profit sharing bonus and Directors' compensation in stock in year 2021.
3. Accounting policy for difference between the amounts paid and those recognized in the financial statements: The differences between the actual amount of employees' profit sharing bonus and directors' compensation and the amount of those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and adjust it at the year of issuing.

C. Distribution for Employees' Profit Sharing Bonus and Directors' Compensation for 2021 Approved in Board of Directors Meeting

1. Distribution for employees' profit sharing bonus and Directors' compensation for 2021 was approved by the Board of Directors' meeting on March 18, 2022 as below:
   (1) Employees' profit sharing bonus distributed in cash is NT$447,000 thousand.
   (2) Directors' compensation is NT$129,000 thousand.
   (3) There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognised in the financial statements, for the year ended December 31, 2021.
2. Ratio of employees' profit sharing bonus distributed in stocks to capitalization of earnings: Not applicable.

D. Information of 2020 Earnings Set Aside for Employees' Profit Sharing Bonus and Directors' Compensation

1. Distribution of employees' profit sharing bonus and Directors' compensation:
   The 2020 earnings appropriation plan was passed by the Board of Directors' meeting on March 18, 2021. The employees' profit sharing bonus and Directors' compensation were NT$543,300 thousand and NT$157,700 thousand, respectively, and both were distributed in cash.
2. Ratio of employees' profit sharing bonus by stock to capitalization of earnings: 0%.
3. Recounted EPS after recommended distribution of employees' profit sharing bonus and

Directors’ compensation: NT$15.45.

4. The actual distribution of employees’ profit sharing bonus and Directors’ compensation above-mentioned was consistent with the resolutions of the Board of Directors’ meeting.

4.1.9. Buyback of Treasury Stock

None.

4.2. Corporate Bonds

4.2.1. Issuance of Corporate Bonds

April 30, 2022

Type of corporate bond	The first unsecured overseas zero coupon convertible bonds
Date of issuance	2021/01/14
Denomination	US$200,000 per bond
Issue and trading market	Singapore Exchange Securities Trading Limited
Issue price	100% of par value
Issue size	US$500,000,000
Interest	Coupon Interest: 0% per annum
Tenor and maturity date	Five years, mature on 2026/01/14
Guarantor	Not applicable
Trustee	The Bank of New York Mellon, London Branch
Underwriter	Overseas: UBS AG Hong Kong Branch Domestic: Grand Fortune Securities Co., Ltd
Legal counsel	Overseas: Sullivan & Cromwell (Hong Kong) LLP Domestic: Baker & McKenzie Lawyer: Mark Wei-Chen Tu
Independent auditors	KPMG CPA: Chia-Chien Tang
Repayment	Unless previously redeemed, repurchased and cancelled or converted by the Bondholders, the Bonds will be redeemed at their principal amount with a yield calculated at the rate of -1.0% per annum on the Maturity Date. The redemption amount will be converted into NT dollars using the Fixed Exchange Rate, and then converted back to US dollars using the prevailing exchange rate quoted by Taipei Forex Inc. at 11:00am on such redemption date, expressed as the number of NT dollars per U.S. dollar for payment in US dollars
Unpaid principal amount	US$500,000,000
Early redemption or repayment clause	(1) The Issuer may, at its option, redeem the Bonds, in whole or in part, at an amount equal to the principal amount of the Bonds plus a tentatively gross yield of -1.0% per annum (the “Early Redemption Amount”) if at any time after three years of the Issue Date, the closing price (converted into US dollars by using the prevailing exchange rate) for a period of 20 out of 30 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the Issuer’s

<table>
<tr><td colspan="2"></td><td>common shares on the Taipei Exchange (“TPEx”) is at least 130% of the Early Redemption Amount (as defined above) multiplied by the Conversion Price (converted into US dollar using the Fixed Exchange Rate on the pricing date) divided by the principal amount of the Bonds;
(2) The Issuer may, at its option, redeem the Bonds, in whole but not in part, at the Early Redemption Amount if more than 90% of the Bonds have been previously redeemed, repurchased and cancelled or converted; or
(3) The Issuer may, at its option, redeem the Bonds, in whole but not in part, at the Early Redemption Amount if there is any change in ROC taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or an increase of additional costs to the Issuer, Bondholders may elect not to have their Bonds redeemed but they will not be entitled to any additional amount or reimbursement of additional taxes or expenses.
The Early Redemption Amount will be converted into NT dollars using the Fixed Exchange Rate, then convert into the US dollars equivalent using the prevailing exchange rate quoted by Taipei Forex Inc. at 11:00am on such redemption date, expressed as the number of NT dollars per U.S. dollar for payment in US dollars.</td></tr>
<tr><td colspan="2">Covenant clause</td><td>None</td></tr>
<tr><td colspan="2">Credit rating, including name of the agency, rating date and rating result</td><td>Not applicable</td></tr>
<tr><td>Other rights of bondholders</td><td>Amount converted (via exchange or subscription) to common share, GDRs or other securities as of the publication date of this annual report</td><td>None</td></tr>
<tr><td colspan="2">The impact to existing shareholders is a dilution effect on existing shareholders due to share issuance and conversion and rights to exchange or subscribe</td><td>If all the unsecured overseas convertible bonds are converted into common shares this year, the share dilution will be around 6.39%, which will not have a material adverse effect on the shareholders’ equity.</td></tr>
<tr><td colspan="2">Custodian institute</td><td>None</td></tr>
</table>

4.2.2. Convertible Bonds Details

Types of corporate bonds		First issue of unsecured overseas zero coupon convertible bonds of 2020		
Item / Year		At issuance	2021	As of April 30, 2022
Market price of the convertible bond	The highest	US$ 113.40	US$ 115.45	US$ 103.70
	The lowest	US$ 109.10	US$ 97.40	US$ 88.70
	Average	US$ 110.88	US$ 104.09	US$ 97.16
Conversion price (NT$/Share)		NT$ 497	NT$ 483.16	NT$ 483.16
Issuing date and conversion price at issuance		Issuing date: 01/14/2021 Conversion price at issuance: NT$497/ per share		
Exercise of conversion		Issuing of new stocks		

4.2.3. Exchangeable Corporate Bonds

None.

4.2.4. Shelf Registration for Issuing Bonds

None.

4.2.5. Corporate Bonds with Warrants

None.

4.3. Preferred Stock

None.

4.4. Global Depositary Receipts (GDR)

None.

4.5. Employee Stock Options

4.5.1. Issuance of Unexpired Employee Stock Options in Existence as of the Date of Printing of the Annual Report

None.

4.5.2. List of Executives Receiving Employee Stock Options and the Top 10 Employees as of the Date of Printing of the Annual Report

None.

4.6. New Restricted Employee Stocks

4.6.1. Issuance of New Restricted Employee Shares

April 30, 2022

Type of New Restricted Employee Shares	Issuance of New Restricted Employee Shares in 2018	
	1st Grant	2nd Grant
Date of Effective Registration	August 22, 2018	
Issue Date	September 14, 2018	May 14, 2019

<table>
<tr><td rowspan="2">Type of New Restricted Employee Shares</td><td colspan="2">Issuance of New Restricted Employee Shares in 2018</td></tr>
<tr><td>1st Grant</td><td>2nd Grant</td></tr>
<tr><td>Number of New Restricted Employee Shares Issued</td><td>1,148,000 shares</td><td>262,000 shares</td></tr>
<tr><td>Issued Price</td><td colspan="2">NT$ 0 (free to qualified employees)</td></tr>
<tr><td>New Restricted Employee Shares as a Percentage of Shares Issued (Note 1)</td><td>0.27%</td><td>0.06%</td></tr>
<tr><td>Vesting Conditions of New Restricted Employee Shares</td><td colspan="2">1. The award of Restricted Stock shall vest at a rate of 100% at the end of three years of continuous employment after granting the award and achievement both of personal performance goals and business performance.
2. The aforementioned personal performance goals shall mean the year-end individual performance evaluation is better than B^+, which takes into account various KPIs of performance and contribution to the firm.
3. The aforementioned business performance goals shall mean the Earnings per Share (EPS) of the Company for the previous year prior to the scheduled date to vest is not less than NT$7, and the Return on Equity (ROE) and of the Company for the previous year prior to the scheduled date to vest is not less than 11%. In determining the business performance hurdles we considered the 3-year average net income and resulting ROE accordingly.
4. Granted employees shall have no violation on any terms of the Company's employment agreement, employee handbook, or policies during the vesting period, otherwise the Company shall redeem and cancel all new restricted employee shares.</td></tr>
<tr><td>Restricted Rights of New Restricted Employee Shares</td><td colspan="2">1. During the vesting period, employee may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares.
2. All the attending rights, proposal rights, motion rights, speech rights, voting rights and any other shareholder rights are the same as the issued ordinary shares of the Company and shall be exercised by the trustee.
3. During the vesting period, the RSA can participate in stock and cash dividends and subscription to cash rights issues and subscription is not required to be deposited in trust.
4. If the vested date is during the book closure period, the lifting of the restrictions on RSA data and procedure shall be executed by the trustee rules or related regulations.</td></tr>
<tr><td>Custody Status of New Restricted Employee Shares</td><td colspan="2">The new restricted employee shares are deposited in a security trust account.</td></tr>
<tr><td>Measures to be Taken When Vesting Conditions are not Met</td><td colspan="2">1. During the vesting period, if the employee resigns, is dismissed or is laid off, the Company shall redeem and cancel all new restricted employee shares with immediate effect.
2. Leave of absence without pay: When the granted employee has been approved by the Company for leave of absence without pay, the vesting period shall be suspended from the effective date of leave until reinstatement. The vesting period will be deferred in accordance with the period of the leave of absence without pay. The Company shall redeem the unvested and cancel the new restricted employee shares, if the employee resigns upon the termination of his/her leave of absence without pay.
3. Retirement: The retiring employees' unvested shares of new</td></tr>
</table>

Type of New Restricted Employee Shares	Issuance of New Restricted Employee Shares in 2018	
	1st Grant	2nd Grant
	restricted employee shares will be deemed vested upon retirement date if the aforementioned personal performance and business performance goals are both achieved. The actual number of vested shares of new restricted employee shares shall be calculated on a pro-rata basis based on the number of months of employment. However, if one or both of the personal performance and business performance goals have not been achieved, the Company shall redeem and cancel the unvested new restricted employee shares. 4. Occupational accidents: Termination of employment due to disabilities as a result of occupational accidents of employees. Any unvested new restricted employee shares shall immediately vest upon such termination date. Termination of employment due to an occupational fatality: Upon death of the employee, unvested new restricted employee shares will be deemed vested, the legal heirs of the employee shall complete all required legal procedures and provide relevant supporting documentation before being granted the shares to be inherited or interest disposed of. 5. Death: Upon death of the employee, for unvested new restricted employee shares will be deemed vested if the aforementioned personal performance and business performance goals have been both achieved. The actual number of vested shares of new restricted employee shares shall be calculated on a pro-rata basis based on the number of months of employment. The legal heirs of the employee shall complete all required legal procedures and provide relevant supporting documentation before being granted the shares to be inherited or interest disposed of. However, if one or both of personal performance and business performance have not been achieved, the Company shall redeem and cancel the unvested new restricted employee shares. 6. If granted employees have violated any terms of the Company's employment agreement, employee handbook, or policies during the vesting period, the Company shall redeem and cancel all new restricted employee shares.	
Number of New Restricted Employee Shares that Have been Redeemed or Bought Back	100,000 shares	0 shares
Number of Released New Restricted Employee Shares	1,048,000 share	0 share
Number of Unreleased New Restricted Shares	0 shares	262,000 shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%) (Note 1)	0%	0.06%
Impact on Possible Dilution of Shareholdings' Equity	No material impact on shareholders' equity.	

Note 1: Calculation based on the issued shares of 423,976,384 shares as of the printing date of the annual report.

4.6.2. List of Managerial Officers the Top 10 Employees Receiving New Restricted Employee Shares

April 30, 2022; Unit: NT$ thousand; Shares in thousands

	Title (Note1)	Name (Note2)	No. of New Restricted Shares	New Restricted Shares as a Percentage of Shares Issued (Note5)	Released				Unreleased			
					No. of Shares	Issued Price (NT$)	Amount (NT$)	Released Restricted Shares as a Percentage of Shares Issued (Note5)	No. of Shares	Strike Price (NT$)	Amount (NT$)	Unreleased Restricted Shares as a Percentage of Shares Issued (Note5)
Managerial Officer & Employee	Employee	Wen-Kai Wang	345	0.08%	275	Free to qualified employees	0	0.06%	30 (Note4)	Free to qualified employees	0	0.007%
	Employee	Benny Ho (Note3)										
	Employee	Angus Leu										
	Employee	Cheng-Kuo Lin										
	Employee	Yu-Chi Lin										
	Employee	Alex Weng										
	Employee	Kerry Chang										
	Employee	Wei-Der Chang										
	Employee	Richard Kuo										
	Employee	Jeff Yeh										
	Employee	Paul Yeh										
	Employee	Maya Chai										
	Employee	Ming-Wei Tsai										
	Employee	Andy Tsai										
	Employee	Galen Hsieh										
	Employee	Iris Hsieh										

Note1: There is no managerial officer award new restricted employee share.
Note2: Alphabetically by employees' surnames in Chinese and those with same shares were disclosed as well.
Note3: Resigned.
Note4: 40,000 shares that have been redeemed were deducted.
Note5: The shares issued were 423,976,384 as of April 30, 2022.

4.7. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

4.8. Financing Plans and Implementation

Previous uncompleted public issue or private placement and issuance and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits:

A. First issue of unsecured overseas zero coupon convertible bonds of 2020

(1) Finance plan

(a) Approved date and no.: Dec. 25, 2020. Order No. Financial-Supervisory-Securities-Corporate-1090377907 of the Financial Supervisory Commission.

(b) Total planned amount: US$ 500,000 thousand.

(c) Source of funds: Issuance of 2020 First Unsecured Overseas Zero Coupon Convertible Bonds, the issue amount of the Bonds is US$500 million. The Company has completed the issuance of the bonds at Jan. 14th 2021, and has entered the information into the Market Observation Post System (MOPS).

(d) Use of Proceeds: US$300,316 thousand for procurement of raw materials in foreign currency and US$199,684 thousand for capital expenditure in foreign currencies.

(e) Projected schedule for fund use:

Unit: US$ thousand

Item	Estimated date of completion	Total planned amount	Projected Schedule for Fund Use									
			2021				2022				2023	
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Procurement of raw materials in foreign currency	2022Q4	300,316	33,548	39,382	37,924	35,006	32,436	44,792	41,703	35,525	—	—
Capital expenditure in foreign currency	2023Q2	199,684	5,025	7,537	12,561	25,123	15,139	34,937	32,608	33,772	17,468	15,514
Total		500,000	38,573	46,919	50,485	60,129	47,575	79,729	74,311	69,297	17,468	15,514

(f) Expected benefits:

(i) Procurement of raw materials in foreign currency: Estimate using the weighted average interest rate of approximately 0.89% on current bank loans, the interest expenses of the fund for procurement of raw material in foreign currency will reduce by approximately US$2,673 thousand. Since the first issuance of overseas unsecured corporate bonds does not have a coupon rate, it will help reduce cash outflows for interest payments, maintain a safe cash level, and increase the flexibility of fund utilization.

(ii) Capital expenditure in foreign currency: A part of the capital raised will be used to replace old equipment to optimize current production lines, and the other part will be used to purchase new equipment for integration with old equipment into a new production line to increase production capacity. Expected benefits of the plan are listed in the table below:

Unit: Piece; US$ thousand

Year	Product	Production Quantity	Shipment Quantity	Shipment Amount	Gross Profit	Operating Income
2021	GaAs wafers	2,183	2,183	4,584	1,742	1,238
2022		19,643	19,643	41,250	15,675	11,138
2023		39,722	39,722	83,416	31,698	22,522
2024		47,491	47,491	99,732	37,898	26,927
2025		47,491	47,491	99,732	37,898	26,927
Total		156,530	156,530	328,714	124,911	88,752

(2) The Status of Implementation of Capital Allocation Plans

(a) The status of implementation of fund use:

Unit: US$ thousand; %

Item	Status of Implementation		Up to 03/31/2022
Procurement of raw materials in foreign currencies	Amount	Planned	178,296
		Actual	278,945
	Achievement (%)	Planned	59.37
		Actual	92.88
Capital expenditure in foreign currencies	Amount	Planned	65,385
		Actual	69,966
	Achievement (%)	Planned	32.74
		Actual	35.04
Total	Amount	Planned	243,681
		Actual	348,911
	Achievement (%)	Planned	48.74
		Actual	69.78

The Y2020 fund-raising plan of issuing the first unsecured overseas zero coupon convertible bonds has raised US$ 500,000 thousand. As of Mar. 31, 2022, the total of US$ 348,911 thousand has been used in procurement of raw materials in foreign currency and capital expenditure in foreign currency, representing 92.88% and 35.04% achievement of the plan. The 69.76% of total achievement of the plan is ahead schedule due to the stronger than expected demand of raw material procurement in foreign currency and in response to the needs for planning of manufacturing process, the schedule of entering to the fabs and the acceptance schedule for some of the equipments were earlier than expected. Generally speaking, there is no material discrepancy from the plan.

(b) Efficiency analysis

(i) Procurement of raw materials in foreign currencies: After the Company completed raising capital in first quarter of 2021, in line with the consideration of operational needs such as the actual payment schedule for procurement of material and capital allocation of foreign currency, the capital will continue to be used for payments for material purchases in foreign currency. The capital raised will increase the Company's working capital, reduce interest expenses, and strengthen the Company's financial structure. Hence, the expected benefits have already appeared.

(ii) Capital expenditure in foreign currencies: As of Mar. 31, 2022, the achievement rate for both production quantity and shipment quantity was 10.68% and the achievement rate for revenue, gross profit and operating income was 11.14%, 10.35% and 10.17% respectively. The achievement rate was a little bit low because the equipments purchased by the Company before Mar. 31, 2022 was mainly used for replacement of old equipments to maintain the yield rate and the increase in capacity was limited. The Company will follow the original plan to gradually purchase the equipments start from second quarter of 2022 for capacity expansion and after considering the lead time of equipments and the timing for equipments' testing and acceptance, we expect the benefit from capacity expansion will gradually appear in the second half of 2022. Therefore, achievement rate in first quarter of 2022 should be considered reasonable.

Unit: Piece; US$ thousand; %

Period	Product	Production Quantity	Shipment Quantity	Shipment Amount	Gross Profit	Operating Income
Y2021 Planned	GaAs wafers	2,183	2,183	4,584	1,742	1,238
Y2021 Actual		5,203	5,203	10,789	4,118	3,023
Y2021 Achievement (%)		238.34%	238.34%	235.36%	236.39%	244.18%
Y2022 Planned		19,643	19,643	41,250	15,675	11,138
2022Q1 Actual		2,098	2,098	4,594	1,623	1,133
2022Q1 Achievement (%)		10.68%	10.68%	11.14%	10.35%	10.17%

V.OPERATIONAL HIGHLIGHTS

5.1. Business Overview

5.1.1. Business Scope

A. Major Business Operated by the Company

WIN is a Gallium Arsenide (GaAs) pure play foundry that provides the best quality III-V semiconductors foundry service to its customers. In addition to advanced semiconductor fabrication technology, WIN also provides layout support and automated DC/RF on-wafer testing to its customers.

B. Net Revenue by Products

Unit: NT$ thousand

Products	2021	Percentage
GaAs Wafer	25,521,833	97.48%
Others	660,543	2.52%
Total Revenues	26,182,376	100.00%

C. The Company's Current Product (Service)

In the microwave high-tech field of wireless broadband communications, WIN primarily provides two major GaAs transistor manufacturing process technologies: Heterojunction Bipolar Transistor (HBT) and pseudomorphic High Electron Mobility Transistor (pHEMT), both of which are the state-of-the-art wireless broadband communications microwave process technologies. Our product lines can satisfy a multitude of frequency band wireless communication application systems ranging from 50MHz to 150GHz. With MMIC technique as basis, WIN also provides optoelectronic device fabrication services for optical communication and 3D sensing applications.

The process technologies developed independently by WIN for wireless communications and optical communications applications are now mostly in mass produced products, including handheld mobile communications devices (such as smart phones and tablet PCs) with 4G/5G communications and Wi-Fi functions and wireless routers that are produced using GaAs HBT and pHEMT. 4G/5G base stations and Low Earth Orbit (LEO) satellite communication and VSAT signal transmission and reception related applications produced using GaAs pHEMT and GaN HEMT. Optical communication sensors or optical information transmission related components produced using GaAs VCSEL and InP, in which smartphone 3D sensing application is one of WIN's growth momentum in recent years.

To satisfy the high power and high efficiency base station application needs of 5G era, WIN has completed the R&D for the Gallium Nitride (GaN on Sic) process technology in 2013, which started to have revenue contribution in 2016 and had more than double digit of the annual growth rate in the past few years. WIN now providing more diversified foundry service choices to our customers.

In addition to the comprehensive GaAs and GaN technology portfolio, WIN has also developed optoelectronic device production capabilities. Such capabilities enable flexible and large scale manufacturing of semiconductor laser and photodiode products. The manufacturing services include customized epitaxial growth/re-growth, full device fabrication, and device characterization analysis and testing.

D. Products Developed by the Company in 2021

(1) 50V 0.35um GaN HEMT for base station and ISM applications
(2) The 3rd generation ultra-high linearity BiHEMT for Wi-Fi 6E/7
(3) 0.18 um high voltage GaAs PINHEMT technology
(4) 100 nm GaAs pHEMT for W-band PtP radio
(5) LB/MB SAW Filter technology
(6) Front Emitting VCSEL for Automotive LiDAR
(7) 25G/50G APD for data center application
(8) High-speed InP-based PIC for optical fiber communication
(9) Long wavelength LD and APD array for Automotive LiDAR
(10) Long wavelength LD and PD for 3D sensing

E. New Products Planned for Development

(1) The 8th generation GaAs HBT epitaxial structure and process development
(2) The next generation GaAs E/D pHEMT development t
(3) 70 nm GaAs pHEMT epitaxial structure and process development
(4) 120 nm GaN HEMT process development
(5) The next generation 250 nm GaN HEMT process development
(6) The next generation 50V GaN HEMT technology
(7) Hi-reliability 25G DFB LD
(8) Long wavelength high power LD for data center application
(9) 100G PD for data center application
(10) Back Emitting VCSEL for Automotive LiDAR and 3D sensing

5.1.2. Industry Overview

A. Current Status and Development of the Industry

1. Current Status and Development of the GaAs Industry

Semiconductor materials can be categorized into single-element semiconductor and compound semiconductor. The former are semiconductors made using element like Silicon (Si) and Germanium (Ge). The latter are III-V compound semiconductors such as Gallium Arsenide (GaAs), Indium Phosphide (InP), or Gallium Nitride (GaN) made using group-III element such as Gallium (Ga), Indium (In), or Aluminum (Al) as well as group-V element such as Arsenic (As), phosphorus (P), or nitrogen (N). Compared to the silicon semiconductors, GaAs semiconductors have characteristics in high frequency, anti-radiation, and high breakdown voltage, and are widely adopted for mainstream commercial optical communications, wireless communications, and advanced defense, aviation, and satellite applications. The popularity of wireless communication is critical to the success of GaAs foundry business model. For example, the key components of radio frequency front-end modules in both cellular phones and wireless networks (Wi-Fi) are the Power Amplifier (PA), RF Switch, and Low Noise Amplifier (LNA). At present, most of the RF power amplifiers are made from the material of GaAs. The characteristics of GaAs made it an indispensable component for wireless communications, optical communications, and advanced national defense, aviation, and satellite industries. GaAs semiconductor has its own foundry technologies, design flow and verification model different from silicon semiconductor in order to satisfy the rapid development of the wireless communication systems, thus allowing GaAs to maintain exclusivity and uniqueness in the field.

Due to the continuous progress of the silicon semiconductor process in recent years, the operating frequency and performance of RF CMOS have continued to improve. Most of the cellular phone and Wi-Fi RF transceivers are made using RF CMOS now. This is the inevitable result of the highly integrated single chip SoC technology development in the commercial RF IC industry. Although today's RF CMOS can work in high operating frequencies and can be highly integrated, its inherent physical characteristics, such as low breakdown voltage, high power consumption, poor signal isolation, and low output power density, make it difficult to compete with GaAs in terms of PA applications. Therefore, when the telecom standard evolved from 4G LTE into 5G applications, GaAs PA had the irreplaceable physical advantage, specifically high power transmission. 5G technology's data transmission rate are expected to be 100 times faster than 4G LTE theoretically, GaAs PA is capable to meet the characteristic of 5G high speed data transmissions. The cost-to-performance gap between GaAs and silicon in power amplifier applications continues to widen, not narrow. Therefore, GaAs compound semiconductor components will continue to be an important component of the communications market.

The concept of IoT is emerging, making the applications for wireless communications and internet of vehicles grow rapidly. Numbers of digital commercial electronic products with wireless communication function is also increasing year by year. Thus, there is room for GaAs applications to grow. In addition, compound semiconductors will continue to play an important role in communication and optical devices markets. For example, the laser of III-V semiconductor has the advantage of small size and high integration, so its applications have been widely used in both industrial and commercial fields especially VCSEL which is the most suitable for mass production. Lately, more and more new applications of VCSEL were developed in the fields such as Biometric, AR/VR, ADAS, proximity sensor and in-cabinet sensing for automobiles. Thus, VCSEL became the key GaAs component on mobile devices

2. Current Status and Outlook of the GaAs Foundry Industry

Similar to the Silicon foundry business model, GaAs foundries require a certain scale of investment and long-term development of process technologies. These two factors provide IC designers fast, convenient, and relatively low cost processes to realize the products they designed. The silicon foundry model was a breakthrough that lifted the control of large IDMs over parts and components, and allowed small capital companies with an expertise in IC design to survive without making large investments in semiconductor manufacturing, which they are not familiar with. This specialization of labor has allowed IC design companies to focus on developing new generation ICs. Foundries focus on developing more advanced process technologies and providing more complete solutions. This win-win strategy successfully took down the monopoly of IDMs from IC design to process technology, and created an extremely competitive cost advantage. The flourishing development of mobile communications and wireless network, and large demand on devices such as power amplifiers have caused even more IC design companies to join in the development and popularization of GaAs semiconductor ICs. This also led to the development of a model with larger scale GaAs foundries. Similar to the experience of silicon foundries, once this business model is formed, it will take down the monopoly of IDMs. Early GaAs IDMs were mostly concentrated in advanced countries in Europe and America and their core business, including GaAs IC design and GaAs semiconductor process technology. Following the popularization of GaAs semiconductor applications and the successful foundry model, companies with both process technologies and IC design technologies began to develop towards the Fab-lite and pure module design business models. They outsourced most of the wafer processes to wafer foundries, retained IC design, and provided modulized RFIC and RF solutions. The wafer processes were mainly outsourced to specialized foundries with a complete semiconductor manufacturing supply chain and experience, such as WIN Semi. Foundries not only need to go through a strict and long customer qualification process, but also strive to develop more efficient process technologies with greater cost competitiveness. This has created a barrier to entry that is difficult for new entrants to cross over, and also created a cost advantage that is hard for European and American competitors to imitate, which accelerated the transition of European and American companies to the so called fab-lite and even fab-less business model, further increasing their dependency on foundries. We signed a MOU with Avago at the end of 2017 and agreed to purchase the company's HBT production line machinery and equipment. The company will outsource all HBT products that were produced from their HBT production line to us in the future. This event shows that after years of developing proprietary process technologies and capacity expansion to meet customers' demand, our customers feel even more at ease when outsourcing their processes to a specialized GaAs foundry.

B. The Interconnectivity of Upstream, Midstream, and Downstream Entities in the Industry

In the GaAs industry, substrate production is the first upstream activity of the supply chain, followed by key materials and GaAs epitaxial wafers, including MOCVD and MBE technologies. For the mid-stream, the supply chain includes wafer fabrication, packaging, and testing. Regarding the industry as a whole, apart from wafer fabrication, the design and advanced technologies in the industry are still dominated by international IDM companies. Downstream vendors comprise mobile phone and WLAN manufacturers as well as radio frequency system developers. The supply chain of the GaAs industry is summarized below:

<table>
<tr><th colspan="2">SUPPLY CHAIN</th><th colspan="3">COMPANY</th></tr>
<tr><td colspan="2">Substrate</td><td colspan="3">Freiberger, AXTI Inc, Sumitomo</td></tr>
<tr><td colspan="2">Epitaxial Wafer</td><td colspan="3">IQE, VPEC, SCIOCS (Sumitomo), Hitachi Cable, IntelliEPI</td></tr>
<tr><td colspan="2">Foundry</td><td>WIN Semi, AWSC, GCS, Wavetek, Sanan</td><td rowspan="3">IDM</td><td rowspan="3">Skyworks
Qorvo
Lumentum
II-VI/ Finisar</td></tr>
<tr><td colspan="2">IC Packaging</td><td>Tong Shing, Lingsen Precision, Murata</td></tr>
<tr><td colspan="2">IC Testing</td><td>Giga Solution, ASE, Sigurd, King Yuan</td></tr>
<tr><td colspan="2">IC Design House</td><td colspan="3">Broadcom, Murata, Vanchip, Smarter Micro, RDA, Qualcomm</td></tr>
<tr><td rowspan="2">Terminal Applications</td><td>Smartphones</td><td colspan="3">Apple, Samsung, Huawei, Xiaomi, Oppo, Vivo</td></tr>
<tr><td>Base Station</td><td colspan="3">Huawei, ZTE, Ericsson, Nokia</td></tr>
</table>

C. Various Product Development Trends

Light, short, thin, small, cheap, and good quality are the unchangeable demands for consumer electronics products and the main direction of RF module designs. Traditionally, the different IC in RF modules are using different technologies to make; e.g., PA's are designed using HBT process, and RF switches and low noise amplifiers use the pHEMT process. Due to the low integration between different GaAs processes, it was difficult to reduce the size of RF modules. WIN's leading BiHEMT technology can integrate two or more high-performance components by single chip solution on a 6-inch wafer to reduce module circuit areas and costs, and further strengthen our customer product design competitiveness.

On the other hand, high frequency and high power application market is also growing by the rise demands on 4/5G base stations, fiber-optic networks, and satellite networks. It needs very unique, consistent and high-performance transistors and passive components made by advance technologies process and facilities. WIN is one of few foundry companies who are able to provide such process services in the market.

D. Competition Status

1. Business Development Direction

In the semiconductor industry, the IDM and foundry companies have different capacity investment strategies and core competencies in response to their respective market environments. With foundry market share expanding, IDM's capacity investment became more conservative than before because they must ensure full utilization of their own capacities in order not to stay idle. Foundry companies can maintain a certain level of capacity utilization by managing the orders from both IDM and design house customers to optimize the business. In addition, some of IDMs who also provide foundry services in the past has eventually quit the foundry business because they do not want to provide the latest R&D results and share the resources with their customers who also competitors. Consequently, they have gradually lost their customers. However, for a pure play foundry like WIN, we rely on providing the advanced technology to attract more customers and broaden product application field.

The core competencies of IDM companies are their product design capabilities. Due to continued growth and evolution of hand-held devices, they must continue to develop the newest generation of products to create opportunities for future development. At the same time, foundries must rely on diversification and advanced technology as well as more efficient mass production methods to achieve operating efficiency.

2. Production Technology

WIN uses diversified and advanced technologies to provide the foundry services to customers and has continued to increase production flexibility, reduce unit costs, and shorten the production delivery time to provide foundry services with more competitiveness.

In terms of advanced technologies, the leading advantages of domination for independent R&D capability by IDM companies have gradually changed. After many years of attempts and challenges, the Company has insisted on developing advanced technologies to establish long-term competitiveness. After a decade of hardships, the Company's advanced technology is on par with IDM companies, and we have successfully transcended the law of having to porting technology from IDM companies. The Company has already collaborated with IDM companies on R&D for new technologies. As a result, the Company became one of the leading companies possess the newest generation of technologies in the industry.

In terms of GaAs wafer size, unlike most of the peers in the industry who convert to 6-inch from 4-inch in the past decades, the Company established the world's first 6-inch GaAs wafer foundry service in 1999, when it was just established. Until today, 6-inch is still the main production size. With over two decade of 6-inch wafer manufacturing experience, we are more capable of ensuring product reliability, quality, and stability. That is also the reason why WIN can support customer to mass produce high quality wafers in 6-inch base on customer's design in such short period when high end smartphone maker decided to adopt 3D sensing for the first time in 2017.

3. Production Scale and Capacity Planning

In the current GaAs industry, IDM companies still holds over 50% of the market share. In recent years, IDMs have increased the willingness to partnership with foundries for more outsourcing opportunities due to the cost efficiency and conservative of capacity expansion investments made by IDMs. The sustained growth of overall market demand seemed to provide the best business expansion opportunities for foundry companies. As of the end of 2021, Fabs A, B, and C of the Company have total capacity of 41,000 wafers per month which is world's largest capacity of GaAs foundry. In order to fulfill the increasing demand of the industry development, WIN continued the planning and implementing for the capacity expansion of Fab C in 2021, the first floor clean room expansion of Fab C will be completed in the first half of 2022, and we will install equipment immediately after that. The new capacity is expected to come online in the second half of the year to meet the demand for the stronger season. In addition, for the new Luzhu fab in the Southern Taiwan Science Park in Kaohsiung, after its groundbreaking in the middle of last year, the construction of the new fab is a key focus for year 2022, and the goal is to complete the construction of clean room in the middle of 2023 and enter mass production at the end of 2024 to prepare in advance for customers long term demand in the future.

5.1.3. Technology and R&D Status

A. R&D Expenses

In 2021, the Company invested NT$1,331,849 thousand in R&D, which accounted for 5% of the total revenues. As of the publication date of this annual report, we have not obtained the audited financial statement information for the first quarter of 2021.

B. Successful R&D and Technologies Development

We continue to develop a wide range of process technologies in response to future wireless communication and high speed network applications, such as: 5G communications, Wi-Fi communications, SATCOM and VSAT, and optical communications. From a long-term perspective, the demand on bandwidth and power will continue to increase to meet the requirements of future wireless communications applications on diversity and efficiency.

a. Mobile Device Development Trends

Following the deployment of 5G base stations and launch of 5G mobile phones, the penetration of 5G communications will rapidly increase. The demand of 5G on ultra high transmission rate has allowed GaAs HBT to stand out for its high frequency and linearity, which is a requirement of 5G PA. With consideration to the compatibility of communications systems, allowing 4G/5G communications systems to coexist is a requirement on applications, and new GaAs HBT process technologies to comply with 5G must be able to meet PA design requirements of 5G systems. In addition to our proprietary advanced GaAs HBT process technologies, we further provide customized process technologies and services, which are able to optimize customers' chip design concepts and further create differentiated end products.

Aside from 5G mobile communications technology, high frequency Wi-Fi communications systems are also becoming more common. The adoption of new Wi-Fi 6E/7 pushed the linearity and the frequency (6~7GHz) requirement of Wi-Fi to a stricter specification and drove customers to use the Company's new generation GaAs HBT5/7 (6th/7th generation) to comply with the even more complex signal modulation protocol especially the 7th generation GaAs HBT technology which can provide even better frequency and linearity performance to increase the flexibility and differentiation for designers.

b. Infrastructure Development Trends

The development of 5G communications added 3 new frequency bands N41, N77, and N79, and increased the demand from base stations and mobile phones on our new process technologies. Such as: GaN HEMT is applied to base station power amplifiers and GaAs pHEMT/PINHEMT is applied to base station low noise amplifiers. The massive MIMO system used in new 5G base stations significantly increased demand on front-end wireless communication models. Our backhaul network solution upgrades from E-band (70-80 GHz) mmWave P to P communication to W-band (80-90GHz) and even D-band (>120 GHz) in response to the increased data transmission at the front end. In particular, 100 nm and 70 nm GaAs pHEMT is suitable for PA and LNA designs for mmWave communication modules at the front end.

With regard to optical communications, the mainstream data transmission speed is already 100G due to the deployment of data centers and back-end network connection requirements of 5G networks, and 400G and 800G networks were also launched. The driver amplifier in modulators, in particular, require the high frequency and high linearity advantages of advanced GaAs pHEMT processes.

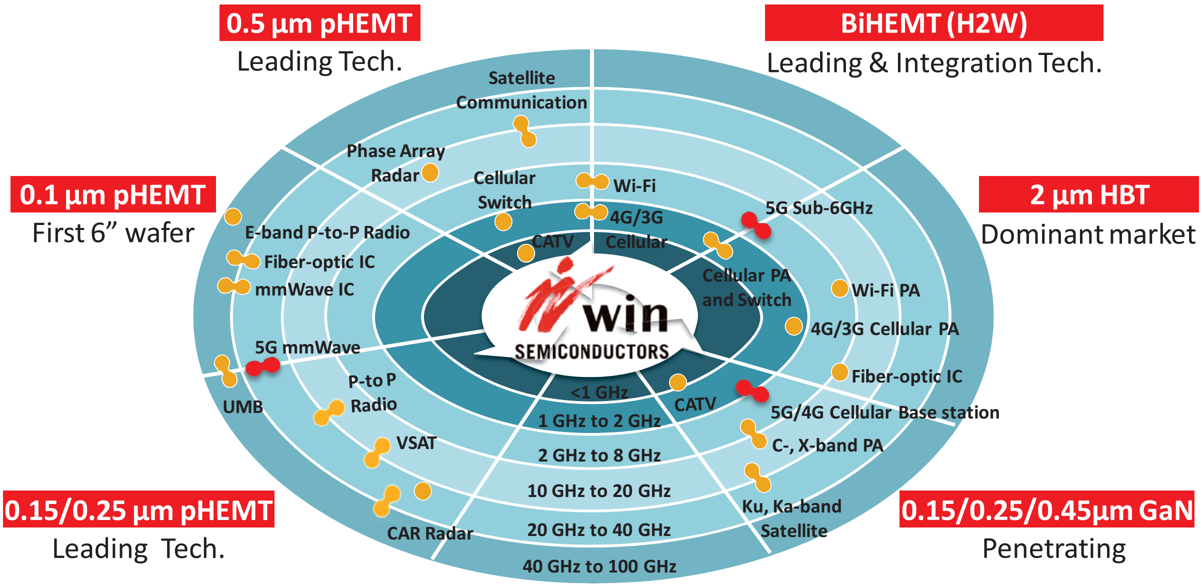
The development of SATCOM and VSAT is considered a blue ocean for communications after 5G, the commercial operation of low orbit satellite systems is driving countries to invest in and deploy satellite networks. Nearly 3 billion people in the world still do not have access to Internet services due to underdeveloped infrastructure, and SATCOM and VSAT are excellent solutions. GaAs pHEMT/PINHEMT and GaN HEMT process technologies each enjoy their own advantages in terms of noise and power, and provide excellent solutions for PA and low noise PA in Ku/Ka-band satellites, meeting the requirements of satellite communication modules and large ground-based gateways.

c. Sensing and Optical Technologies' Development Trends

In sensing technologies, VCSEL is already commonly used in facial and gesture recognition, and is expected to be even more commonly applied in handheld devices. The combination of new generation ToF (Time of Flight) and VCSEL technologies will further expand AR or VR killer applications. In the rapidly developing auto-pilot technology in recent years, besides conventional microwave radar, VCSEL LiDAR is the next important application in sensing technologies to achieve multi-dimensional, long-distance detection and reduce sensing errors caused by different environmental factors. Furthermore, following the significant increase in data transmission in 5G communications, high speed, high reliable optoelectronic devices (such as highly reliable 25G DFB LD, 100G APD), InP-based light modulators (such as EA modulators and Mach-Zehnder modulators) and silicon photonics for high power light sources are all key points of R&D.

d. Core Competency

WIN continues to invest in microwave and optoelectronic device design and development, developing required integrated manufacturing technologies, advanced epitaxy technologies, and wafer-level high-end testing services. These efforts aim to provide customers with design, manufacturing, and testing services, and rapidly commercialize their products. The integrated services and pure foundry model allowed WIN to expand from single GaAs microwave device OEM to multiple compound semiconductor materials in microwave and optical devices.



After WIN secured the core key technologies with proprietary development capabilities and talent, we have conducted the relevant technological cultivations and diversified developments continuously enhance competitiveness in the industry:

(1) Continuing to develop next-generation HBT technology and focusing on new frequency bands required for future 5G communication systems, especially on power amplifiers that require hyper frequency bands and higher output power in order to meet the data transfer speeds of 5G mobile devices, which is several times that offered by 4G systems.
(2) In response to the demand for highly integrated power amplifier modules, the Power Amplifier Module integrated Duplexer (PAMiD) is expected to become mainstream. In addition to advanced power amplifiers, WIN is also committed to providing OEM services for filters and duplexers to meet the future demand for highly integrated modules.
(3) Developing advanced process technologies, which are required for microwave communications, to provide high-power HBTs for femtocells and high-power GaN HEMTs for large base stations.
(4) Developing a more advanced and competitive <0.1µm GaAs pHEMT, for communication infrastructure, that will meet the increasing frequency requirements of point-to-point millimeter-wave (E/W/D-band) communications.
(5) Developing a more advanced and competitive <100nm GaAs pHEMT for fast-growing big data applications, which rely on next generation 400/800Gbps ultra-high-speed fiber-optic communication driver amplifier applications for optical modulators.
(6) Continuing to develop next generation highly-integrated GaAs PINHEMT to meet the future infrastructure demand from Ku/Ka-band of satellite communication and mobile communication.
(7) Establishing upstream expertise and capabilities in compound semiconductor epitaxy to improve quality control and to accommodate the development of new technologies in a timely manner in response to the shortening of new product development cycles and product life cycles.

(8) Continuing to develop advanced process technologies and packaging solutions with a focus on the requirements of future 5G products and applications.
(9) Providing customized high-frequency packaging product testing to help customers complete terminal tests of their products in-house, thus shortening wafer shipment times for customers.
(10) We will continue to develop key parts and components for fiber-optic communications (10G/25G DFB LD, 25G/56G VCSEL, 25G APD, and silicon photonics high power light sources)
(11) We will continue to develop advanced high speed 25G DFB LD and 50G APD for optical communications, as well as light modulators and photonic integrated circuits using InP substrates.
(12) We will continue to develop the three major product technologies for automotive LiDAR: VCSEL, GaAs LD, InP LD, and PD.

5.1.4. Long-term and Short-term Business Development Plans

In response to future industrial development and overall trends in the economic environment, we have formulated long-term and short-term plans for our future business direction, so as to enhance our competitiveness. Our short-term and long-term plans are described below:

A. Short-Term Plan

Following the development of 5G, Wi-Fi technologies, and increased demand on optical communication related applications, we have seen great development opportunities in all of our major product lines.

Countries around the world have released even more 5G frequency bands in recent years, numerous 5G mobile phones have been launched since 2019, and commercial operation of 5G Sub-6 GHz has begun in most of the countries. The change in communication specifications has driven the deployment, renewal, and upgrade of infrastructure. WIN’s infrastructure-related revenue were mainly came from the demand of 5G in recent years, and the revenue from GaN-on-SiC grew more than double digit sequentially in the past few years. Besides infrastructure, 5G has also driven the growth in mobile phone PA demand. With 4G LTE still available after the arrival of the 5G era, each 5G mobile phone will not only support existing 4G LTE frequency bands, but also new 5G frequency bands. This increase in frequency bands represents an increased in PA demand. We have also seen some flagship models support Uplink MIMO technology, and it will further increase 5G PA demand. Furthermore, the 4G spectrum will also be provided for use by 5G, which is known as 4G refarming and already has the related application, and the transmission of 4G and 5G signals in the 4G spectrum (dual connectivity) will become a development trend of 5G in the next few years. Hence, as communication technology transitions from 4G to 5G, PA demand will also increase, and we will continue to provide customers with the most advanced process technologies, jointly seizing the 5G market together with customers.

With regard to Wi-Fi, in order to meet the requirements of AI, IoT, and big data, upgrading Wi-Fi to Wi-Fi 6 and Wi-Fi 6E has become the top priority, and WIN Semi is actively developing technologies needed for Wi-Fi 7 in the future. The development will begin from Wi-Fi related infrastructure, and then extend to other terminal applications such as handheld devices. The upgrade in specifications and increase in new frequency bands both have a positive effect on WIN, and we will continue to invest even more R&D resources to help our customers launch the latest products before their competitors in every new generation.

The Internet of Everything and smart city are an important link in 5G development. 4G LTE Cat.1 will replace NB-IoT and 2G which were commonly used in the past due to its superior coverage, speed, and latency. PAs for 4G networks currently are still mainly made by GaAs, so this development trend will drive demand growth on 4G PA. Furthermore, as the deployment of 5G phones and infrastructure continues to increase, growth of IoT applications can be expected and will have a positive effect on the Company.

In addition, the 3D sensing function adopted by high end smart phones in 2017 made considerable contribution to our revenue over the past two years. This is the result of our years of effort in developing III-V compound semiconductor technologies and applying the technologies to other fields of application. Besides 3D sensing, we further expanded the applications to proximity sensor and in-cabinet sensing for automobiles and the processes technologies of InP that we have been developing for years, the applications include receptors and other laser components. We are also actively developing LiDAR applications with potential customers. In the future, we remain optimistic about the application of optical devices, and expect to see an increase in overall demand as even smarter phone brands and handheld devices begin offering the function.

Low-Earth-Orbit (LEO) satellites that allow seamless Internet access from land, air, and sea is the most crucial application among the development strategies for microwave applications in WIN Semi. As communication specifications continue to improve, higher frequency bands are being used. However, the higher frequency bands result in shorter wavelength, which leads to a smaller coverage area. If we want to achieve high speeds and low latency, we must install more small base stations or femtocells. In addition, many areas are still not covered by the network due to geography, climate, insufficient infrastructure, and other factors. These issues have made LEO satellites a good solution. After acquiring aeronautics industrial quality system certification a few years ago, the Company has become an indispensable part of the supply chain. Revenue from LEO satellite applications has increased every year, with growth exceeding 30% in 2021. As more satellites are launched, the Company is optimistic about future SATCOM developments and their contributions.

Besides continuing to build on our current foundation and engaging in research and development, we are also developing more competitive process technologies for mobile device and communication infrastructure customers, and aim to further widen our technological lead in the field of wafer fabrication for wireless communication ICs. In the short-term, we will continue to invest resources in technological innovation, quality improvement, and lowering manufacturing cost, and will make investments into the development of advanced process technologies in coordination with the future direction of customers' product applications. This will allow us to expand the scope of our foundry services and market, and further secure a key position in the global GaAs foundry market.

B. Long-Term Plan

The infrastructure of wireless communications will inevitably need to be strengthened following the significant increase in mobile phone use and the communication standard upgrade. Higher power base stations, in particular, will be able to achieve more stable high speed data transmission. Therefore, we have long begun developing high-power HBTs for femtocells, and high-power GaAs HEMT/ GaN HEMTs for large base stations required by 4/5G systems. From a mid- to long-term perspective, we believe GaAs devices will be in great demand for the IoT, future IoT gateways, V2V/V2X, and 5G communications. We already have a comprehensive blueprint of advanced process technologies that correspond to these drivers of long-term growth.

Furthermore, we will continue to develop optical communication technologies for automobile, data center, and fiber to home applications. In addition to the full array of GaAs and GaN technologies, we also developed the ability to manufacture optical semiconductor devices, and have begun providing flexible, large scale product manufacturing services for LD and PD design houses. This new manufacturing technology can be applied to 2.5G, 10G, and 25G data transfer rate products. Our complete vertically integrated manufacturing technologies can provide our partners with customized epitaxial growth/regrowth, optical device manufacturing, and material and device features description and testing services. Our epitaxy and optical device manufacturing capabilities can be used for 2-4 inch InP substrates. We have the technology to provide LD and PD epitaxy and device feature description services, and are working day and night on building a complete optical device production line and testing equipment, so that we can provide the optical devices market with specialized manufacturing technologies and highly efficiency solutions. Looking ahead to the future, we are optimistic regarding the development of optical devices, especially 3-D sensing applications on handheld devices, which is an area where WIN Semi is already a leader. We look forward to the demand for optical device growing rapidly with the adoption of even more handheld devices and brands during the next few years, as well as the increasing maturity of AR/VR applications and ADAS.

5.2. Marketing and Sales Overviews

5.2.1. Market Analysis

A. Sales and Service of WIN and Its Subsidiaries by Geographical Area

Unit: NT$ thousand

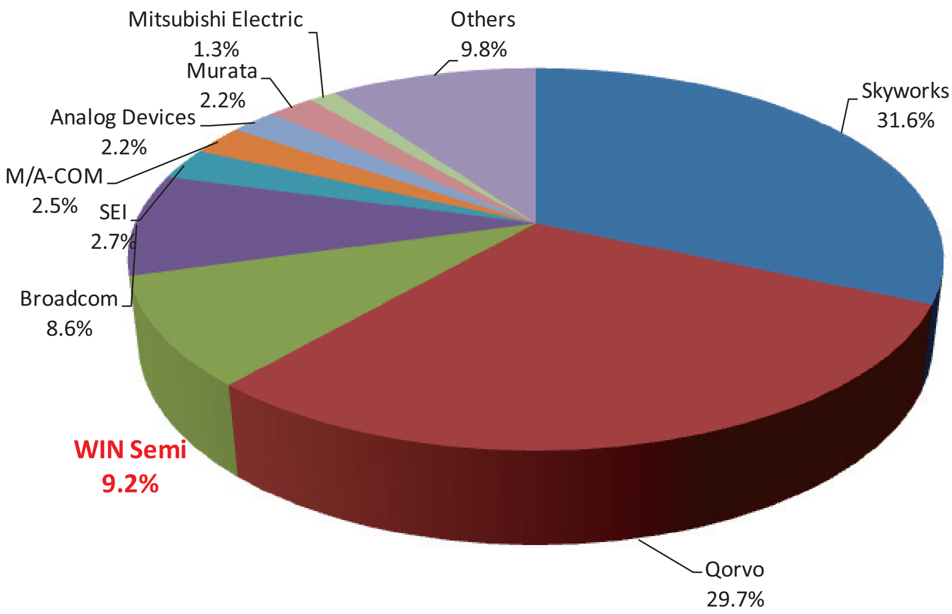
Area (Note 1) \ Year		2020		2021	
		Revenue	%	Revenue	%
Domestic (Note 2)		1,586,785	6.21%	1,253,342	4.79%
Oversea	Asia	17,018,828	66.62%	17,106,361	65.34%
	Americas	5,825,259	22.80%	6,850,101	26.16%
	Europe	1,115,333	4.37%	972,572	3.71%
Total		25,546,205	100.00%	26,182,376	100.00%

Note 1: Segment revenue is based on the geographical location of customers.
Note 2: Domestic means revenue from Taiwan area.

B. Market Share

According to Strategy Analytics, the total GaAs device and pure play foundry market increased by 7.4% to reach nearly US$9.838 billion of revenue in 2021. The GaAs components market is still highly dependents on handheld devices especially smartphones. Even though suffered from the COVID-19 pandemic, the intensified dispute between US and China, and the shortage of chips in 2021, the GaAs components market was still growing driven by the development of 5G networks and 5G mobile phones. In 2021, WIN Semi held 9.2% of GaAs device market share, ranked third place in the world. Please see chart “2021 Total RF GaAs Device Revenue Share” below.

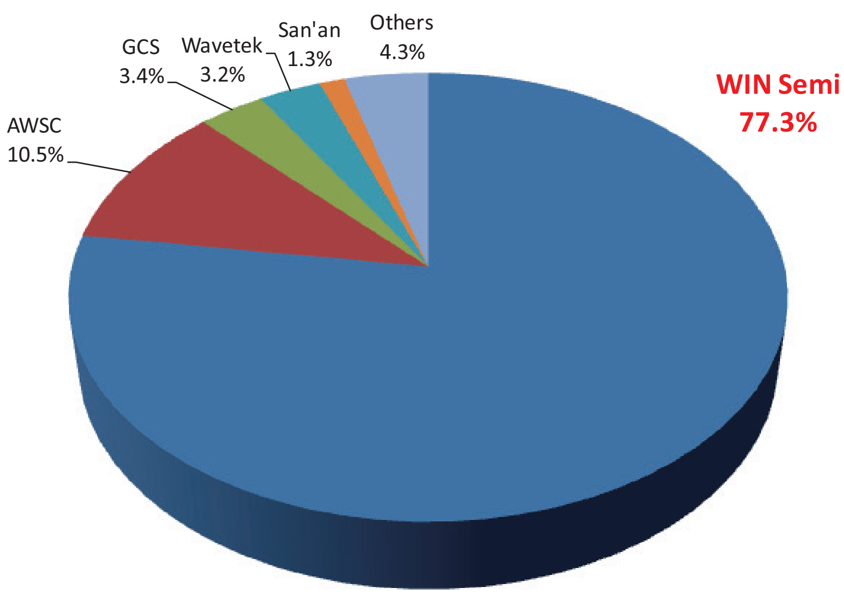
2021 Total RF GaAs Device Revenue Share



Data Source: Strategy Analytics.

In addition, the revenue of pure-play GaAs foundry market increased by 11.4% to reach US$1.177 billion in 2021 according to Strategy Analytics. In 2021, WIN Semi held 77.3% of GaAs foundry market share remains the largest GaAs foundry player worldwide. Please see chart “2021 World GaAs Foundry Market Share” below.

2021 Total RF GaAs Foundry Market Share

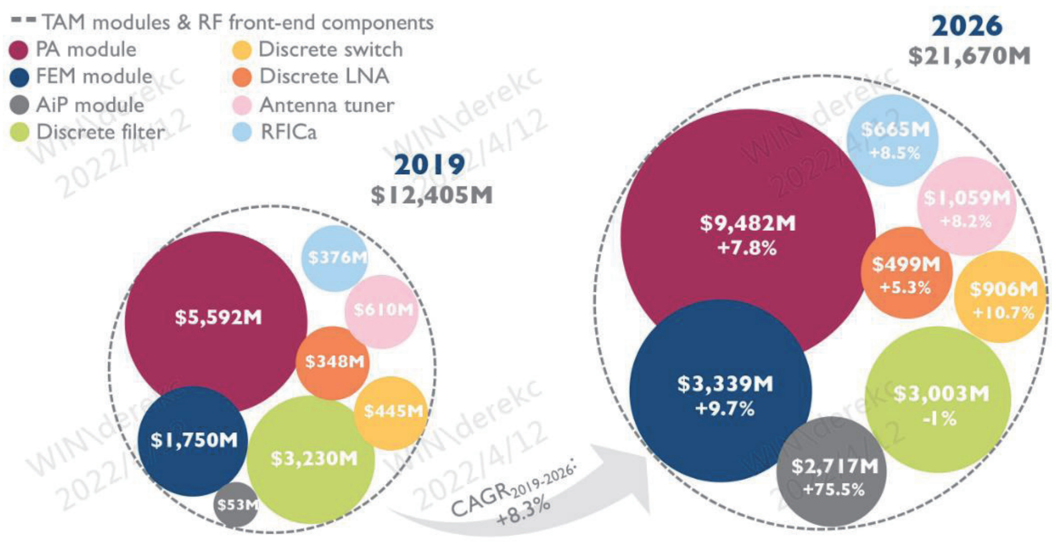


Data Source: Strategy Analytics.

C. Future Market Supply, Demand, and Growth Status

Wireless communication products are the main driver for the GaAs industry, and cellular applications are still the largest market for GaAs followed by Wi-Fi and infrastructure demands. In terms of the cellular market, the PA demand has begun to increase as the maturity of the GaAs technology reduces the manufacturing costs, and the smartphone requirements for greater functionality. In general, a 2G cellular phone requires 1 to 2 PAs, a 3G cellular phone needs 3 to 4 PAs, and the frequency bands a 4G LTE cellular phone needs to cover have increased dramatically from 4 frequency bands to 30 frequency bands. Enter into 5G, the demand of PAs per 5G smartphone is at least 2 more than per 4G smartphone. Although the growth for global smartphone shipment is decelerating, RF devices and RF front-end modules still have an 8.3% CAGR from 2019 to 2026 and during the same period the CAGR for PAs is 7.8% according to Yole Développement report. That means the consumption for GaAs devices will continue to increase.

2019-2026 RF Front-End and Connectivity Market Forecast－Per Type of Component

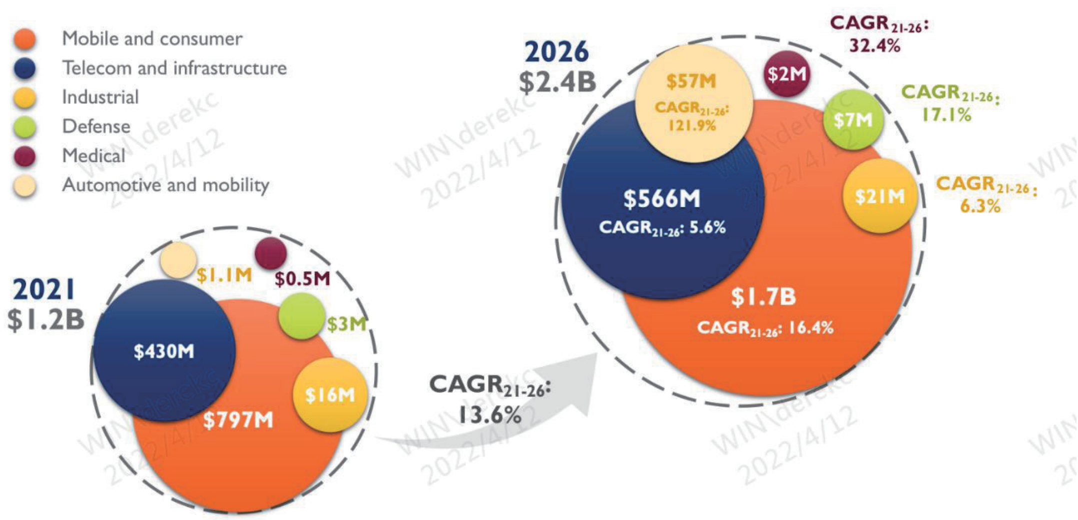


Data Source: Cellular RF Front-End Technologies for Mobile Handset 2021 report, Yole Développement, 2021.

Following the development of 5G, popularization of IoT and the long term development of AI and big data in the next few years, the deployment of infrastructure and demand on upgrading handheld devices will only make GaAs applications even more extensive. After the US, South Korea, and China began providing commercial 5G services in 2019, the global 5G penetration rate continues to rise and the installation and development of 5G infrastructure for countries around the world were not interrupted by the impacted of COVID-19 pandemic and US-China trade war. However, the global 5G network infrastructure is still incomplete, and the penetration rate of 5G smartphones is still lower than that of 4G. According to the forecasts of numerous research institutes, global 5G smart phone penetration rate might increase from 40% in 2021 to over 50% in 2022. Also, the latest Ericsson Mobility Report published by Ericsson shows that more than 180 service providers have launched commercial 5G services globally in 2021 and the number of 5G subscribers worldwide reached around 570 million in the third quarter of 2021 and is expected to reach to 4.4 billion in 2027 which accounted for 49% of the total number of mobile users.

The adoption of 3D sensing by iPhone X makes 3D sensing enter the application of consumer electronic products and provide new growth momentum for VCSEL. Also, it has changed the market of VCSEL industry dramatically and attracted other brand name smartphones to adopt it. Besides handheld devices, it will, in the future, also apply to new field such as AR/VR, drone, and LiDAR for autonomous car which making the VCSEL industry flourishing. According to Yole Développement, it forecasts VCSEL devices market is expected to grow at a CAGR of 13.6% between 2021 and 2026. Among VCSEL industry, mobile and consumer products would be the biggest application and the CAGR would be up to 16.4%. In addition to GaAs, WIN also continues to have R&D for products and applications in other III-V compound semiconductors material such as InP. WIN's technologies in optical communication and optical sensing are becoming more mature, as we continue to accumulate more experience, which also helps to attract more potential customers.

2021-2026 VCSEL Market Overview



Data Source：VCSEL s- Technology and Market Trends 2021 report, Yole Development, 2021

D. Competitive Advantage

1. Professional Management Team

We have a strong and stable management team which has rich and complete industry experience, and has clear market positioning of products and operating strategies. In addition to maintaining long-term close relationship with suppliers, the company has the ability to master the key technologies of the product and has the ability to develop new technologies on its own, enabling the company to maintain a competitive advantage in the field of GaAs wafer foundry.

2. Diversification in Technology and Strong R&D Capability

The strengths of our Company's technical teams include high-level, wide range and high coverage of proprietary technologies; the ability to provide key technology manufacture services; and mastery of the HBT, pHEMT, BiHEMT, and GaN optical communications technologies which can satisfy numerous application demands simultaneously. So far, we have more than 20 process technologies entered into mass production, we not only can assist customers to rapidly develop new products, but also can provide one-stop shopping and total solution services to our customers.

3. Close Relationships with Industry Supply Chain

As GaAs comprised the key components for the communications industry; yield rate, quality stability, and rapid delivery have become standard requirements from the IC design houses and IDM companies. Due to the long period of time needed by customers to qualify a supplier and the risks of trade secret leakage, the costs to qualify a potential foundry is extremely high. Once the qualification has passed and the quality, delivery time, and manufacture capacity have all meet the requirements, the probability for the customer to switch to another foundry is very low. Therefore, once an IDM company has selected a foundry, it is not easy to make replacements. The quality of the Company's products has been affirmed by its downstream customers and has successively been certified by global IDMs, and we have built close relationships with industry leaders.

4. Capacity Scale

The Company has continued to invest in high-performance automation equipment. As of the end of 2021, the Company's fabs (A, B and C) have total capacity of 41,000 wafers per month. With solid management system and R&D investments, we can optimize the yield rate and produce high quality products in the shortest time possible, and reduce production costs to satisfy customer demands. Because we can provide adequate capacity, we can reduce the risk for customers to invest in capacity themselves.

5. High Product Quality and Market Awareness

The Company offers competitive prices, faster delivery, stable yield rate, and better foundry service quality to attract customers and strengthen the relationship with the customers through strategic alliances. The customer base of the Company includes IC design houses and IDMs, and we have successively passed the qualifications from numerous global companies. We are highly acclaimed for our quality, yield rate, prompt delivery, and cost advantages; and we have become the world's largest GaAs foundry service company since 2010.

6. Pure play Foundry Service Business Model

In addition to solidifying its smartphone market, the Company has continued to develop more cost-effective and higher value-added high frequency technologies to maintain its mid- and long-term competitive advantages. Since the Company is a pure-play foundry, the Company manufactures GaAs chips based on proprietary circuitry designs provided by customers. The company does not design its own GaAs chips and thus do not compete with its customers. Also, the foundry business model involves customers passing their proprietary design information to the Company for manufacturing, the Company's fabless and IDM customers do not perceive a conflict of interest in working with the Company and are more willing to share manufacturing know-how with the Company. The Company's pure-play model contributes to a higher degree of trust among customers and further strengthens the relationship with them.

7. Provide Customers with Value-added Services

The Company has established good partnership with its customers to provide efficient services and advanced technology, assist customers to resolve process technology related issues or quickly launch new products, and thereby seize market opportunities.

E. Favorable and Unfavorable Factors to Long-term Development and Response Measures

1. Favorable factors

(1) The industry has growth potential

GaAs devices are a key component in the wireless communications industry. They have become indispensable to mobile phones and WLAN in recent years as the industry is going through rapid growth and communication devices are becoming lighter, thinner, shorter, and smaller. Despite the slower growth in global smart phone shipments, VCSEL applications in smart phones and the arrival of the 5G era will only increase the use of GaAs devices. The popularization of UHF communication and rise of optical communication applications will create strong demand on GaAs components, and related process technologies often require special process equipment and production processes, which is one of our niches.

(2) IDMs' outsourcing trend

Due to considerations to reduce capital expenditures and lower costs and risks, major IDMs around the world are beginning to outsource to GaAs foundries and are seeking to form strategic alliances with GaAs foundries.

(3) Excellent proprietary technologies

Our management and R&D personnel all have years of experience in the field of GaAs, and have a profound understanding of the industry's environment and trends. Since the company was established, we have grasped the development trends and key technologies of the industry. We have the ability to independently develop new technologies and mass produce products to meet the needs of our customers.

(4) Firm belief in producing and selling high quality products

High product quality is the key to a company's survival and development, and GaAs's quality requirements are even stricter. We have been recognized by numerous multinational corporations for the stability and superiority of our product quality, which has allowed us to gain customers' trust and approval.

2. Unfavorable Factors and Response Measures

(1) Competition from Substitutes

The mature mass production of 8-12 inch silicon wafers has created the impression that wafers are small, low cost, and highly integrated, especially when CMOS replaced GaAs in Wi-Fi 802.11b, 802.11g, and a small portion of the 2G market during early periods. Since then, the threat of CMOS to GaAs has always lingered. The entire GaAs industry was shook several years ago when the global leader in smart phone baseband announced that it will be using the most advanced silicon process to make RF front-end modules. Even though CMOS has lower cost per chip, it will not necessarily have the advantage over GaAs when it comes to modules, and its performance is far worse than GaAs. Moreover, rapid developments have been made in GaAs technologies, and CMOS power amplifiers eventually fell to the excellent performance of GaAs. Hence, customers eventually choose to work with GaAs foundries for GaAs technology solutions.

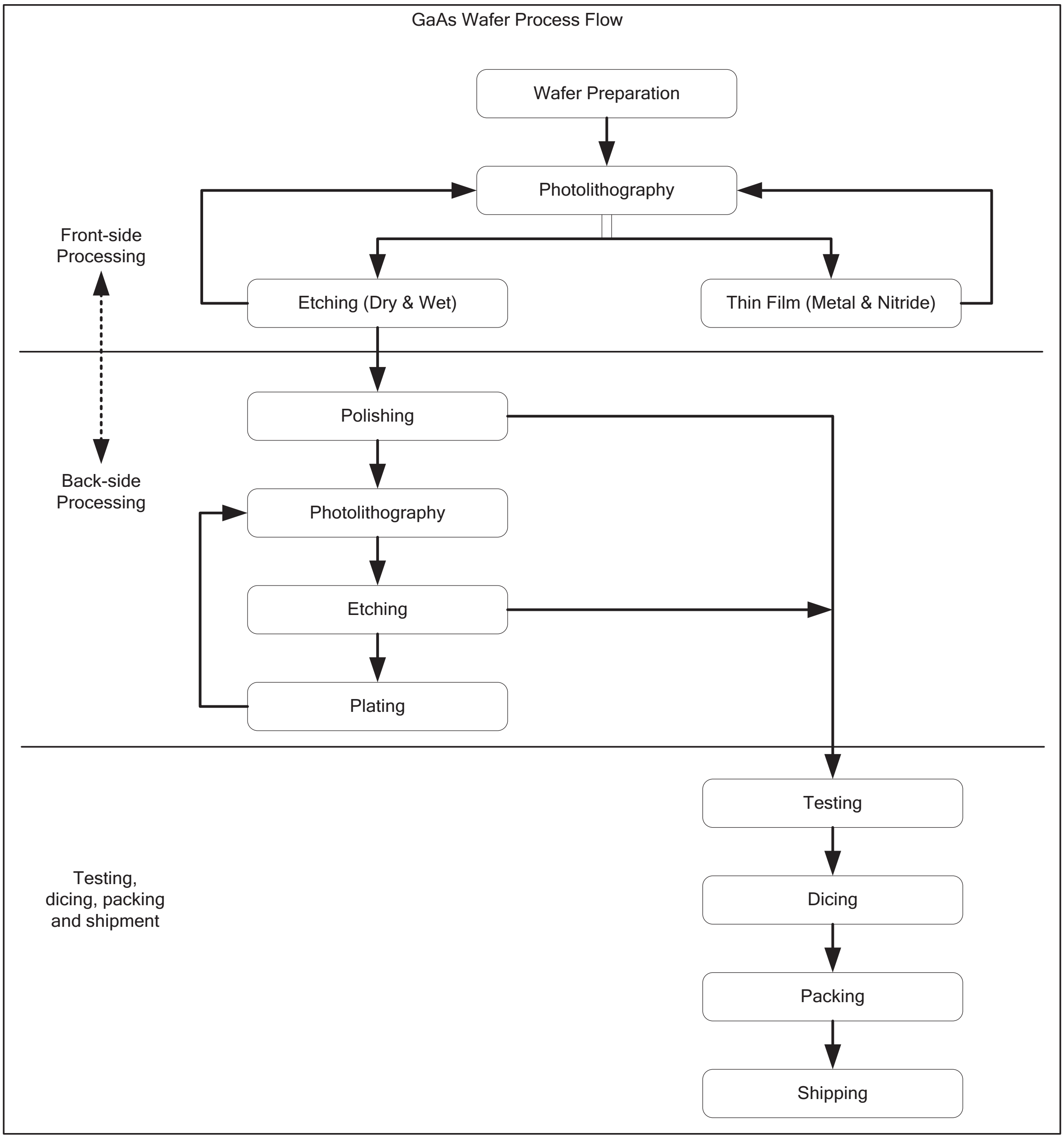
Response measures: Utilize superior R&D capabilities to provide highly integrated process technologies, and dedicate efforts to developing products that can lower cost, so that we will gain greater market differentiation and product competitiveness. Accelerate customers' product release by providing value-added design services, and thereby gain greater market opportunities. Since customers will be able to design modules that lower their overall cost, they will not need to give up on GaAs products, which offer higher power efficiency and linearity, when making decisions between the performance and cost of individual devices.

5.2.2. Important Purpose and Production Process of the Main Products

A. Important Purpose of the Main Products

Market Applications	Device Technology
Cable TV Amplifier	pHEMT
Optical Modulator Driver	pHEMT
Cellular Power Amplifier	HBT, BiHEMT
Base Station Power Amplifier	GaN HEMT
Wireless LAN (WLAN)	HBT, BiHEMT
Point-to-Point Radio	pHEMT
GPS Amplifier	pHEMT
Very Small Aperture Terminal (VSAT)	pHEMT, GaN HEMT
Broadband Satellite Communication	pHEMT
Automotive Radar	pHEMT, HBT
Optical Communication Laser	GaAs, InP Laser Diodes
Optical Communication Photo Detector	GaAs, InP Photo Diodes

B. Manufacturing Process



5.2.3. Raw Materials and Suppliers

Major types of raw materials used in our manufacturing process include GaAs epitaxial wafers, and precious metals. We seek to establish long-term relationships with stable and reliable suppliers to ensure uninterrupted supply of these raw materials on mutually satisfactory price, quality and delivery terms.

Most of our raw materials are available from several sources. We maintain several sources for each raw material so that a quality or delivery problem with any one supplier will not adversely affect our operations.

5.2.4. A List of Any Customers and Suppliers Accounting For 10 Percent or More of the Annual Net Revenue in Either of the 2 Most Recent Years

A. Customers that Accounted for at Least 10% of Annual Net Revenue

Unit: NT$ thousand; %

Year	2020			2021			
Customer	Net Revenue	As % of Total Net Revenue	Relation to WIN	Customer	Net Revenue	As % of Total Net Revenue	Relation to WIN
Customer D	3,079,799	12%	None	Customer A	4,349,154	16%	None
Customer B	3,013,864	12%	None	Customer B	3,057,914	12%	None
Customer E	2,635,908	10%	None	Customer C	2,544,048	10%	None
Customer A	2,463,778	10%	None	Customer D	1,152,921	4%	None
Customer C	1,973,755	8%	None	Customer E	—	—	None
Others	12,379,101	48%	—	Others	15,078,339	58%	—
Total Net Revenue	25,546,205	100%	—	Total Net Revenue	26,182,376	100%	—
Even though the pandemic was impacting globally and customer was affecting by the trade ban, the Company’s sales still grew in 2021 compare to the previous year, due to the effect of the released of new high-end smartphone causing the demand for optical related products which is dominated by 3D sensing increased and the strategy of customers diversification.							

B. Suppliers Accounted for at Least 10% of Annual Net Procurement

Unit: NT$ thousand; %

Year	2020			2021			
Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WIN	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WIN
Supplier A	1,289,854	14%	None	Supplier A	1,724,133	17%	None
Supplier B	1,059,921	11%	None	Supplier B	761,177	8%	None
Others	6,838,698	75%	—	Others	7,583,357	75%	—
Total Net Procurement	9,188,473	100%	—	Total Net Procurement	10,068,667	100%	—
The company dynamically adjusts the suppliers according to the business needs on customer demands, raw material inventory status and fluctuation of market price. In addition, the procurement amount increased in 2021 due to the increase in customers’ demand.							

5.2.5. Production in the Last Two Years

Capacity/Output Unit: Pieces; Amount Unit: NT$ thousand

Year	2020			2021		
Item / Products	Capacity (Note)	Output (Note)	Amount	Capacity (Note)	Output (Note)	Amount
Wafers	450,000~ 480,000	360,000~ 410,000	14,959,894	480,000~ 492,000	430,000~ 450,000	16,025,823
Total	450,000~ 480,000	360,000~ 410,000	14,959,894	480,000~ 492,000	430,000~ 450,000	16,025,823

Note: 6-inch HBT equivalent wafers.

5.2.6. Shipments and Net Revenue in the Last Two Years

Unit: Pieces; NT$ thousand

Item / Product	2020				2021			
	Export		Domestic (Note)		Export		Domestic (Note)	
	Shipment	Net Revenue	Shipment	Net Revenue	Shipment	Net Revenue	Shipment	Net Revenue
Wafers	354,280	23,545,759	17,081	1,392,499	420,869	24,379,071	11,065	1,142,762
Others	0	413,661	0	194,286	0	549,963	0	110,580
Total	354,280	23,959,420	17,081	1,586,785	420,869	24,929,034	11,065	1,253,342

Note: Domestic means revenues from Taiwan.

5.3. The Number of Employees Employed, Average Years of Service of Employees Employed, Average Age of Employees Employed, and Education Levels of Employees Employed

5.3.1. The Company

Year		December 31, 2020	December 31, 2021	April 30, 2022
Number of Employees	Executive Officer	342	387	380
	Staff	1,295	1,423	1,457
	Direct Employees	1,505	1,703	1,710
	Total	3,142	3,513	3,547
Average Age		33.8	34.1	34.25
Average Years of Service (Years)		5.58	5.70	5.86
Education Ratio (%)	Ph.D.	1.30%	1.25%	1.24%
	Masters	22.92%	23.06%	23.26%
	Bachelor's Degree	60.98%	60.55%	60.67%
	Senior High School	14.80%	15.14%	14.83%
	Total	100%	100%	100%

5.3.2. The number of employees employed in all consolidated entities in 2020 and 2021 were 3,733 and 4,246, respectively.

5.4. Environmental Protection Expenditure Information

The total amount of losses (including compensation) and fines due to environmental pollution in the last year and as of the publication date of this annual report, future countermeasures (including improvement measures), and possible expenditures (including the anticipated loss, disposition, and compensation amounts incurred for not adopting the response measures). For amounts that cannot be reasonably estimated, please explain why.

Violation of environmental protection regulations and response measures:

The Department of Environmental Protection, Taoyuan conducted an audit at Fab B on November 20, 2020 and stated that after checking the information reported to the Environmental Protection Administration's Industrial Waste Report and Management System (IWR&MS), it determined that the plant had been storing industrial waste for over one year, in violation of Article 7 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste.

1. The Company filed a petition with the Taoyuan City Government stating that:

   The amount of the waste produced was minimal, and therefore the vendor was not willing to remove it. Although the Company was negligent in not applying to the local authorities for an extended storage period two months prior to the expiration date, the Company discovered the situation and removed the waste on its own. At the time of the EPA's audit, the Company no longer had the waste in storage. As of May 13, 2021, the Taoyuan City Government still found that the administrative regulations had been violated and imposed a fine. WIN Semi paid a fine of NT$60,000 in accordance with the ruling specified in the letter as a result.

2. Response measures:

   WIN Semi has fortified waste management and performed a comprehensive inventory of the plant to ensure that there are no violations of the Waste Disposal Act. The Company enhances the mechanism of waste storage management by tracking the storage time of waste on a monthly basis and requiring the responsible unit to arrange cleanup as soon as the accumulated storage time reaches six months. If the storage period exceeds one year, the Company will submit an application to the EPA for extension of storage two months prior to the expiration date.

We invest a considerable amount of resources into environmental protection and the improvement of pollution prevention facilities. Besides daily maintenance and management of existing equipment, we continue to procure wastewater, waste gas, and special chemical prevention equipment, as well as local exhaust treatment. The installation of the ammonia nitrogen wastewater recycling system in Fab C has completed in 2021, and the increase of average daily water recycled volume is about 100 metric tons. At the same time, we actively improve the treatment efficiency of waste gas control equipment to process waste gas containing VOCs, allowing efficiency of VOCs removal to reach 92% and above in average, higher than the regulatory requirement of 90%.

We have obtained the ISO14001, ISO45001and CNS45001 Environmental and Occupational Health and Safety Management Systems certification for many years, and we continue to improve the environmental safety system and culture in our factories each year. We began compiling GHG inventories of the previous year starting in 2014, and passed the inspection of an external verification company for ISO14064 as part of our efforts to achieve our environmental health and safety policy.

5.5. Employee Relations

5.5.1. Employee Benefit Plans, Continuing Education, Training, Retirement Systems, and the Status of their Implementation, and the status of Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests.

A. Employee Welfare

Human resources are WIN's most important asset, as well as the driving force behind WIN's growth. We provide employees with National Health Insurance, Labor Insurance, pension contributions, contributions to the Overdue Wages Repayment Fund, and Occupational Injury and Disease Insurance in accordance with the Labor Standards Act and related laws and regulations. We also provide numerous benefits to care for employees' needs, and provide employees with a comprehensive health maintenance and promotion plan, as well as injury and illness care services, offering an environment with good work-life balance. We also have an Employee Welfare Committee that organizes a variety of employee welfare activities. Our welfare measures for employees are as follows:

1. Insurance: apart from the labor insurance and national health insurance required by law, employees are enrolled in the group comprehensive insurance policy.
2. Free regular medical checkups for employees. Healthcare, including visits from medical specialists. Employee health promotion and awareness events.
3. Meal subsidies and employee dormitory.
4. New employees are entitled to 4 days of paid leave after an employment period of three months and after passing their performance appraisals.
5. Offer employees' compensations and employee stock ownership trusts program, in the hope that the Company enjoys profits with our employees.
6. Employee wedding, funeral service, hospitalization, and childbirth subsidies.
7. Birthday cash gift, Labor Day cash gift, cash gift for shopping during the three major traditional holidays, and year-end party prize drawing.
8. Employee travel allowance and health promotion program.
9. Offer various types of clubs with subsidies, including badminton, yoga, aerobic combat sports, jogging and table tennis.
10. Independent and private medical and lactation (breastfeeding) room.
11. Massage services from people with visual impairments.

Implementation of employee care

The Company hopes to provide mutual support and trust to new employees and existing employees by communicating with each other, in order to establish a successful organization and team. Therefore, we pay special attention to new employees who have been with us for less than three months. In addition, team-building activities are incorporated in substitute service programs and internship programs to provide these employees with a better understanding of the Company's core values. The Company respects the human rights of all of its employees, providing fair job opportunities for applicants and employees with the right skills. The Company does not discriminate against potential candidates based on race, beliefs, religion, political affiliations, gender, marital status, disabilities, or other entities protected under governmental regulations. Such principles apply to recruitment, employment, training, job promotion, remuneration, and welfare systems.

Building a friendly workplace for mothers

Each plant has designated independent and private breastfeeding room, (breastfeeding room was used for total 7,343 times in 2021) and provided health education programs, medical consultation services, occupational risk investigation and management, classrooms for mothers and baby health information, parking space for pregnant employees, birth subsidies (The maximum amount of monthly birth subsidies is NT$5,000 per employee and in 2021, total amount of birth subsidies distributed was NT$49.25 million, benefited 768 employees), group insurance subsidies, and cooperation with neighboring day care. These provisions are aimed at creating a workplace environment that encourages a better work-life balance for female employees.

B. Employee Education and Training

WIN strives to create a diverse learning environment that offers rich and interesting contents. By establishing the "Education and Training Procedures," the Company has systematically integrated both internal and external resources, thus providing a complete talent development strategy as well as cultivating and improving employees' skills and capabilities so that they can grow with the Company and together create a mutually beneficial relationship.

WIN's talent cultivation is divided into three contexts, formulating professional training roadmaps based on the department in which employee belongs, the job position, the expertise and familiarity required to be successful in the role. Examples include: classroom-based courses, on-the-job training and coaching, and online training. The objective is to develop a blueprint for each employee's future development through a comprehensive training program. Additionally, the HR Division plans and organizes all types of professional training courses that meet the requirements to help employees adapt and learn the skills they need at work.

- Specialized role: Cultivate employees who wish to refine their knowledge and skills to become an expert in certain fields;
- Managerial role: Cultivate leadership in management of different levels, including entry level, mid-level, and top level managers.
- Project-based role: Generally involves technical managers in charge of projects or customer project managers with a background in technological R&D.

In order to meet the diverse requirements of our employees and to achieve the long-term objectives of training and development, WIN makes available a variety of training opportunities and avenues, including abundant internal and external training resources. The Training Development team under the Human Resource Division is responsible for planning and promoting various learning programs and talent development projects.

Training development action plan

- Management skills and development: The supervisor's leadership quality and capabilities is an important ingredient of what propels the organization toward excellence. Therefore, WIN greatly values leadership in executive management. The Company offers compulsory training courses for all levels of management to enhance and refine the supervisors' managerial capabilities. These courses include: topics for newly promoted and entry-level managers, performance interview, interview skills, and coaching skills, regulatory notices for managerial officers, talent retention, and strategy establishment.

- Orientation: Helping new employees understand the history of WIN, its current advantages, and future challenges. Department functions and experiences are introduced to help new employees understand WIN's culture and core values of Integrity and Accountability, Innovation, Customer Satisfaction, and Quality Foremost, which enable them to quickly adapt to the work environment. In addition, we provide environmental safety-related training courses, such as basic fire-prevention and firefighting concepts, general information about hazards and general labor safety and health training, the purpose of which is to provide a safe and worry-free workplace environment.

- Internal/on-the-job training for all business divisions: Apart from learning in a classroom setting, learning by doing is the most important means of building skills. WIN provides a series of on-the-job training programs for new hires. Based on the different needs of each department, we provide tailor-made courses to train new employees on the job, which is an important notion we embrace. We require new employees to complete training within 3 months to enable them to build on their professional expertise in a systematic manner.

- General knowledge training/Lifestyle talks: Based on government regulations and company policies, general knowledge training courses for the company have been arranged, including environmental safety and health, emergency response training, quality management, and workplace ethics. In addition, the Company has also setup talks by experts in health, parent-child relations, gender relations, travelling, and lifestyle-related topics, injecting positive energy among employees to encourage them to find a balance between their body and mind outside of work.
- Enhancing individual job performance: Self-management general knowledge courses that are available to all employees were provided to help employees improve their job performance and potential through the learning of soft skills.
- Language training:

  With WIN's rapid growth in recent years, the sources of our customers have also become more diversified. To improve our employees' abilities in foreign languages, the Company has developed a comprehensive language training/subsidy program. We provide:

  - English language workshops: By organizing work-related language topics (such as tips on oral presentation in English, business correspondence skills, and English for meetings), which are open to all anyone who is interested, our employees can apply what they have learned in the workshops and apply these new skills in the workplace—a win-win for everyone involved.
  - English simulation tests are provided for employees to determine their English proficiency and devise self-learning plans
  - Online English courses are offered to help employees who need to communicate in English at work to expand their business vocabulary.
  - Official TOEIC test subsidies.
- Training for direct employees involved in production: We help assistant engineers in charge of production to acquire necessary knowledge and skills. By combining the certification mechanism with machinery operation training, trainees are able to obtain the required permits to operate machinery. Also with regular retraining, employees will be able to complete their tasks successfully.
- Industry-academia collaboration: In-service training is provided at flexible work hours to support employees' continuing education.

In 2021, 12,701 attendees underwent 220 training sessions for a total of 36,872.08 training hours, which averaged 10.5 hours per employee. The total training costs are around NT$2.93 million, this attested to the value WIN places on talent cultivation.

Number of training hours in 2021 by gender:

Gender	Male	Female	Total
Total training hours	24,123.92	12,748.16	36,872.08
Number of employees	1,710	1,803	3,513
Average training hours per employee	14.11	7.07	10.50

Number of training hours in 2021 by personnel category:

Category	Managers	Professionals	Technicians	Total
Total training hours	4,663.98	20,902.26	11,305.84	36,872.08
Number of employees	387	1,423	1,703	3,513
Average training hours per employee	12.05	14.69	6.64	10.50

Training hours in 2021 by course category:

Item	Session	Total number of people (Internal and external training)	Total participation hours
1. Management skills training	18	606	1,297.43
2. Quality control training	13	1,277	1,667
3. Core of corporate culture training	11	1,150	531.9
4. Professional training	34	264	946
5. General knowledge training	96	7,110	26,369.75
6. Environment, health and safety training	48	2,294	6,060
Total	220	12,701	36,872.08

WIN provides courses and also focuses on actual implementation status after courses. We use the four levels in the Kirkpatrick Model to assess the performance of the training on different levels.

- Reaction (Level 1): Evaluate the participants' satisfaction rate of the courses by using methods such as questionnaires after courses. This is used mainly for orientation.
- Learning (Level 2): Evaluate the degree to which participants acquire the intended knowledge in the course such as tests for professional courses (e.g. DOE).
- Behavior (Level 3): After evaluating participants' studies, we review the actual application status after they return to their work posts. This method is mostly used for project or management courses. In the case of project management courses, WIN uses behavioral assessment to investigate participants' applications after courses. We invite supervisors to evaluate participants' improvement in project management.
- Results (Level 4): We evaluate the benefits of courses on participants' personal performance or organizational performance. This is used for internal instructor training. Trainees not only must pass education assessments but must also lecture in actual courses.

They are subject to trainees' satisfaction rate reviews in the courses.

Two of WIN's courses were evaluated based on Level 3 or Level 4 mechanisms in 2021 with 100% of the feedback rate from managers. This showed WIN's commitment to the effectiveness of the courses.

In the succession plan of WIN, the successor must have excellent work ability, values that match the Company's values, and must be honest and have integrity. The Company's talent cultivation is as described above. Since most employees are relatively young between the ages 31 and 35, our goal is to establish a talent evaluation and development system in 2022, so that we can develop even more employees to become important members of management. In terms of Directors, we have developed four employees into Directors and former CEO Dr. Yu-Chi Wang were promoted to be the Vice Chairman of the Company and the former COO Mr. Kuo-Hua Chen were promoted to be the CEO of the Company in 2019. In addition, we also arrange senior executives to participate the training courses while arranging director training courses every year. Please refer to pages 47~50 and 53 for the education/training records in 2021.

In addition, WIN continues to promote its core values of "integrity and accountability, innovation, customer satisfaction, and quality foremost" through different training courses and incentive measures.

- Cultivate the accountability culture:

WIN continues to promote its core values of Accountability and Innovation through different training courses and incentive measures, including accountability courses for new comers, lectures for raising employees' accountability awareness, and internal lecturer training. These efforts facilitate implementing the spirit of accountability and encourage concrete actions within the departments. Furthermore, WIN has established incentive mechanisms such as monthly accountability rewards and yearly accountability awards.

- Cultivation of an Innovative Culture

We encourage employees to show their creative thinking and actions during work to create an atmosphere that encourages innovation in the organization. We continue to offer innovative thinking training, such as innovation workshops, innovation lectures, and WIN Talks; we also established patent rewards for R&D personnel and rewards for proposals by entry-level assistant engineers. We continue to hold annual innovation competitions. The proposals are impartially reviewed by a committee, which selects winners of the annual innovation award, and hands out trophies and monetary awards.

Furthermore, WIN organizes annual roundtable sharing events, and award winners share report their award winning topic to management and employees in the form of a science fair and results presentation. The event allows everyone to understand the motive and breakthrough of various innovations, and exchange technologies and success stories. The event was organized in coordination with the Q&A Contest, which asks employees simple questions that they can find the answer to in exhibited works, making innovative thinking more appealing by providing education through entertainment.

C. Employee Certifications Relating to Information Transparency

- The Company's accounting officer is certified by Accounting Research and Development Foundation as an accounting officer of public traded company.

- The Company has one employee in accounting division with Certified Internal Auditor (CIA).
- The Company has one employee in accounting division with Certified Public Accountant (CPA).
- The Company has three employees in auditing office with certificate issued by Securities and Futures Institute.

D. Retirement System

The Company appropriated pension plan in accordance with the Labor Standard Law every year. The Company commissions professional actuaries to calculate pension reserve funds to ensure that full coverage of pension is reserved. Pension is calculated based on the employee's years of service and the average salary in the six months prior to retirement. The Company contributes pension reserve equivalent to 2% of the employees' salary each month to a special account in Bank of Taiwan. As of December 31, 2021, the fair value of plan assets was NT$49,234 thousand. Future amounts of pensions that need to be paid as required by law have been included in the pension liability. The balance as at the end of 2021 was NT$113,026 thousand. In addition, the Company appropriates pension funds equivalent to 6% of the employee's salary to the dedicated personal pension account of the Bureau of Labor Insurance based on the Labor Pension Act. The number of years worked by employees hired before July 1, 2005 shall be reserved. The amount of pension expenses in 2021 totaled NT$120,817 thousand.

We established the "Regulations for Management of the Retirement of Commissioned Managers" for commissioned managers to feel secure about their retirement and maintain harmonious relationships, which will improve our business performance.

E. Employee Communications Channel

WIN integrates harmonious labor-management relations in the Company's human resource management strategy as a testament to the high level of importance we attach to friendly management.

To ensure gender equality and the dignity employees are entitled at work, WIN combines existing laws and regulations such as the Act of Gender Equality in Employment to establish the Company's procedures for protecting female workers and regulations governing the prevention and handling of sexual harassment. The sexual harassment hotline and email are set up to protect employees' rights and safety in the workplace.

Meeting between employer and employees convenes quarterly, in the meetings employee representatives voice their opinions and advice on matters that are of concern to employees. The Employee Welfare Committee convenes quarterly meetings to inform committee members of any employee welfare events and current status on the use of welfare funds. For foreign employees, every quarter communication meetings are held in the dormitory, where they can provide feedback and receive updates on laws or welfare measures. Interpreters also attend such meetings to facilitate communication.

The Company has established the handbook of "Employee Work Rules" for new employees, which are given to them when they report for duty. These handbooks introduce employees to the Company's code of conduct. Furthermore, various types of communication links are provided on the Company's website to facilitate the acceptance and handling of employee feedback.

F. Working Environment and Employee Safety Protection Measures

We have established an internal management system and factory pollution prevention, health, and safety facilities in accordance with environmental protection, occupational safety and health, fire safety, and ionizing radiation related regulations. We have adopted improvements or control measures for operations that are identified or assessed as having a significant impact on the environment or high risk based on the logic of management system operations, to achieve pollution prevention and personnel health and safety protection. All plants have completed the transition to the Occupational Safety and Health Management System in 2020 and obtained CNS45001 Taiwan Occupational Safety and Health Management System certification. The valid period of the certification ends on October 15, 2023.

Key results of other routine EHS management measures in 2021 are as follows:

Objective	Description	Result
Drinking water testing	To maintain the quality of drinking water and employee health, we conduct sampling inspections of e-coli bacterial colony in water dispensers every three months in accordance with the Regulations for the Use, Maintenance, and Management of Stationary Continuous Drinking Water Supply Equipment.	Number of water dispensers tested: 72. Pass rate: 100%.
Workplace environmental monitoring	We test workplaces for CO2, noise and chemical substances every six months in accordance with the Regulations for Workplace Environmental Monitoring. For machines, equipments, operations, or environments that use or store chemicals, we sample and analyze the concentration of chemical substances in the environment to protect employees from physical and chemical harm. Tested a total of 1,436 items.	Number of items tested: 1,036 Pass rate: 100%.
Health examination	Employees receive general and special health examination every year: General health examination: 3,122 employees Special health examination: 1. Arsenide (As) and its compounds: 1,924 employees 2. Ionizing radiation: 333 employees 3. Nickel and its compounds: 93 employees 4. Mercury: 41 employees 5. Indium and its compounds: 96 employees. .	Work related abnormal results in health examination: 0 (There were no class 3 and class 4 management abnormalities).
Environmental protection and labor safety training	In accordance with the Occupational Safety and Health Education and Training Rules, total 10,722 hours of participation in safety and health education training in 2021to protect employee safety and health: 1. Occupational safety and health training for new employees: Establish employees' safety and health awareness. 2. Supervisor occupational safety and health training: Establish supervisors' safety and health awareness. 3. Liberal hazardous chemicals Training for new employees: Establish employees' hazards of chemical substances awareness and how to use personal protection equipment. 4. On-the-job labor health and safety / fire safety / fire extinguisher / emergency evacuation training., at the same time, hold 8 emergency response drills and two	Enhanced protection of employee safety and health.

Objective	Description	Result
	scooter safety lectures were organized. (The rest of the lectures had been changed to online lectures due to COVID-19). Contractor participated in safety and health education training for total 9,426 hours.	
On-site inspections, safety inspections, and internal audits	1. Daily EHS related on-site inspections. 2. Implementation of high-risk machinery safety inspections. 3. EHS Management System internal audits.	Active and systematic problem finding to reduce the potential risks.
GHG emission control management	Besides conducting inventories for GHG emission and commissioning a certifying body recognized by the Environmental Protection Administration in accordance with regulations each year, we also evaluate the economic and technical feasibility of reducing GHG emissions.	The inventories are reported in accordance with the law and serve as the basis for reducing GHG emissions.

5.5.2. Labor-Management Dispute Loss in 2021 and as of the Printing Date of the Annual Report

We have not sustained any losses due to labor-management disputes. In the future, we will continue to uphold our principles and continue to improve employee welfare measures, maintain smooth channels of communication, and maintain good labor-management relationships and consensus. Hence, there are no concerns for labor-management disputes in the future.

5.6. Cybersecurity Management

5.6.1. Describe the Risk Management Framework of Cybersecurity, Cybersecurity Policy, Specific Management Plans, and Resources Invested in Cybersecurity Management

WIN complies with ISO 27001:2013 standards and audited by third party accredited registrar to obtain certification which is valid until May 13, 2024. With continuously evolving technology, information security management becomes even more complex. Maintaining information security and protecting confidential information is one of WIN's core values and long-term goals for maintaining competitiveness. Adhering to this philosophy, we actively promote the information security management system and organization to protect the confidentiality, integrity, and availability of information assets to ensure sustainable operations.

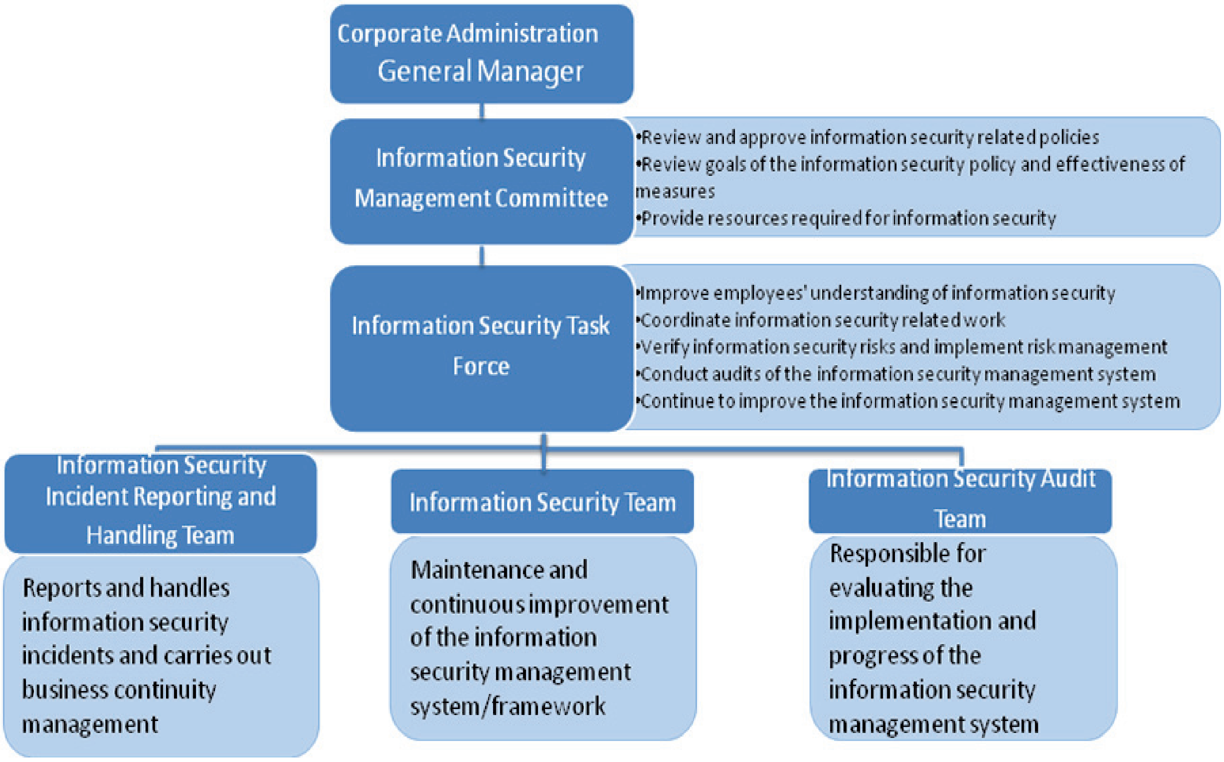
Organizational Structure of the Information Security Management Committee

WIN established the Information Security Management Committee in 2019, with Steve Chen, General Manager of Corporate Administration, serving as the top manager and chairperson of information security, and cross-departmental representatives from the CEO Office, the Monolithic Microwave Integrated Circuit BU, the Optoelectronic Device Development BU, the Operation & Manufacture Unit, the Quality Assurance Unit, the Auditing Department, the Legal Affairs & Public Relation Department, the Material Management Department, the Cyber Risk Management Department, and the Information Technology Department serving as committee members. The committee provides the necessary resources for the implementation of the information security system, coordinates the Company's information security strategies and goals, and ensures the effective implementation of relevant measures.

WIN established an Information Security Task Force under the Information Security

Management Committee, with the manager of the Cyber Risk Management Department serving as the secretary-general, to drive various information security operations. To ensure the smooth operation of the information system and information security, the manager of the Information Technology Department serves as the leader of the Information Security Incident Reporting and Handling Team, the manager of the Information Risk Management Department serves as the leader of the Information Security Team, and the manager of the Auditing Department serves as the leader of the Information Security Audit Team. The Auditing Department lists information security as an annual audit item and reports the results of the audit to the Audit Committee and the Board of Directors respectively to ensure the effectiveness of the information security management system.

In addition to the Information Security Management Committee, the Company established a dedicated information security unit, Cyber Risk Management Office, in 2021, with a dedicated information security officer and personnel responsible for maintaining the Company's information security management system and ensuring that the information security effort stays effective.

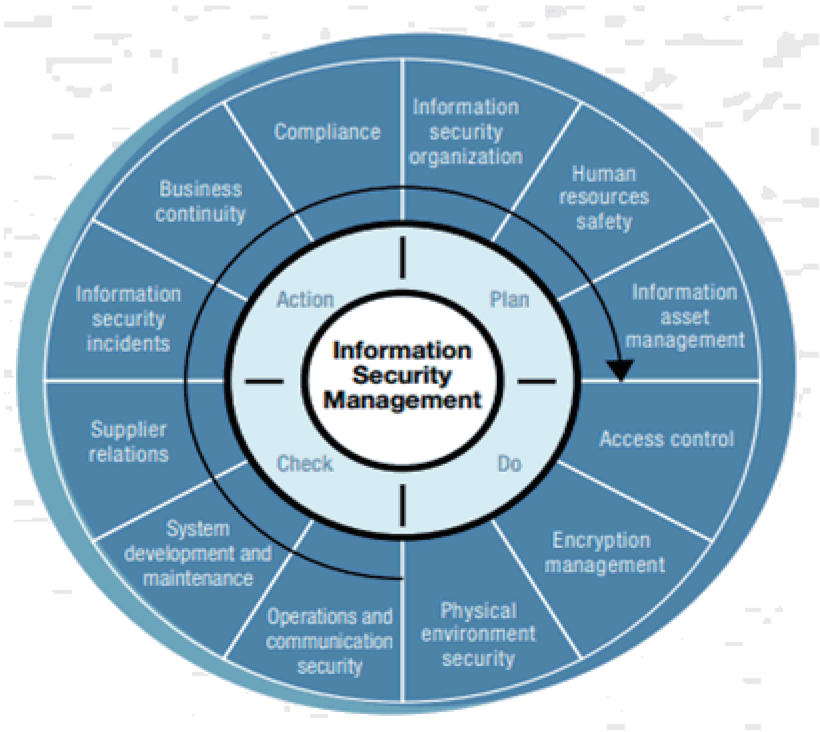


Information security policy

1. Avoid disclosing information to unauthorized personnel to maintain information confidentiality.
2. Prevent information from tampering by unauthorized personnel to maintain the integrity of information.
3. Allow lawful users to obtain information when they need it.
4. Comply with information security related laws and regulations.

Information Security Risk Management Framework

The Company has obtained management's commitment and support for the establishment of an information security management system. We continue to adopt the PDCA process to regularly review and update the documentation of the Information Security Policy and information security system in a timely manner, and manage the retention of relevant records. We regularly identify information security risks and inspect information security key performance indicators (KPIs) and regularly report the execution status to the Information Security Management Committee to maintain the effectiveness of the information security management system and management procedures, and prevent and reduce information security incidents.



Risk Identification and Management Process

To properly protect information assets in the Company's information security management system, we established and implemented information asset-related regulations, and implemented information risk management and assessment procedures. The acceptable risk level is determined based on risks assessment results, and is used as the basis for implementing control mechanisms. We continue to make improvements in order to be able to respond to any information security challenges, whether that originate internally or externally.

1. Establish information security risk management procedures

Plan (Establishment)	1. Establish a full view, including basic standards and scope 2. Risk assessment 3. Develop a risk response plan 4. Decide on criteria for accepting risk
Do (Implementation and Operation)	5. Implement risk improvement plans
Check (Monitoring and Review)	6. Continue to monitor and review risks
Action (Maintenance and Improvement)	7. Maintenance and improvement

2. Timing for execution

The Information Security Task Force is required to regularly or irregularly assess the following risks:

- Internal and external issues that may cause the Company to not produce results expected by the information security management system, or fail to meet expectations of stakeholders; the risks that the Company needs to respond to should be examined.
- When a major change in information technology or the environment affects information risks, respond as soon as possible to ensure the information security system is able to respond to changes in the environment.
- In the information security system implementation and maintenance process, audit non-compliant matters and reevaluate the effectiveness of related control actions.

3. Assessment, analysis, and operations

(1) Calculation of risk value:
We take into consideration asset value, vulnerabilities, and external threats, and use a risk assessment model for information assets to quantify the level of risk, which serves as the basis for selecting control measures.

(2) Carry out risk assessments and improvements:

- Decide on the acceptable risk level
  We verify whether or not analysis results are reasonable based on information asset valuation, analysis of threats and vulnerabilities, and summary of risk levels. We then decide on the acceptable risk level and use it as the basis for selecting controls.
- Identify and select safety control measures
  If the calculated risk value is lower than the acceptable risk level, then current control mechanisms will continue to be used.
  If the calculated risk value is higher than the acceptable risk level, then high risk items will be listed and we formulate risk improvement plans; it is necessary to identify the risk owner and priority of each risk.
- Risk improvement plan
  Strengthen or add controls to reduce risks, controls are listed below:

Avoid risks	Reduce vulnerabilities
Risk transfer	Reduce the potential impact and effects
Reduce threats	Establish emergency response procedures and business continuity mechanisms

4. Residual risk management

After control procedures or mechanisms are added or strengthened, it is necessary to reassess risk values and repeatedly identify and reduce risks until the risk value reaches the acceptable level.

Specific Management Plans and Resource Inputs

1. Information security management system: We obtained the commitment and support of management to establish an information security management system, periodically review and update documents of the information security system, and manage and retain related records. We periodically identify information security risks and inspect information security indicators, in order to maintain the effectiveness of the information security management system and control procedures.

2. Information security organization: We established an information security management organization to supervise operations of the information security management system, identify internal and external issues of the information security management system, and the information security requirements and expectations of stakeholder groups.
3. Human resources safety: We established related operating procedures, signed documents, and implemented information security education, training, and promotion to improve employees' understanding of information security.
4. Information assets: We established information asset management procedures, compiled a list of the Company's information assets, and periodically maintain and classify assets on the list to properly protect the Company's information assets. All employees are responsible and obligated to protect information assets.
5. Access control: We established related control processes and procedures for access control, and periodically verifies the access and usage of information assets, so as to avoid information assets from being misused for any reason.
6. Encryption: To protect the Company's highly confidential data from being accessed by unauthorized personnel, the data is encrypted and goes through strict controls. Standards are established for the certificate used for encryption to strengthen information security.
7. Physical and environmental security: The Company's physical areas are classified based on the level of confidentiality, and corresponding management procedures or control measures are established to protect the safety of information assets.
8. Operational safety: We established standard operating procedures for changes to the operating platform, prevention of computer viruses and malware, data backup, system monitoring, and system vulnerability management, in order to maintain the normal operation of information systems.
9. Communication security: We established communication security related management regulations for the management of the company network and related equipment, in order to maintain the security of information transmission.
10. System acquisition, development, and maintenance: To ensure information security items that need to be inspected in the application system analysis, design, development, testing, launch, and maintenance phases, or the purchase/outsourcing of systems, we established regulations for the management of system acquisition, development, and maintenance.
11. Supplier relations: We require compliance with Company regulations, a non-disclosure agreement to be signed, establish management requirements for supplier relations, and restrict and manage related access rights when outsourcing information system services.
12. Information security incidents: We established measures for reporting, handling, and preventing subsequent developments of information security incidents, and established complete handling processes and procedures for information security incidents.
13. Business continuity management: We assessed the risk of system interruption causing business suspension, and further developed response, backup, and recovery plans for main information and infrastructure of the information security management system. We also conduct periodic drills.
14. Compliance: WIN and its employees are required to comply with information security related laws, regulations, and contractual obligations, as well as the information security requirements of the Company. We periodically conduct information security audits to ensure the implementation of information security related control measures.

Resource Inputs

1. The Company took out information security insurance in 2021 so that should a major information security incident ever happen, it can obtain resources to deal with the incident and reduce its losses incurred by any such information security incidents.

2. The Company established a dedicated information security unit, the Information Risk Management Office, with a dedicated information security officer and personnel.
3. The Company conducts information security risk assessment twice a year and invests resources in improving the high-risk items identified in the risk assessment until they reach acceptable risk levels.
4. The Company raises employees' awareness of information security through a variety of channels, including requiring all of the new recruits to complete basic information security courses and announced various security information from time to time. In addition, the Company commissions a professional vendor to conduct quarterly social engineering penetration test for all employees.
5. The Company commissions a professional vendor to perform penetration tests on external services every year, and if high-risk items are detected, improvements are made in a timely manner and followed up until completion.
6. Vulnerability scanning software is purchased to carry out system vulnerability scans twice a year to make sure systems have completed the updates and the settings.
7. The Company has joined the Science Park Information Sharing and Analysis Center (SP-ISAC), where the staff of the Cyber Risk Management Office continuously collects information to confirm external threats and adjust settings for maximum protection in collaboration with the Information Technology department.
8. To avoid any external attacks (e.g., ransomware intrusion) that lead to business interruption, the Company allocates corresponding resources every year to conduct business continuity plan and critical system drills.
9. Planned third-party auditing once a year, where auditors with information security management expertise review and confirm the compliance of the information security management system.
10. The Information Security Management Committee holds two regular meetings each year to review the performance of the information security management system.

Implementation of Internal Audits

The Information Security Auditing Team formulates an internal information security audit plan for the following year each year, and conducts information security inspections every six months. Audit units include information security in annual audits, and report audit results to the Audit Committee and Board of Directors.

5.6.2. State Clearly Any Losses, possible Impacts, and Countermeasures Caused by Significant Cybersecurity Incidents in the year Prior to the Annual Report Printing Date; if They Cannot be Reasonably Estimated, an Explanation Must be Made as to the Fact that They Cannot be Reasonably Estimated

None.

5.7. Important Contracts

Type	Contractual Parties	Commencement Date and Expiration Date	Subject	Restriction
Technology Licensing Agreement	Terms and conditions cannot be disclosed according to the confidentiality obligation under the agreement	11/11/2010 ~ each expiration date of patents and know-how under the agreement	Licensing of packaging technology	None

Type	Contractual Parties	Commencement Date and Expiration Date	Subject	Restriction
Syndicated Loan (Year 2019)	The Company signed midterm credit agreement with 5 bank groups including Far EAST Internal Commercial Bank for its 6 subsidiaries including "Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.", "Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.", "Jiangsu Win Yield Agriculture Development Co., Ltd.", "Jiangsu Win Shine Agriculture Development Co., Ltd.", "Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.", and "Jiangsu Win Chance Agriculture Development Co., Ltd." and act as joint guarantor.	07/10/2019 ~ 07/08/2022	Credit amount no more than US$200 million	(Note1)
Syndicated Loan (Year 2021)	The Company signed midterm credit agreement with 11 bank groups including Far EAST Internal Commercial Bank for its 7 subsidiaries including "Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.", "Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.", "Jiangsu Win Yield Agriculture Development Co., Ltd.", "Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.", "Jiangsu Win Fortune Agriculture Development Co., Ltd.", "Jiangsu Win Boutique Agriculture Development Co., Ltd." and "Jiangsu Win Sunlight Agriculture Development Co., Ltd." and act as joint guarantor.	12/30/2021 ~ three years after first loan initiated	Credit amount no more than US$300 million, the amount the borrower obtain from the initiation of the loan should pay off the outstanding balance of the year 2019 syndicated loan first.	(Note2)

Type	Contractual Parties	Commencement Date and Expiration Date	Subject	Restriction
Lease Contract	ITEQ Corporation	01/09/2013 ~ 12/31/2023	ITEQ Corporation leased the land and the plant at Xinpu town Hsinchu county from the Company	None
Land Lease Agreement	Southern Taiwan Science Park Bureau	04/01/2021 ~ 03/31/2041	Land Leasing	Base on agreement

Note1: Current ratio (current assets / current liabilities) during loan period: May not be lower than 100% times interest earned [(Profit before tax + Depreciation + Amortization + Interest expense) / Interest expense]: May not be lower than 100% tangible assets (net worth - intangible assets): May not be lower than NT$15,000,000,000; the financial ratios above and agreements must be examined at least once every six months. Annual consolidated financial statements certified by an accountant and approved the managing bank and semi-annual consolidated financial statements certified by an accountant are used as the basis for calculation. Annual consolidated financial statements are inspected starting from the year that the contract provided by the joint guarantor was signed.

Note2: Current ratio (current assets / current liabilities) during loan period: May not be lower than 100% times interest earned [(Profit before tax + Depreciation + Amortization + Interest expense) / Interest expense]: May not be lower than 100% tangible assets (net worth - intangible assets): May not be lower than NT$20,000,000,000; the financial ratios above and agreements must be examined at least once every six months. Annual consolidated financial statements certified by an accountant and approved the managing bank and semi-annual consolidated financial statements certified by an accountant are used as the basis for calculation. Annual consolidated financial statements are inspected starting from the year that the contract provided by the joint guarantor was signed.

VI. FINANCIAL STATUS

6.1. Five-Year Financial Summary

6.1.1. Condensed Balance Sheets - IFRSs

Unit: NT$ thousand

Item / Year		Consolidated Financial Statements					Parent-Company-Only Financial Statements				
		Five-Year Financial Summary (Note)					Five-Year Financial Summary (Note)				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Current Assets		16,787,114	11,334,529	13,650,150	17,481,431	26,454,852	15,330,143	9,129,539	10,954,787	12,159,969	21,054,613
Property, Plant and Equipment		14,468,268	15,568,252	17,866,310	23,422,217	27,783,997	14,163,365	14,784,516	15,669,777	16,856,639	17,261,431
Intangible Assets		257,844	586,953	577,454	578,431	641,885	81,879	94,261	122,411	133,392	138,218
Other Assets		5,514,226	7,969,869	10,032,188	13,220,384	20,013,424	7,084,055	11,040,335	14,189,345	19,330,214	27,530,252
Total Assets		37,027,452	35,459,603	42,126,102	54,702,463	74,894,158	36,659,442	35,048,651	40,936,320	48,480,214	65,984,514
Current Liabilities	Before Distribution	5,077,465	3,828,383	5,975,700	6,702,885	7,214,952	4,969,052	3,648,259	5,819,200	6,411,974	6,670,257
	After Distribution	8,036,130	5,947,355	8,944,095	10,943,299	10,606,763	7,927,717	5,767,231	8,787,595	10,652,388	10,062,068
Non-current Liabilities		6,145,242	6,026,835	6,310,870	12,269,126	30,557,210	6,121,175	6,020,685	5,459,652	7,990,654	24,376,249
Total Liabilities	Before Distribution	11,222,707	9,855,218	12,286,570	18,972,011	37,772,162	11,090,227	9,668,944	11,278,852	14,402,628	31,046,506
	After Distribution	14,181,372	11,974,190	15,254,965	23,212,425	41,163,973	14,048,892	11,787,916	14,247,247	18,643,042	34,438,317
Total Equity Attributable to Owners of Parent		25,569,215	25,379,707	29,657,468	34,077,586	34,938,008	25,569,215	25,379,707	29,657,468	34,077,586	34,938,008
Share Capital		4,226,664	4,238,144	4,240,564	4,240,564	4,239,764	4,226,664	4,238,144	4,240,564	4,240,564	4,239,764
Capital Surplus		9,052,896	9,199,357	9,244,308	9,323,098	9,969,914	9,052,896	9,199,357	9,244,308	9,323,098	9,969,914
Retained Earnings	Before Distribution	10,821,687	11,178,324	13,399,189	17,001,021	19,960,265	10,821,687	11,178,324	13,399,189	17,001,021	19,960,265
	After Distribution	7,863,022	9,059,352	10,430,794	12,760,607	16,568,454	7,863,022	9,059,352	10,430,794	12,760,607	16,568,454
Other Equity		1,467,968	763,882	2,773,407	3,512,903	768,065	1,467,968	763,882	2,773,407	3,512,903	768,065
Treasury Shares		0	0	0	0	0	0	0	0	0	0
Non-controlling Interests		235,530	224,678	182,064	1,652,866	2,183,988	0	0	0	0	0
Total Equity	Before Distribution	25,804,745	25,604,385	29,839,532	35,730,452	37,121,996	25,569,215	25,379,707	29,657,468	34,077,586	34,938,008
	After Distribution	22,846,080	23,485,413	26,871,137	31,490,038	33,730,185	22,610,550	23,260,735	26,689,073	29,837,172	31,546,197

Note: The financial information has been audited by independent auditors.

6.1.2. Condensed Statements of Comprehensive Income - IFRSs

Unit: NT$ thousands, except for earnings per share

Item / Year	Consolidated Financial Statement					Parent-Company-Only Financial Statement				
	Five-Year Financial Summary (Note)					Five-Year Financial Summary (Note)				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Operating Revenue	17,086,355	17,310,716	21,377,724	25,546,205	26,182,376	16,477,395	16,757,646	20,852,558	24,940,505	25,521,833
Gross Profit	6,327,970	5,415,171	8,160,874	10,568,501	9,770,094	6,109,465	5,304,319	8,074,918	10,418,498	9,742,204
Net Operating Income	4,569,335	3,205,342	5,558,552	7,782,173	6,423,049	4,590,484	3,453,510	5,853,554	8,144,124	7,131,970
Non-operating Income and Expenses	(40,656)	529,281	(165,124)	220,010	(23,170)	(12,924)	339,101	(386,852)	(82,044)	(498,296)
Profit before Tax	4,528,679	3,734,623	5,393,428	8,002,183	6,399,879	4,577,560	3,792,611	5,466,702	8,062,080	6,633,674
Profit from Continuing Operations	3,715,295	3,066,062	4,400,761	6,468,611	5,210,414	3,764,200	3,124,454	4,474,399	6,528,740	5,454,962
Profit from Discontinued Operations	0	0	0	0	0	0	0	0	0	0
Profit	3,715,295	3,066,062	4,400,761	6,468,611	5,210,414	3,764,200	3,124,454	4,474,399	6,528,740	5,454,962
Other Comprehensive Income, after Tax	743,099	(365,577)	1,970,089	731,123	243,159	706,238	(312,936)	1,973,599	709,683	254,618
Comprehensive Income	4,458,394	2,700,485	6,370,850	7,199,734	5,453,573	4,470,438	2,811,518	6,447,998	7,238,423	5,709,580
Profit, Attributable to Owners of Parent	3,764,200	3,124,454	4,474,399	6,528,740	5,454,962	3,764,200	3,124,454	4,474,399	6,528,740	5,454,962
Profit, Attributable to Non-controlling Interests	(48,905)	(58,392)	(73,638)	(60,129)	(244,548)	0	0	0	0	0
Comprehensive Income, Attributable to Owners of Parent	4,470,438	2,811,518	6,447,998	7,238,423	5,709,580	4,470,438	2,811,518	6,447,998	7,238,423	5,709,580
Comprehensive Income, Attributable to Non-controlling Interests	(12,044)	(111,033)	(77,148)	(38,689)	(256,007)	0	0	0	0	0
Earnings Per Share (expressed in dollars)	9.34	7.39	10.59	15.45	12.90	9.34	7.39	10.59	15.45	12.90

Note: The financial information has been audited by independent auditors.

6.1.3. Auditors' Opinions in the Past Five Years

Year	CPA's Name	CPA Firm	Auditing Opinion
2017	Ya-Ling Chen and Mei-Yen Chen	KPMG	Unqualified opinion
2018	Ya-Ling Chen and Mei-Yen Chen	KPMG	Unqualified opinion
2019	Ya-Ling Chen and Chia-Chien Tang	KPMG	Unqualified opinion
2020	Chia-Chien Tang and Ming-Hung Huang	KPMG	Unqualified opinion
2021	Chia-Chien Tang and Ming-Hung Huang	KPMG	Unqualified opinion and other matters.

6.2. Five-Year Financial Analysis

6.2.1. Financial Analysis of Consolidated Financial Statements - IFRSs

Item (Note 2) / Year		Consolidated Financial Statements Financial Analysis in the Past Five Years (Note 1)				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt Ratio	30.31	27.79	29.17	34.68	50.43
	Long-term Funds to Property, Plant and Equipment	220.83	203.18	202.34	204.93	243.59
Solvency (%)	Current Ratio	330.62	296.07	228.43	260.80	366.67
	Quick Ratio	250.51	185.80	148.78	167.42	265.21
	Times Interest Earned Ratio	60.07	56.40	58.54	62.52	18.69
Operating Ability	Accounts Receivable Turnover (turns)	13.04	11.64	11.17	11.50	11.01
	Days to Collect Accounts Receivable (day)	28	31	33	32	33
	Average Inventory Turnover (turns)	3.32	3.11	3.19	3.03	2.70
	Accounts Payable Turnover (turns)	8.05	8.52	9.05	8.27	8.29
	Average Days to Sell Inventory	110	117	114	120	135
	Property, Plant and Equipment Turnover (turns)	1.23	1.15	1.28	1.24	1.02
	Total Assets Turnover (turns)	0.54	0.48	0.55	0.53	0.40
Profitability	Return on Total Assets (%)	11.86	8.51	11.45	13.51	8.42
	Return on Equity (%)	17.43	12.27	16.26	20.49	15.81
	Profit before Tax to Issued Capital (%)	107.15	88.12	127.19	188.71	150.95
	Profit to Sales (%)	21.74	17.71	20.59	25.32	19.90
	Earnings Per Share (NT$)	9.34	7.39	10.59	15.45	12.90
Cash Flow	Cash Flow Ratio (%)	116.08	143.13	135.29	130.62	108.31
	Cash Flow Adequacy Ratio (%)	140.15	124.01	120.42	99.36	85.77
	Cash Flow Reinvestment Ratio (%)	9.02	5.31	11.29	8.86	4.23
Leverage	Operating Leverage	2.29	3.19	2.43	2.09	2.47
	Financial Leverage	1.01	1.01	1.01	1.01	1.05

Analysis of financial ratio change in the last two fiscal years: (If the difference does not exceed 20%, the analysis is not required)

1. Financial Structure: Debt ratio increased in 2021 mainly due to the issuance of ECB for capital expenditures and increased in bank loans.
2. Solvency: a. Current ratio and quick ratio increased in 2021 mainly due to the increased in cash and cash equivalents caused by the issuance of ECB.
   b. Times interest earned ratio decreased in 2021 mainly due to the increased in interest expense caused by the issuance of ECB.
3. Operating Ability: Total asset turnover decreased in 2021 mainly due to the increased in total asset caused by the participation in capital increase of affiliates which made the increased in investments accounted for using equity method and the issuance of ECB which made cash increased.
4. Profitability: Ratios of return on total asset, return on equity, profit before tax to issued capital and profit to sales decreased in 2021 mainly due to the decreased in profit before tax and net profit caused by the changes in product mix and increased in the cost of raw materials.
5. Cash Flow: Cash flow reinvestment ratio decreased in 2021 mainly due to the decrease in net cash flows from operating activities caused by the decrease in profit before tax and increase in cash dividends.

Note 1: The financial information has been reviewed or audited by independent auditors.

Note 2: The Formula of Financial Analysis:

1. Financial Structure Analysis (%)
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Funds to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Property, Plant and Equipment, Net
2. Solvency (%)
   (1) Current Ratio = Current Assets / Current Liability
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liability
   (3) Times Interest Earned Ratio = Profit before Credit for Income Tax / Current Interest Expense
3. Operating Ability
   (1) Accounts Receivable Turnover = Sales / Average Accounts Receivable
   (2) Days to Collect Accounts Receivable = 365 / Accounts Receivable Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventories
   (4) Accounts Payable Turnover = Cost of Sales / Average Accounts Payable
   (5) Average Days to Sell Inventory = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Sales / Average Property, Plant and Equipment, Net
   (7) Total Assets Turnover = Sales / Total Assets
4. Profitability
   (1) Return on Total Assets = [Profit + Interest Expense X (1 - Tax Rate)] / Average Assets
   (2) Return on Equity = Profit / Average Total Equity
   (3) Profit before Tax to Issued Capital = Profit before Tax / Issued Capital
   (4) Profit to Sales = Profit / Sales
   (5) Earnings Per Share = (Equity Attributable to Owners of Parent - Dividend-preferred stock) / Weighted Average Outstanding Shares
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flows from Operating Activities / Current Liability
   (2) Cash Flow Adequacy Ratio = 5-year Net Cash Flows from Operating Activities / 5-year (Capital Expense + Increase in Inventories + Cash Dividends)
   (3) Cash Flow Reinvestment Ratio = (Net Cash Flows from Operating Activities - Cash Dividends) - (Property, Plant and Equipment, Net + Long-term Investments + Other Non-current Assets + Operating Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales – Variable Operating Costs and Expenses) / Operating Income
   (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

6.2.2. Financial Analysis of Parent-Company-Only Financial Statements – IFRSs

Item (Note 2)	Year	Parent-Company-Only Financial Statements Financial Analysis in the Past Five Years (Note 1)				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt Ratio	30.25	27.59	27.55	29.71	47.05
	Long-term Funds to Property, Plant and Equipment	223.75	212.39	224.11	249.56	343.62
Solvency (%)	Current Ratio	308.51	250.24	188.25	189.64	315.65
	Quick Ratio	229.41	140.17	109.13	100.81	214.05
	Times Interest Earned Ratio	60.71	57.27	81.02	169.87	30.97
Operating Ability	Accounts Receivable Turnover (turns)	11.79	10.36	10.70	11.25	10.76
	Days to Collect Accounts Receivable (day)	31	35	34	32	34
	Average Inventory Turnover (turns)	3.21	3.01	3.10	2.96	2.63
	Accounts Payable Turnover (turns)	7.90	8.29	8.81	8.09	8.12
	Average Days to Sell Inventory	114	121	118	123	139
	Property, Plant and Equipment Turnover (turns)	1.21	1.16	1.37	1.53	1.50
	Total Assets Turnover (turns)	0.53	0.47	0.55	0.56	0.45
Profitability	Return on Total Assets (%)	12.24	8.77	11.84	14.65	9.82
	Return on Equity (%)	17.43	12.27	16.26	20.49	15.81
	Profit before Tax to Issued Capital (%)	108.30	89.49	128.91	190.12	156.46
	Profit to Sales (%)	22.84	18.64	21.46	26.18	21.37
	Earnings Per Share (NT$)	9.34	7.39	10.59	15.45	12.90
Cash Flow	Cash Flow Ratio (%)	113.61	157.88	147.67	157.27	120.08
	Cash Flow Adequacy Ratio (%)	144.33	131.34	137.53	137.32	126.29
	Cash Flow Reinvestment Ratio (%)	8.52	5.93	12.52	12.01	4.96
Leverage	Operating Leverage	2.17	2.85	2.25	1.95	2.17
	Financial Leverage	1.01	1.01	1.01	1.00	1.03

Analysis of financial ratio change in the last two fiscal years: (If the difference does not exceed 20%, the analysis is not required)

1. Financial Structure: Long-term funds to property, plant and equipment increased in 2021 mainly due to the increase in non-current liabilities caused by the issuance of ECB for capital expenditures.
2. Cash Flow: Cash flow ratio decreased in 2021 mainly due to the decrease in net cash flows from operating activities caused by the decrease in profit before tax.
3. Other analysis of financial ratio change are the same as specified in 6.2.1. Financial Analysis of Consolidated Financial Statements – IFRSs.

Note 1: The financial information has been reviewed or audited by independent auditors.

Note 2: The Formula of Financial Analysis:

1. Financial Structure Analysis (%)
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Funds to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Property, Plant and Equipment, Net
2. Solvency (%)
   (1) Current Ratio = Current Assets / Current Liability
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liability
   (3) Times Interest Earned Ratio = Profit before Credit for Income Tax / Current Interest Expense
3. Operating Ability
   (1) Accounts Receivable Turnover = Sales / Average Accounts Receivable
   (2) Days to Collect Accounts Receivable = 365 / Accounts Receivable Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventories
   (4) Accounts Payable Turnover = Cost of Sales / Average Accounts Payable
   (5) Average Days to Sell Inventory = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Sales / Average Property, Plant and Equipment, Net
   (7) Total Assets Turnover = Sales / Total Assets
4. Profitability
   (1) Return on Total Assets = [Profit + Interest Expense X (1 - Tax Rate)] / Average Assets
   (2) Return on Equity = Profit / Average Total Equity
   (3) Profit before Tax to Issued Capital = Profit before Tax / Issued Capital
   (4) Profit to Sales = Profit / Sales
   (5) Earnings Per Share = (Equity Attributable to Owners of Parent - Dividend-preferred stock) / Weighted Average Outstanding Shares
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flows from Operating Activities / Current Liability
   (2) Cash Flow Adequacy Ratio = 5-year Net Cash Flows from Operating Activities / 5-year (Capital Expense + Increase in Inventories + Cash Dividends)
   (3) Cash Flow Reinvestment Ratio = (Net Cash Flows from Operating Activities - Cash Dividends) - (Property, Plant and Equipment, Net + Long-term Investments + Other Non-current Assets + Operating Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales – Variable Operating Costs and Expenses) / Operating Income
   (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

6.3. Audit Committee' Report for the Most Recent Year

2021 AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements (parent-company-only & consolidated), and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit WIN's Financial Statements and has issued an audit report relating to the Financial Statements.

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

WIN Semiconductors Corp.
Chairman of the Audit Committee: Chin-Shih Lin

March 18, 2022

6.4. Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

Please refer to pages 175~278 of this annual report.

6.5. Parent-Company-Only Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

Please refer to pages 279~364 of this annual report.

6.6. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Year or during the Current Year up to the Date of Printing of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation

None.

VII. REVIEW OF FINANCIAL CONDITIONS, OPERATING RESULTS, AND RISK MANAGEMENT

7.1. Financial Status

7.1.1. Analysis of Financial Status

Unit: NT$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Current Assets	17,481,431	26,454,852	8,973,421	+51%
Property, Plant and Equipment	23,422,217	27,783,997	4,361,780	+19%
Intangible Assets	578,431	641,885	63,454	+11%
Other Assets	13,220,384	20,013,424	6,793,040	+51%
Total Assets	54,702,463	74,894,158	20,191,695	+37%
Current Liabilities	6,702,885	7,214,952	512,067	+8%
Non-current Liabilities	12,269,126	30,557,210	18,288,084	+149%
Total Liabilities	18,972,011	37,772,162	18,800,151	+99%
Share Capital	4,240,564	4,239,764	(800)	-0.02%
Capital Surplus	9,323,098	9,969,914	646,816	+7%
Retained Earnings	17,001,021	19,960,265	2,959,244	+17%
Other Equity Interest	3,512,903	768,065	(2,744,838)	-78%
Equity Attributable to Owners of Parent	34,077,586	34,938,008	860,422	+3%
Total Equity	35,730,452	37,121,996	1,391,544	+4%

7.1.2. Effect of Change on the Company's Financial Condition

1. The increase in current assets was mainly due to an increase in cash and cash equivalents caused by the increase in profit and issuance of ECB.
2. The increase in other assets was mainly due to the increased in investments accounted for using equity method caused by the participation in capital increase of affiliates.
3. The increase in non-current liabilities and total liabilities was mainly due to the issuance of ECB in response to capital expenditures.
4. The decrease in other equity interest was mainly due to the obtain of significant influence of the investee company, caused the financial assets originally measured at fair value through other comprehensive income were transferred to the investments accounted for using equity method at fair value, and those related to the investment were originally recognized in other comprehensive income that will not be reclassified to profit or loss were transferred to retained earnings.

7.1.3. Future Response Actions

Based on the above analysis, the company's financial situation changed in the past two years was mainly due to the issuance of ECB in response to capital expenditures, which is a benign change.

7.2. Finance Performance

7.2.1. Analysis of Finance Performance

Unit: NT$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Operating Revenue	25,546,205	26,182,376	636,171	+2%
Operating Costs	14,977,704	16,412,282	1,434,578	+10%
Gross Profit from Operations	10,568,501	9,770,094	(798,407)	-8%
Operating Expenses	2,786,328	3,347,045	560,717	+20%
Net Operating Income	7,782,173	6,423,049	(1,359,124)	-17%
Non-operating Income and Expenses	220,010	(23,170)	(243,180)	-111%
Profit before Tax	8,002,183	6,399,879	(1,602,304)	-20%
Tax Expense	1,533,572	1,189,465	(344,107)	-22%
Profit	6,468,611	5,210,414	(1,258,197)	-19%
Other Comprehensive Income, Net	731,123	243,159	(487,964)	-67%
Comprehensive Income	7,199,734	5,453,573	(1,746,161)	-24%
Total Equity Attributable to Owners of Parent	6,528,740	5,454,962	(1,073,778)	-16%
Comprehensive Income Attributable to Owners of Parent	7,238,423	5,709,580	(1,528,843)	-21%

7.2.2. Effect of Change on the Company's Financial Condition

1. The increase in operating expenses was mainly due to the increase in labor cost cause by the increase in employees and the R&D expenses that we proactively invested in.
2. The decrease in non-operating income and expenses was mainly due to the increased in interest expense caused by the issuance of ECB.
3. The decrease in profit before tax and comprehensive income was mainly due to the decrease in net profit caused by the changes in product mix and increase in the cost of raw materials.
4. The decrease in tax expense was mainly due to the decrease in net profit.
5. The decrease in other comprehensive income was mainly due to the narrow for market price hike of financial assets at fair value through other comprehensive income that leads to a decrease in unrealized valuation gain.

7.2.3. Effect of Change on the Company's Future Business and Future Response Plans

The Company is not required to disclose its financial forecast but has set up its internal target based on industrial environment and market demand. The Company will also keep investing in new technologies, quality improvement and cost-down to achieve the target of profitability.

7.3. Cash Flow

7.3.1. Cash Flow Analysis for the Current Year

Item \ Year	2020	2021	Variance (%)
Cash Flow Ratio (%)	130.62%	108.31%	-17%
Cash Flow Adequacy Ratio (%)	99.36%	85.77%	-14%
Cash Flow Reinvestment Ratio (%)	8.86%	4.23%	-52%

Analysis of financial ratio change: In 2021, the decrease in cash flow reinvestment ratio was mainly due to the decrease in profit before tax result in a decrease in cash flows from operating activities and the greater amount of the distribution of cash dividends compare to the previous year.

7.3.2. Remedy for Cash Deficit and Liquidity Analysis

None.

7.3.3. Cash Flow Analysis for the Coming Year

Unit: NT$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Cash Balance	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
16,331,759	8,857,049	(18,802,052)	6,386,756	—	—
1. Analysis of change in cash flow in the coming year: (1) Operating Activities: The cash inflow will be generating from operating profit. (2) Cash outflow amount: Mainly due to the expected cash outflow from investment and financing activities, describe as below: Investment Activities Cash Outflow: Mainly due to the capital expenditures arising from capacity expansion. Financing Activities Cash Outflow: Mainly due to the distribution of cash dividends. 2. Remedy for Cash Deficit and Liquidity Analysis: None.					

7.4. The Effect on Finance and Sales of Major Capital Expenditure for the Most Recent Year

The 2021 capital expenditures was NT$8,080,876 thousand, which were primarily for fab expansion, purchase of machine and equipment and capacity expansion. The source of funds came from working capital, borrowings from financial institutions and issuance of ECB. The above-mentioned capital expenditures were to spend for capacity expansion in response to the future revenue growth.

7.5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1. Investment Policy

To secure our current market position and explore new competitive advantage to sustain the future growth momentum, the Company's investment strategy is focusing on wireless communications, green energy, biotechnology and hog farming technology in addition to the existing field of compound semiconductors.

7.5.2. Main Causes for Profits or Losses and the Improvement Plans in Last Year

The Company's investment gains, total NT$198,535 thousand in 2021.

7.5.3. The Investment Plans for the Coming Year

The Company will carefully evaluate investment plans as needed and implement them accordingly.

7.6. Risk Management

7.6.1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

Unit: NT$ thousand

Item	2021	2020
Interest income and expenses, net	(271,628)	(63,539)
Interest income and expenses, net / Total Revenue	-1.04%	-0.25%
Foreign exchange gain and loss, net	(126,890)	(43,933)
Foreign exchange gain and loss, net / Total Revenue	-0.48%	-0.17%

A. Interest Rates

In 2021, we utilized the issuance of overseas convertible bonds to pay for the procurement of raw materials and capital expenditure in foreign currencies, thus the debt ratio is higher compare to the previous year. Our 2021 and 2020 net interest income and expenses, only accounted for -1.04% and -0.25% of our operating revenue for the year, respectively, so interest rate changes do not have a material effect. If the interest rate increases (decreases) by 0.5%, our net profit after tax would have increased (decreased) by NT$54,002 thousand and NT$31,655 thousand for the years ended December 31, 2021 and 2020, respectively, all other variable factors that remain constant. This is mainly due to the borrowing in floating rates.
Furthermore, our financial position is stable, we have sound credit records, and will maintain close contact with banks to collect financial and economic information, in order to understand trends in interest rates and gain the best interest rates on loans.

B. Foreign Exchange Rates

A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR, GBP, JPY, HKD, RMB, etc. for the years ended December 31, 2021 and 2020 would have increased (decreased) the net profit after tax by NT$274,988 thousand and NT$111,825 thousand, respectively for the group. The analysis assumes that all other variables remain constant.
Since we have many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For years ended December 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) amounted to (NT$126,890) thousand and (NT$43,933) thousand, respectively. It only accounted for about -0.48% and -0.17% of operating revenue in 2021 and 2020 respectively, the proportion were not large.
The Company’s export proportion was around 95.21% in 2021. The Company’s products are mainly sold in US dollars, and raw materials and mechanical equipment are typically purchased in US dollars. The resulting offsets of recurrent purchases and sales generate a certain degree of natural hedging that can mitigate the influence that exchange rate fluctuation has on the Company’s business results. The Company has dedicated personnel to stay abreast of exchange rate trends and international markets as a way of monitoring changes in the foreign exchange rate. Furthermore, we stays in close contact with financial institutions to facilitate the timely adoption of response measures, such as adjustment of foreign currency assets and liabilities or operation of foreign currency hedging instruments.

C. Inflation

The impact of inflation does not currently have a significant impact on the Company’s profits and business operations.

7.6.2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has promulgated its “Procedures for Acquisition or Disposal of Assets”, “Procedures for Lending Funds to Other Parties” and “Procedures for Endorsement & Guarantee”, and asked its subsidiaries to promulgate the relevant procedures. The Company and its subsidiaries shall follow the relevant procedures to protect the Company’s equity.

1. High risk, high leverage investments: All of our investments were carefully evaluated and made in accordance with the Procedures for the Acquisition or Disposal of Assets and level of authority. We do not engage in high risk, high leverage investments.
2. Lending to others: The amount of lend funds to others by the Company and subsidiaries did not exceed the limit in 2021 and up to the annual report printing date.
3. Providing endorsements or guarantees for others: The total amount of endorsements and guarantees provided by the Company may not reach 50% of the Company’s net worth according to the most recent financial statements certified or reviewed by an accountant. The total amount of endorsements and guarantees for a single company may not reach 50% of the Company’s net worth according to the most recent financial statements certified or reviewed by an accountant. The total amount of endorsements and guarantees provided by the Company and subsidiaries may not reach 50% of the Company’s net worth according to the most recent financial statements certified or reviewed by an accountant. The total amount of endorsements and guarantees for a single company may not exceed 50% of the Company’s net worth according to the most recent financial statements certified or reviewed by an accountant. The amount of endorsements and guarantees provided by the Company and subsidiaries did not exceed the limit in 2021 and up to the annual report printing date.
4. Derivatives transactions: We mainly engage in derivatives transactions to hedge exchange rate risk resulting from our operations, and all transactions complied with regulations in 2021 and up to the annual report printing date.

7.6.3. Future Research & Development Projects and Corresponding Budget

1. New Products Planned for Development

(1) The 8th generation GaAs HBT epitaxial structure and process development
(2) The next generation GaAs E/D pHEMT development t
(3) 70 nm GaAs pHEMT epitaxial structure and process development
(4) 120 nm GaN HEMT process development
(5) The next generation 250 nm GaN HEMT process development
(6) The next generation 50V GaN HEMT technology
(7) Hi-reliability 25G DFB LD
(8) Long wavelength high power LD for data center application
(9) 100G PD for data center application
(10) Back Emitting VCSEL for Automotive LiDAR and 3D sensing

2. Estimated Spending on Research & Development

The GaAs industry is characterized by frequent and rapid changes in technology. We aggressively invest in technology research and development, based on our current achievements, we aim to provide our customers with more competitive processing technologies and to further strengthen our leading position in the GaAs foundry industry. We expect optical devices and 5G communications to be our chief engines of growth during the next few years. In the case of optical devices, we will continue to team up with customers to jointly develop new 3D sensing technology for use in handheld devices. We are also developing technologies for data center, AR/VR, and LiDAR related applications, and are being qualified by some of our customers. As for 5G communications applications, our microwave communications technology roadmap spans both the sub-6GHz and millimeter waves. We began developing relevant processes as early as several years ago, and our products are currently being qualified by our customers. In 2021, the R&D expenditures was NT$1,331,849 thousand. We has consistently focused on developing new manufacturing technology and the R&D expenditures expect to increase to NT$1,364,589 thousand in 2022, which will be adjusted from time to time.

7.6.4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consults lawyers and accountants regarding significant amendments to domestic and foreign policies and laws. When necessary, it commissions these experts to evaluate, advise, and plan response measures in order to meet legal compliance and lower the adverse influence of these changes on the Company's financial operation. The changes in related laws had not had a significant impact on our operations.

7.6.5. Effects of and Response to Changes in Technology (Including Risk of Cybersecurity) and in Industry Relating to Corporate Finance and Sales

The Company is dedicated to protecting the confidential information of the Company, customers, suppliers, and employees, as well as the competitive intellectual properties of the Company, in order to ensure the rights of the Company, customers, employees, and all shareholders and maintain corporate competitiveness.

Technological and industry changes have not impacted our finance position and business operations during the most recent year or during the current year up to the date of printing of the annual report. In response to technological changes, the Company continues to invest in and purchase advanced information security equipment in order to stop cyber threats, while establishing a comprehensive information protection mechanism. In addition, we closely monitor industry conditions and relevant emerging technologies to provide immediate responses to any challenges arising from technology or industry-related changes. We will not only continuously increase R&D investments, but also make appropriate business adjustments, and maintain steady and flexible financial management to face the challenges of technological changes.

7.6.6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since the Company was established we have actively strengthened our internal business management, continued to improve production and quality management capabilities, and proposed plans for developing the capital market and along with the growth in the GaAs industry and the dramatic improvement to our market share and profitability, it has positively influencing the Company's image. There have been no negative changes to our corporate image, and there have been no reports in the market that negatively affect our corporate image.

7.6.7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no ongoing merger and acquisition activities.

7.6.8. Expected Benefits from, Risks Relating to and Response to Facility Expansion Plans

After one year of planning and implementing for the capacity expansion, the first floor clean room expansion of Fab C will be completed in the first half of 2022, and we will install equipment immediately after that. The new capacity is expected to come online in the second half of the year to meet the demand for the stronger season. In addition, for the new Luzhu fab in the Southern Taiwan Science Park in Kaohsiung, after its groundbreaking in the middle of last year, the construction of the new fab is a key focus for this year, and the goal is to complete the construction of clean room in the middle of 2023 and enter mass production before the end of 2024 to prepare in advance for customers long-term future demand.

Potential risks include supply exceeding demands in the market. In addition to increasing production lines in batches in response to market changes, we will actively solicit new customers, develop new process technologies, and improve yield rate and cost reduction, with the hope of maximizing the benefits of capacity expansion and building a long lasting competitive edge.

7.6.9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

A. Concentration of Purchasing Sources

Please refer to "suppliers accounted for at least 10% of annual net procurement", page 127. The Company is a pure-play GaAs MMIC foundry, providing optimized solutions for power amplifiers and related radio frequency components. The key materials, epitaxial wafers, were purchasing from several of domestic and foreign vendors. WIN has a broad portfolio of advanced technologies, and is able to engage in frequent technological exchange with its suppliers, indicating that the Company is capable of dispersing supplies. Therefore, the Company is not subject to risks of centralized procurements.

B. Customer Concentration

Please refer to "customers that accounted for at least 10% of annual net revenue", page 127. Our top three customers accounted for about 38% and 34% of our total revenues in 2021 and 2020, respectively. The high concentration of sales is attributed to the characteristics of the overall GaAs industry. Approximately 70% of the global GaAs devices market is controlled by three international IDM companies. In addition to maintaining existing customers, we also actively develop new processes and new customers to reduce sales concentration.

7.6.10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%

There have been no major transfers or swaps of shares by Directors or shareholders with shareholdings of over 10%.

7.6.11. Effects of, Risks Relating to and Response to Changes in Control over the Company

There is no change in control over the Company, and we continually strength our corporate governance and operation to achieve excellent performance in shareholders' equity.

7.6.12. Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors or shareholders with over 10% shareholdings: None.

7.6.13. Other Important Risks and Mitigation Measures Being or to be Taken

Intellectual Property Management

I. Intellectual Property Management Plan:

WIN Semi developed the Intellectual Property Management Plan to achieve the following management objectives: 1. To enhance the effectiveness of R&D and innovation; 2. To obtain, protect, maintain and utilize intellectual property in accordance with relevant laws and regulations; 3. To have the ability to protect intellectual property and avoid infringing on the rights of others; 4. To accomplish operational objectives of the organization. Over the years, the Company has aggregated multiple valuable trade secrets for its proprietary technologies through employee disclosure of intellectual property, which not only ensures free operation of the Company but also increases revenue and profitability. In the meantime, the Company accentuates the field of new product technologies. The Intellectual Property Management Committee has been set up with a focus on defensive patents. We encourage our employees to disclose their research and development achievements through proposal and patent awards. Such achievements transform into intellectual property rights, including patents, trade secrets and papers. The Company has an intellectual property examination system in place. Before the Intellectual Property Management Committee decides to apply for a patent or a trade secret, a patent engineer evaluates the patentability of each intellectual property disclosure proposal to ensure that the proposal does not infringe on the patents of others or the contractual agreements. In addition, we map out action plans to elevate the overall strength of our patents and bolster our competitiveness in the domains of microwave communication and optical semiconductor wafer fabrication.

II. Implementation:

The Company reports matters related to intellectual property management to the Board of Directors at least once a year. The latest report was delivered to the Board of Directors on December 24, 2021.

The Company's major implementation and results in recent years are as follows:

1. The Intellectual Property Management Plan was revised in December 2019.
2. All employees had been informed of the Trade Secret Policy by the end of December 2020.
3. All employees were informed of intellectual property protection in December 2021.
4. The Company had obtained a total of 181 intellectual property patents by the end of December 2021.

7.7. Other Important Matters

None.

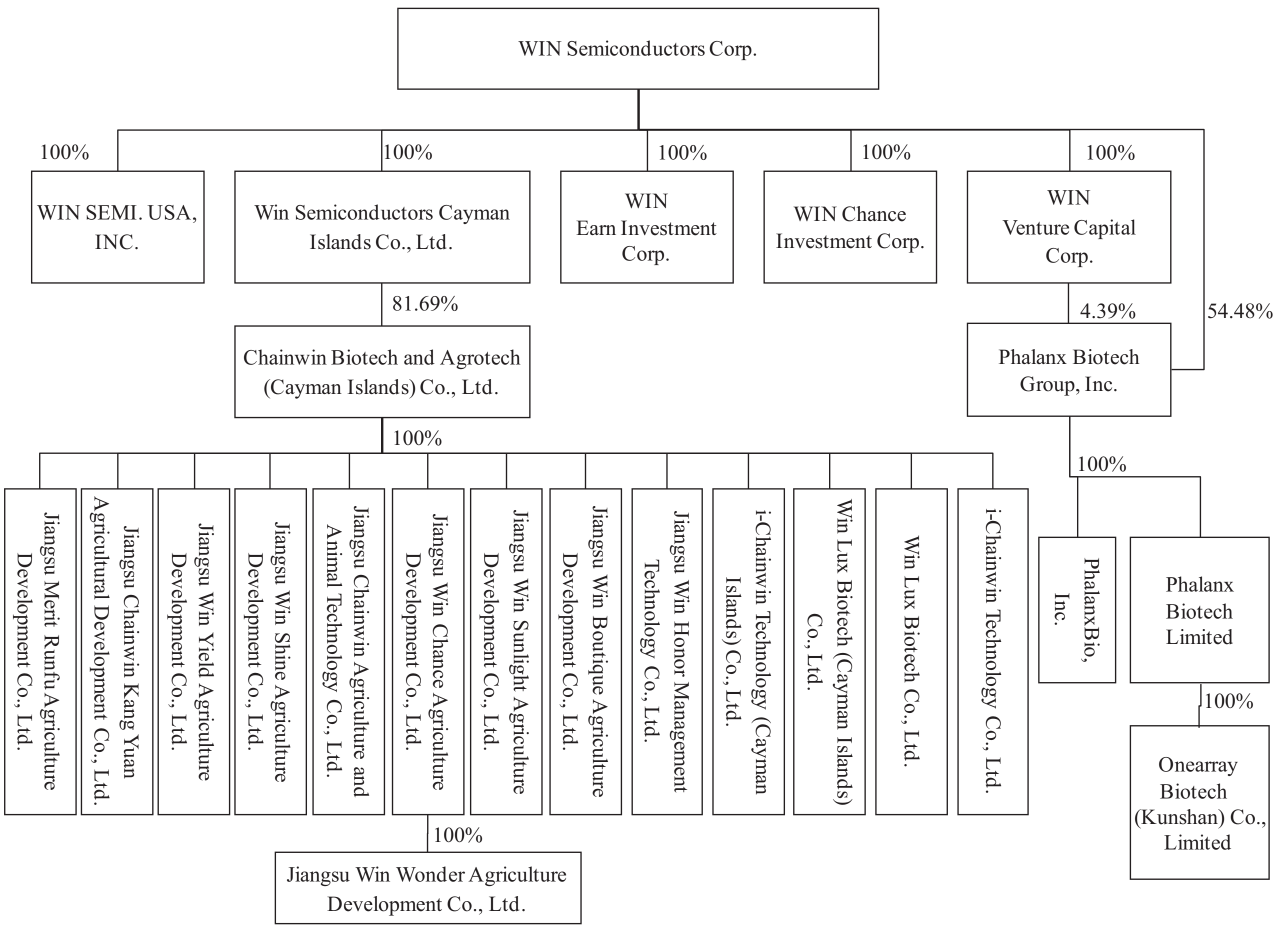
VIII. SPECIAL DISCLOSURE

8.1. Information Regarding Affiliates

8.1.1. Summary of Affiliates

A. Affiliates Overview

(1) Organization of Affiliates: Dec. 31, 2021



(2) Basic Information on Affiliates

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital	Main Business
WIN SEMI. USA, INC.	10/03/2000	California, USA	USD 50 thousand	Market research
Win Semiconductors Cayman Islands Co., Ltd.	09/14/2007	Cayman Islands	USD 376,600 thousand	Investment activities
WIN Venture Capital Corp.	04/25/2014	Taiwan, R.O.C.	NTD 790,000 thousand	Investment activities
WIN Earn Investment Corp.	11/20/2019	Taiwan, R.O.C.	NTD 580,000 thousand	Investment activities
WIN Chance Investment Corp.	11/20/2019	Taiwan, R.O.C.	NTD 580,000 thousand	Investment activities
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	01/07/2010	Cayman Islands	USD 227,825 thousand	Investment activities
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	03/22/2012	Jiangsu, China	RMB 720,557 thousand	Developing hog farming technology and trading
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	11/02/2016	Jiangsu, China	USD 38,790 thousand	Farm feed development and trading
Jiangsu Win Chance Agriculture Development Co., Ltd.	01/14/2016	Jiangsu, China	USD 15,200 thousand	Developing hog farming technology and trading
Jiangsu Win Yield Agriculture Development Co., Ltd.	03/25/2019	Jiangsu, China	USD 66,500 thousand	Developing hog farming technology and trading
Jiangsu Win Shine Agriculture Development Co., Ltd.	04/04/2019	Jiangsu, China	USD 12,000 thousand	Logistics management services
Jiangsu Win Boutique Agriculture Development Co., Ltd.	09/25/2020	Jiangsu, China	USD 10,000 thousand	Developing hog farming technology and trading
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	09/28/2020	Jiangsu, China	USD 10,000 thousand	Developing hog farming technology and trading
Jiangsu Win Honor Management Technology Co., Ltd.	11/09/2020	Jiangsu, China	USD 10,000 thousand	Logistics management services

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital	Main Business
Jiangsu Win Wonder Agriculture Development Co., Ltd.	11/11/2020	Jiangsu, China	RMB 10,000 thousand	Developing farming technology and trading
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	03/14/2012	Jiangsu, China	RMB 16,177 thousand	Developing hog farming technology and trading
i-Chainwin Technology (Cayman Islands) Co., Ltd.	04/07/2020	Cayman Islands	USD 6,500 thousand	Investment activities
Win Lux Biotech (Cayman Islands) Co., Ltd.	04/07/2020	Cayman Islands	USD 500 thousand	Investment activities
Win Lux Biotech Co., Ltd.	11/30/2020	Taiwan, R.O.C.	NTD 100,000 thousand	Biotechnology services and pharmaceutical testing
i-Chainwin Technology Co., Ltd.	12/04/2020	Taiwan, R.O.C.	NTD 220,000 thousand	Information software service
Jiangsu Win Fortune Agriculture Development Co., Ltd.	01/13/2021	Jiangsu, China	USD 10,000 thousand	Developing hog farming technology and trading
Chainwin (Huaian) AIoT Co., Ltd.	01/26/2021	Jiangsu, China	USD 1,000 thousand	Information software service
Jiangsu Win Advance Bio-Assay Co., Ltd.	06/15/2021	Jiangsu, China	USD 2,000 thousand	Biological testing service
Jiangsu Win Lux Biotech Co., Ltd.	01/26/2021	Jiangsu, China	USD 1,000 thousand	Biotech research and development bioassay
Phalanx Biotech Group, Inc.	06/06/2002	Taiwan, R.O.C.	NTD 725,267 thousand	Researching, manufacturing and selling of high density gene chips and testing service
PhalanxBio, Inc.	04/27/2004	California, USA	USD 4,075 thousand	Selling of high density gene chips and testing service
Phalanx Biotech Limited	08/09/2011	Hong Kong	USD 420 thousand	Investment activities
Onearray Biotech (Kunshan) Co., Limited	03/05/2012	Jiangsu, China	RMB 2,663 thousand	Selling of high density gene chips and testing service
Guzip Biomarkers Corporation	08/07/2018	Taiwan, R.O.C.	NTD 38,724 thousand	Development and selling diagnostic tool for endometrial cancer

(3) Controlling and Subsidiary Shareholder Information: None.

(4) The industries covered by the business operated by the affiliates overall: The main operation of the Company and its subsidiaries are (a) researching, developing, manufacturing, and selling of GaAs wafers, (b) developing hog farming technology and trading, and (c) researching, manufacturing and selling of high density gene chips, biochip optical readers, micro-electrophoresis analyzers and diagnostic tool for endometrial cancer.

(5) Directors, Supervisors, Presidents of Affiliates

Unit: Shares in thousands; %

Company	Title	Name or Representative	Shareholding	
			Shares	%
WIN SEMI. USA, INC.	Director	Chin-Tsai Chen	0	0%
	CEO	Kuo-Hua Chen		
Win Semiconductors Cayman Islands Co., Ltd.	Director	Chin-Tsai Chen	0	0%
WIN Venture Capital Corp.	Director	Chin-Tsai Chen, Representative of WIN Semiconductors Corp.	79,000	100%
WIN Earn Investment Corp.	Director	Chin-Tsai Chen, Representative of WIN Semiconductors Corp.	58,000	100%
WIN Chance Investment Corp.	Director	Chin-Tsai Chen, Representative of WIN Semiconductors Corp.	58,000	100%
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Li-Cheng Yeh, Hui-Jen Lo, Ching-Tsou Tsen (Joe Tsen)	0	0%
	CEO	Yun-Hsuan Wu	0	0%
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Chance Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Yield Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Shine Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Sunlight	Director	Chin-Tsai Chen, Yun-Hsuan Wu,	-	0%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Agriculture Development Co., Ltd.		Xin-Ciao Li		
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Honor Management Technology Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
i-Chainwin Technology (Cayman Islands) Co., Ltd.	Director	Chin-Tsai Chen	0	0%
Win Lux Biotech (Cayman Islands) Co., Ltd.	Director	Chin-Tsai Chen	0	0%
Win Lux Biotech Co., Ltd.	Director	Chin-Tsai Chen	0	0%
i-Chainwin Technology Co., Ltd.	Director	Chin-Tsai Chen	0	0%
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Chainwin (Huaian) AIoT Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Advance Bio-Assay Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Jiangsu Win Lux Biotech Co., Ltd.	Director	Chin-Tsai Chen, Yun-Hsuan Wu, Xin-Ciao Li	-	0%
	Supervisor	Ching-Tsou Tsen (Joe Tsen)		
	CEO	Yun-Hsuan Wu		
Phalanx Biotech Group, Inc.	Director	Chin-Tsai Chen, Representative of WIN Semiconductors Corp.	53,427	73.67%
		Shun-Ping Chen, Representative of WIN Semiconductors Corp.		
		Ching-Tsou Tsen (Joe Tsen), Representative of WIN Semiconductors Corp.		
		He-Yuan Lin	0	0%
		Gui-Hua Yang	321	0.44%
	CEO	Gui-Hua Yang	321	0.44%
	Supervisor	Song-Chi Tsai, Representative of WIN Venture Capital Corp.	1,116	1.54%

Company	Title	Name or Representative	Shareholding	
			Shares	%
		Li-Chen Lin	0	0%
PhalanxBio, Inc.	CEO	Hong-Ru Su	0	0%
Phalanx Biotech Limited	Director	Phalanx Biotech Group, Inc.	-	100%
		Qian-Lun Wang	-	0%
Onearray Biotech (Kunshan) Co., Limited	Executive Director	Qian-Lun Wang	-	0%
	Supervisor	Jia-Yu Gu	-	0%
	CEO	Qian-Lun Wang	-	0%
Guzip Biomarkers Corporation	Director	Shu-Juan Lin, Representative of Phalanx Biotech Group, Inc.	14,238	100%

B. Operation Status of Affiliates: Fiscal Year 2021

Unit: NT$ thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Equity	Sales	Operating Income (Losses)	Net Profit (Loss)	EPS after Income Tax (NT dollars)
WIN SEMI. USA, INC.	1,629	17,815	28,536	(10,721)	80,666	1,900	2,034	(2.03) (Note 1)
Win Semiconductors Cayman Islands Co., Ltd.	11,127,774	10,792,943	24,242	10,768,701	152,271	(798,983)	(799,006)	(2.12) (Note 2)
WIN Venture Capital Corp.	790,000	816,669	210	816,459	12,935	9,046	(378)	0 (Note 3)
WIN Earn Investment Corp.	580,000	450,091	200	449,891	15,224	14,946	14,961	0.26 (Note 4)
WIN Chance Investment Corp.	580,000	671,637	200	671,437	20,028	19,749	19,052	0.33 (Note 4)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	6,306,196	11,086,400	351,109	10,735,291	0	(102,086)	(1,107,436)	(4.86) (Note 5)
i-Chainwin Technology (Cayman Islands) Co., Ltd.	194,670	146,870	0	146,870	0	2,591	4,130	0.64 (Note 6)
Win Lux Biotech (Cayman Islands) Co., Ltd.	15,010	11,901	0	11,901	0	(2,508)	(2,144)	(4.29) (Note 7)
i-Chainwin Technology Co., Ltd.	220,000	177,643	24,299	153,344	0	(62,686)	(64,450)	(2.93) (Note 8)

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Equity	Sales	Operating Income (Losses)	Net Profit (Loss)	EPS after Income Tax (NT dollars)
Win Lux Biotech Co., Ltd.	100,000	157,159	69,397	87,762	82	(11,964)	(12,029)	(1.20) (Note 9)
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3,167,667	4,972,714	2,522,464	2,450,250	388,979	(379,744)	(510,778)	Not applicable
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	1,169,119	2,291,424	1,199,990	1,091,434	88,194	(49,019)	(43,234)	Not applicable
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	72,313	8,225	1	8,224	0	(732)	(46,753)	Not applicable
Jiangsu Win Chance Agriculture Development Co., Ltd.	466,944	550,928	155,567	395,361	12,355	(18,294)	(23,485)	Not applicable
Jiangsu Win Yield Agriculture Development Co., Ltd.	1,932,345	4,728,314	2,769,677	1,958,637	4,691	(18,198)	(1,008)	Not applicable
Jiangsu Win Shine Agriculture Development Co., Ltd.	345,310	371,136	41,216	329,920	0	(7,319)	(9,152)	Not applicable
Jiangsu Win Boutique Agriculture Development Co., Ltd.	288,100	245,810	1,998	243,812	0	(22,698)	(38,902)	Not applicable
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	288,100	250,262	11,135	239,127	0	(27,693)	(43,583)	Not applicable
Jiangsu Win Honor Management Technology Co., Ltd.	288,100	270,386	0	270,386	0	(6,677)	(12,259)	Not applicable

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Equity	Sales	Operating Income (Losses)	Net Profit (Loss)	EPS after Income Tax (NT dollars)
Jiangsu Win Wonder Agriculture Development Co., Ltd.	43,774	94,512	53,312	41,200	12,356	(1,349)	(2,219)	Not applicable
Jiangsu Win Fortune Agriculture Development Co., Ltd.	276,400	305,580	43,505	262,075	0	(13,847)	(13,876)	Not applicable
Chainwin (Huaian) AIoT Co., Ltd.	27,860	24,518	106	24,412	511	(3,291)	(3,287)	Not applicable
Jiangsu Win Advance Bio-Assay Co., Ltd.	55,500	55,284	541	54,743	0	(655)	(1,599)	Not applicable
Jiangsu Win Lux Biotech Co., Ltd.	27,680	27,292	0	27,292	0	(382)	(317)	Not applicable
Phalanx Biotech Group, Inc.	725,267	927,840	247,957	679,883	61,641	(128,491)	(136,740)	(1.89) (Note 10)
PhalanxBio, Inc.	129,207	19	55	(36)	0	(83)	(83)	Not applicable
Phalanx Biotech Limited	12,125	3,493	58	3,435	0	(20)	(4,264)	Not applicable
Onearray Biotech (Kunshan) Co., Limited	12,125	7,315	3,860	3,455	4,699	(5,356)	(4,244)	Not applicable
Guzip Biomarkers Corporation	38,724	11,332	174	11,158	0	0	0	Not applicable

Note 1: Imputed based on 1,000 thousand shares of WIN SEMI. USA, INC.
Note 2: Imputed based on 376,600 thousand shares of Win Semiconductors Cayman Islands Co., Ltd.
Note 3: Imputed based on 79,000 thousand shares of WIN Venture Capital Corp.
Note 4: Imputed based on 58,000 thousand shares both of WIN Earn Investment Corp. and WIN Chance Investment Corp.
Note 5: Imputed based on 227,825 thousand shares of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.
Note 6: Imputed based on 6,500 thousand shares of i-Chainwin Technology (Cayman Islands) Co., Ltd.
Note 7: Imputed based on 500 thousand shares of Win Lux Biotech (Cayman Islands) Co., Ltd.
Note 8: Imputed based on 22,000 thousand shares of i-Chainwin Technology Co., Ltd.
Note 9: Imputed based on 10,000 thousand shares of Win Lux Biotech Co., Ltd.
Note 10: Imputed based on 72,527 thousand shares of Phalanx Biotech Group, Inc.

8.1.2. Affiliates Consolidated Financial Statement

Please refer to page 175 of this annual report.

8.1.3. Relationship Report

None.

8.2. Related-party Transactions

8.2.1. Name and Relationship with Related Parties

The followings are entities that have had transactions with related party for the years ended December 31, 2021 and 2020:

Name of related party	Relationship with the Group
Jiangsu CM/Chainwin Agriculture Development Co., Ltd. (abbrev. Jiangsu CM/Chainwin)	Associates
ITEQ Corporation (abbrev. ITEQ) (Note)	Associates
Chainwin i-Management Co., Ltd. (abbrev. Chainwin i- Management)	Other related parties
Chainwin i-Management (Huaian) Co., Ltd.	Other related parties
Taoyuan i-Fare Charity Foundation	Other related parties

Note: In July 2021, the Company and subsidiaries have significant influence over ITEQ, and therefore the ITEQ has become our associates since July 2021.

8.2.2. Significant Transactions with Related Parties

A. Purchases

The amounts of significant purchases by the Group from related parties were as follows:

(NT$ thousand)

	2021	2020
Other related parties	$ 6,795	602

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

B. Operating expenses

The amounts of operating expenses by the Group from related parties were as follows:

(NT$ thousand)

	2021	2020
Other related parties	$ 4,000	2,000

C. Guarantee

As of December 31, 2021, and 2020, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. had provided a guarantee for loans amounting to US$7,350 thousand (NT$203,448 thousand, and NT$209,328 thousand, respectively) to its associate, Jiangsu CM/Chainwin.

D. Property transactions−acquire assets (NT$ thousand)

Account	Category	2021	2020
Intangible assets	Other related parties－ Chainwin i-Management Co., Ltd.	$ -	162,965
Property, plant and equipment	Other related parties	$ 654	162

F. Leases

The Company leased the office and factories to its associate, ITEQ, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is NT$28,926 thousand and NT$29,009 thousand for the years ended December 31, 2021 and 2020. The preceding rent payment has been received. The guarantee deposits received amounted to NT$110,000 thousand as of December 31, 2021, and 2020.

8.2.3. Transactions with Key Management Personnel

Key management personnel compensation was comprised as below:

(NT$ thousand)

	2021	2020
Short-term employee benefits	$ 621,523	$ 636,013
Post-employment benefits	1,424	1,256
	$ 622,947	**637,269**

8.3. Private Placement Securities in the Most Recent Year

On December 22, 2017, the Company issued 20,000 thousand ordinary shares, with subscription price of NT$277 per share, under private placement. The private placement of ordinary shares would be subject to section 43-8 requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded publicly after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission. The application of the aforementioned privately placed shares for public offering had been approved by the Competent Authorities. Therefore, the above shares took effect on June 23, 2021.

8.4. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year

None.

8.5. Other Required Supplementary

8.5.1. Procedures for the Prevention of Insider Trading

WIN Semiconductors Corp.

Procedures for the Prevention of Insider Trading

Article 1 (Purpose of the Procedures)

The Procedures are established to prevent likely violations by insiders of the Company of relevant requirements with respect to insider trading by negligence as he or she is not familiar with related regulations which may result in legal actions against the Company or such insider and damage the Company’s reputation.

Article 2 (Scope of application)

The Procedures shall apply to all directors, supervisors, managerial officers, and any shareholder holding more than ten (10) percent of the shares of the Company.

The Company shall ensure that any other person who acquires knowledge of the Company's material inside information due to their position, profession, or relationship of control shall comply with the applicable provisions of the Procedures.

Article 3 (Scope of material inside information that will have a material impact on price of the securities)

Information that will have a material impact on the price of the securities shall mean information relating to finances or business of the Company, or supply and demand of securities of the Company on the market, or tender offer of such securities, the specific content of which will have a material impact on the price of the securities, or will have a material impact on the investment decision of a reasonable prudent investor. The scope of the information shall be prescribed by the competent authority.

Article 4 (Responsible unit in charge of the handling of material inside information)

The Company establishes a unit charged with handling material inside information. The responsible unit is composed of spokesperson, deputy spokesperson, head of legal, head of finance and head of accounting, and adequate personnel in accordance with the business conditions, and operation needs of the Company. The unit shall have the following functions and authorities:

1. Responsibility for formulating drafts of the Procedures and any amendments to them, and designing a system for preserving all documents, files, electronic records, and other materials related to the Procedures.
2. Responsibility for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to the Procedures.
3. Responsibility for receiving reports on unauthorized disclosures of material inside information and formulation of corresponding measures.
4. Other activities related to the Procedures.

Article 5 (Measures for preventing trading before the public disclosure of material inside information that will have a material impact on price of securities)

Upon knowing of any information that will have material impact on the price of the securities of the Company, prior to the public disclosure of such information or within eighteen (18) hours after its public disclosure, the persons listed in Article 2 of the Procedures shall not purchase or sell securities of the Company that are listed on an exchange or an over-the-counter market, or any other equity-type security of the Company.

Article 6 (Confidentiality operations before the public disclosure of material inside information that will have a material impact on price of securities)

1. The Company's insiders shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties, and shall sign confidentiality agreements.
   No insider with knowledge of material inside information of the Company may divulge the information to others.
   No insider of the Company may inquire about or collect any non-public material inside information of the Company not related to their respective duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than performance of their duties.
2. Proper protection of confidentiality shall be given to files and documents containing the Company's material inside information when transmitted in written form. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures.
   Files and documents containing the Company's material inside information shall be backed up and stored in a safe location.
3. Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or signing of a major contract shall be required to sign a nondisclosure agreement, and may not disclose to another party any material inside information of the Company's thus acquired.

Article 7 (Principles of disclosure of material inside information)

The Company shall comply with the following principles when making public disclosures of material inside information:

1. The information disclosed shall be accurate, complete, and timely.
2. There shall be a well-founded basis for the information disclosure.
3. The information shall be disclosed fairly.

Article 8 (Content, time, method and personnel of the public disclosure of information that will have a material impact on the price of securities)

Any disclosure of the Company's material inside information, except as otherwise provided by law or regulation, shall be made by the Company's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order. When necessary, the disclosure may be made directly by a responsible person of the Company. The Company's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company's responsible person, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.

Article 9 (Record of disclosure of material inside information)

The Company shall keep records of the following in respect of any disclosure of information to outside parties:

1. The person who discloses the information, the date and the time.
2. How the information is disclosed.
3. What information is disclosed.
4. What written material is delivered.
5. Any other relevant details.

Article 10 (Response to false media coverage)

If a media agency releases information that is in any respect inconsistent with material information disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.

Article 11 (Reporting of unusual events)

Any director, supervisor, managerial officer, or employee of the Company that becomes aware of any unauthorized disclosure of the Company's material inside information shall report to the responsible unit and the internal audit department of the Company as soon as practicable.

Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the internal audit and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.

Article 12 (Disciplinary measures)

The Company shall take measures to discover those responsible and take appropriate legal action against any personnel under either of the following circumstances:

1. Personnel of the Company disclose material inside information without authorization to any outside party, or otherwise violate the Procedures or any other applicable law

or regulation.

2. A spokesperson or deputy spokesperson of the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates the Procedures or any other applicable law or regulation.
3. If any person outside the Company divulges any material inside information of the Company, thereby causing damage to any property or interest of the Company, the Company shall pursue appropriate measures to hold the person divulging the information legally liable.

Article 13 (Awareness programs)

The Company shall conduct educational campaigns to promote awareness among all persons with respect to the Procedures and related laws and regulations.

Article 14 (Effective date and amendment)

The Procedures, and any amendments to them, shall be implemented upon approval by the Board of Directors.

8.5.2. Guidelines for the Code of Ethical Conduct

WIN Semiconductors Corp.

Guidelines for the Code of Ethical Conduct

Article 1 (Purpose of and basis for adoption)

These Guidelines are adopted for the purpose of encouraging directors, supervisors, and managerial officers of the Company (including general managers or their equivalents, vice general managers or their equivalents, associate general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

Article 2 (Content of the code)

1. Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the Company, as for example when a director, supervisor, or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the Company.

2. Minimizing incentives to pursue personal gain:

The Company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

3. Confidentiality:

The directors, supervisors, and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

4. Fair trade:

Directors, supervisors, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5. Safeguarding and proper use of company assets:

All directors, supervisors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

6. Legal compliance:

The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations and bylaws.

7. Encouraging reporting on illegal or unethical activities:

The Company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, it is advisable that the Company adopts relevant procedures or mechanisms for such reporting and makes employees aware that the Company will use its best efforts to ensure the safety of informants and protect them from reprisals.

8. Disciplinary measures:

When a director, supervisor, or managerial officer violates the code of ethical conduct, the Company shall, depending on the level of violation, handle the matter in accordance with the resolution of the Board of the Directors without the violator, and shall without delay disclose on the Market Observation Post System (MOPS) the name and title of the violator, the date of the violation, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The violator may file a complaint for review of the disciplinary action through normal complaint system.

Article 3 (Procedures for exemption)

The code of ethical conduct adopted by the Company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the Board of Directors, and that information on the name and title of the person entitled to such exemption, the date on which the board of directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 4 (Method of disclosure)

The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.

Article 5 (Enforcement)

This code of ethical conduct, and any amendments thereto, shall enter into force after it has been adopted by the board of directors, delivered to each supervisor, and submitted to a shareholders' meeting.

8.5.3. Commitment to the Taipei Exchange, R.O.C.

IPO Date: 12/13/2011

IPO Commitment	Status
WIN commit to add the Article "The Company shall not waive subsequent right(s) of subscribing stock in WIN SEMI. USA, INC. and Win Semiconductors Cayman Islands Co., Ltd. newly issued for the purpose of capital increase. In case any strategic alliance or other waiving of such right that is approved the ROC Taipei Exchange, special resolution of the Board of Directors shall be obtained for waiving the right" in its "Procedures for Acquisition or Disposal of Assets." If any amendments to the Procedures, it shall be announced on the Market Observation Post System (MOPS) and reported to the Taipei Exchange, R.O.C.	The Article has been added in "Procedures for Acquisition or Disposal of Assets" which has been approved by the Board of Directors on Oct. 27, 2011 and Shareholders' Meeting on June 5, 2012.

IX. If Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred during the Most Recent Year or during the Current Year up to the Date of Printing of the Annual Report

None.

APPENDIX I:

WIN SEMICONDUCTORS CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

Representation Letter

The entities that are required to be included in the combined financial statements of WIN Semiconductors Corp. as of and for the year ended December 31, 2021, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, WIN Semiconductors Corp. and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: WIN Semiconductors Corp.
Chairman: CHEN, CHIN-TSAI
Date: March 18, 2022

Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the consolidated financial statements of WIN Semiconductors Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

Evaluation of inventory

Please refer to Note 4(h) "Inventories" for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the consolidated financial statements.

Description of key audit matter:

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Group stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Group cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as a key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: Testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

Other Matter

We did not audit the financial statements for the year ended December 31, 2021 of certain investments accounted for using the equity method. That financial statements for the year ended December 31, 2021 were audited by another auditor, whose audit report has been furnished to us, and our conclusion, insofar as it relates to the amounts included in these investments, is based solely on the audit report of another auditor. The investment accounted for using the equity method amounted to $9,678,934 thousand, constituting 12.92% of consolidated total assets as of December 31, 2021, the related share of profit of associates and joint ventures accounted for using the equity method amounted to $306,374 thousand, and the related shares of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to $25,420 thousand, constituting 5.62% and 0.47% of consolidated total comprehensive income and loss for the year ended December 31, 2021, respectively.

WIN Semiconductors Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (The Republic of China)
March 18, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 16,331,759	22	8,356,270	15
1110	Current financial assets at fair value through profit or loss (Note 6(b))	61,875	-	756,038	1
1170	Notes and accounts receivable, net (Notes 6(c) and 6(z))	2,717,560	3	2,037,502	4
1310	Inventories (Note 6(e))	6,670,737	9	5,498,603	10
1400	Current biological assets (Note 6(f))	138,494	-	283,273	1
1470	Other current assets (Notes 6(d) and 6(o))	534,427	1	549,745	1
	Total current assets	26,454,852	35	17,481,431	32
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,822,433	2	814,065	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	2,186,577	3	6,719,581	12
1550	Investments accounted for using equity method (Notes 6(g) and 7)	10,405,398	14	841,825	2
1600	Property, plant and equipment (Notes 6(h), 6(k), 7 and 8)	27,783,997	37	23,422,217	43
1755	Right-of-use assets (Notes 6(l) and 8)	1,255,616	2	787,133	1
1760	Investment property (Notes 6(m) and 8)	1,053,948	1	1,380,781	3
1780	Intangible assets (Notes 6(h), 6(n) and 7)	641,885	1	578,431	1
1830	Non-current biological assets (Note 6(f))	389,952	1	281,943	1
1840	Deferred tax assets (Note 6(v))	417,116	1	219,844	-
1915	Prepayments for business facilities	2,153,533	3	1,833,676	3
1990	Other non-current assets (Notes 6(o) and 8)	328,851	-	341,536	1
	Total non-current assets	48,439,306	65	37,221,032	68
	Total assets	**$ 74,894,158**	**100**	**54,702,463**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and 6(r))	$ 180,497	-	-	-
2130	Current contract liabilities (Note 6(z))	353,157	-	534,426	1
2170	Notes and accounts payable	2,162,825	3	1,794,668	3
2200	Other payables	4,218,686	6	4,131,595	8
2280	Current lease liabilities (Notes 6(s) and 6(af))	122,882	-	84,993	-
2399	Other current liabilities	176,905	-	157,203	-
	Total current liabilities	7,214,952	9	6,702,885	12
	Non-current liabilities:				
2530	Bonds payable (Notes 6(r) and 6(af))	13,286,639	18	-	-
2540	Long-term borrowings (Notes 6(q), 6(af) and 8)	15,992,820	22	11,418,620	21
2580	Non-current lease liabilities (Notes 6(s) and 6(af))	1,034,327	1	614,891	1
2600	Other non-current liabilities (Notes 6(u), 6(af) and 7)	243,424	-	235,615	1
	Total non-current liabilities	30,557,210	41	12,269,126	23
	Total liabilities	37,772,162	50	18,972,011	35
	Equity (Notes 6(b), 6(g), 6(i), 6(j), 6(r), 6(w) and 6(x)):				
3110	Ordinary shares	4,239,764	6	4,240,564	8
3200	Capital surplus	9,969,914	13	9,323,098	17
3300	Retained earnings	19,960,265	27	17,001,021	31
3400	Other equity interests	768,065	1	3,512,903	6
	Total equity attributable to owners of parent	34,938,008	47	34,077,586	62
36XX	Non-controlling interests	2,183,988	3	1,652,866	3
	Total equity	37,121,996	50	35,730,452	65
	Total liabilities and equity	**$ 74,894,158**	**100**	**54,702,463**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(b), 6(g) and 6(z))**	$ 26,182,376	100	25,546,205	100
5000	**Operating costs (Notes 6(e), 6(f), 6(g), 6(k), 6(l), 6(n), 6(s), 6(u), 6(x), 6(aa), 7 and 12)**	(16,412,282)	(63)	(14,977,704)	(59)
	Gross profit from operating	9,770,094	37	10,568,501	41
	Operating expenses (Notes 6(c), 6(k), 6(l), 6(m), 6(n), 6(s), 6(u), 6(x), 6(aa), 7 and 12):				
6100	Selling expenses	(347,132)	(1)	(343,627)	(1)
6200	Administrative expenses	(1,667,370)	(6)	(1,315,126)	(5)
6300	Research and development expenses	(1,331,849)	(5)	(1,127,552)	(5)
6450	Losses on expected credit impairment	(694)	-	(23)	-
	Total operating expenses	(3,347,045)	(12)	(2,786,328)	(11)
	Net operating income	6,423,049	25	7,782,173	30
	Non-operating income and expenses (Notes 6(b), 6(g), 6(k), 6(n), 6(r), 6(s), 6(t), 6(ab) and 7):				
7100	Interest income	37,752	-	29,425	-
7010	Other income	52,046	-	229,275	1
7020	Other gains and losses	48,113	-	(72,982)	-
7050	Finance costs	(309,380)	(1)	(92,964)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	148,299	1	127,256	-
	Total non-operating income and expenses	(23,170)	-	220,010	1
7900	**Profit before tax**	6,399,879	25	8,002,183	31
7950	**Tax expense (Note 6(v))**	(1,189,465)	(5)	(1,533,572)	(6)
	Profit	5,210,414	20	6,468,611	25
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(g), 6(u), 6(v) and 6(w))**				
8311	Remeasurements of defined benefit plans	(1,099)	-	(10,736)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	323,357	1	742,137	3
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(656)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	220	-	2,147	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	321,822	1	733,548	3
8360	**Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(w))**				
8361	Exchange differences on translation of foreign financial statements	(118,583)	-	(48,290)	-
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	39,920	-	45,865	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(78,663)	-	(2,425)	-
8300	**Other comprehensive income, net**	243,159	1	731,123	3
8500	**Total comprehensive income**	**$ 5,453,573**	**21**	**7,199,734**	**28**
	Profit (loss) attributable to:				
8610	Profit attributable to owners of parent	$ 5,454,962	21	6,528,740	25
8620	Profit (losses) attributable to non-controlling interests	(244,548)	(1)	(60,129)	-
		$ 5,210,414	**20**	**6,468,611**	**25**
	Comprehensive income (loss) attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 5,709,580	22	7,238,423	28
8720	Comprehensive income (loss), attributable to non-controlling interests	(256,007)	(1)	(38,689)	-
		$ 5,453,573	**21**	**7,199,734**	**28**
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(y))				
9750	Basic earnings per share	**$ 12.90**		**15.45**	
9850	Diluted earnings per share	**$ 12.49**		**15.33**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statement of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings			Other equity interests						
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees	Total other equity interests	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2020	$ 4,240,564	9,244,308	2,068,260	11,330,929	13,399,189	(179,450)	3,089,886	(137,029)	2,773,407	29,657,468	182,064	29,839,532
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	447,440	(447,440)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,968,394)	(2,968,394)	-	-	-	-	(2,968,394)	-	(2,968,394)
	-	-	447,440	(3,415,834)	(2,968,394)	-	-	-	-	(2,968,394)	-	(2,968,394)
Profit (losses) for the year ended December 31, 2020	-	-	-	6,528,740	6,528,740	-	-	-	-	6,528,740	(60,129)	6,468,611
Other comprehensive income for the year ended December 31, 2020	-	-	-	(8,589)	(8,589)	(22,755)	741,027	-	718,272	709,683	21,440	731,123
Total comprehensive income for the year ended December 31, 2020	-	-	-	6,520,151	6,520,151	(22,755)	741,027	-	718,272	7,238,423	(38,689)	7,199,734
Changes in ownership interest in subsidiaries	-	69,410	-	-	-	-	-	-	-	69,410	-	69,410
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	7,917	-	-	-	-	-	(7,917)	(7,917)	-	-	-
Compensation cost arising from restricted shares of employees	-	-	-	8	8	-	-	79,208	79,208	79,216	-	79,216
Stock option compensation cost of subsidiary	-	1,463	-	-	-	-	-	-	-	1,463	1,021	2,484
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	50,067	50,067	-	(50,067)	-	(50,067)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,508,470	1,508,470
Balance as of December 31, 2020	4,240,564	9,323,098	2,515,700	14,485,321	17,001,021	(202,205)	3,780,846	(65,738)	3,512,903	34,077,586	1,652,866	35,730,452
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	657,022	(657,022)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(4,240,414)	(4,240,414)	-	-	-	-	(4,240,414)	-	(4,240,414)
	-	-	657,022	(4,897,436)	(4,240,414)	-	-	-	-	(4,240,414)	-	(4,240,414)
Profit (losses) for the year ended December 31, 2021	-	-	-	5,454,962	5,454,962	-	-	-	-	5,454,962	(244,548)	5,210,414
Other comprehensive income for the year ended December 31, 2021	-	-	-	(879)	(879)	(67,204)	322,701	-	255,497	254,618	(11,459)	243,159
Total comprehensive income for the year ended December 31, 2021	-	-	-	5,454,083	5,454,083	(67,204)	322,701	-	255,497	5,709,580	(256,007)	5,453,573
Changes in ownership interest in subsidiaries	-	16,155	-	(25,344)	(25,344)	-	-	-	-	(9,189)	-	(9,189)
Compensation cost arising from restricted shares of employees	-	-	-	39	39	-	-	48,579	48,579	48,618	-	48,618
Purchase and retirement of restricted shares of stock for employees	(800)	(9,762)	-	-	-	-	-	10,562	10,562	-	-	-
Recognition of equity component of convertible bonds issued	-	639,583	-	-	-	-	-	-	-	639,583	-	639,583
Changes in equity of associates and joint ventures accounted for using equity method	-	510	-	(1,288,596)	(1,288,596)	-	-	-	-	(1,288,086)	-	(1,288,086)
Stock option compensation cost of subsidiary	-	330	-	-	-	-	-	-	-	330	230	560
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	3,059,476	3,059,476	-	(3,059,476)	-	(3,059,476)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	786,899	786,899
Balance as of December 31, 2021	**$ 4,239,764**	**9,969,914**	**3,172,722**	**16,787,543**	**19,960,265**	**(269,409)**	**1,044,071**	**(6,597)**	**768,065**	**34,938,008**	**2,183,988**	**37,121,996**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 6,399,879	8,002,183
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,034,973	3,627,595
Amortization expense	132,369	108,881
Losses on expected credit impairment	694	23
Net gains on financial assets or liabilities at fair value through profit or loss	(365,198)	(156,103)
Interest expense	309,380	92,964
Interest income	(37,752)	(29,425)
Dividend income	(47,766)	(200,473)
Share-based payments	49,178	81,700
Shares of profit of associates and joint ventures accounted for using equity method	(198,535)	(126,030)
Losses (gains) on disposal of property, plant and equipment	49,183	(21,124)
Prepayments for business facilities transferred to expenses	986	860
Changes in biological assets at fair value	(7,506)	21,326
Unrealized foreign exchange gains	(92,825)	(189,575)
Losses on lease modification	19,584	-
Impairment loss	-	159,382
Total adjustments to reconcile profit (loss)	3,846,765	3,370,001
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	703,208	(260,952)
(Increase) decrease in notes and accounts receivable	(680,697)	369,104
Increase in inventories	(1,425,949)	(1,143,801)
Increase in biological assets	(19,965)	(544,683)
Increase in other current assets	(10,162)	(150,175)
Total changes in operating assets	(1,433,565)	(1,730,507)
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(181,269)	274,000
Increase (decrease) in notes and accounts payable	368,157	(31,546)
Increase in other payables	370,172	125,415
Increase (decrease) in other current liabilities	19,693	(3,118)
Increase in other non-current liabilities	1,044	1,186
Total changes in operating liabilities	577,797	365,937
Total changes in operating assets and liabilities	(855,768)	(1,364,570)
Cash inflow generated from operations	9,390,876	10,007,614
Dividends received	31,181	45,267
Income taxes paid	(1,607,345)	(1,297,860)
Net cash flows from operating activities	7,814,712	8,755,021
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(2,744,229)	(1,507,183)
Proceeds from disposal of financial assets at fair value through other comprehensive income	313,827	75,188
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	10,000	6,667
Acquisition of financial assets at fair value through profit or loss	(614,629)	(396,208)
Proceeds from disposal of financial assets at fair value through income	-	318,337
Proceeds from capital reduction of financial assets at fair value through profit or loss	901	-
Acquisition of investments accounted for using equity method	(3,619,063)	(170,913)
Acquisition of property, plant and equipment	(6,728,213)	(6,877,801)
Proceeds from disposal of property, plant and equipment	11,005	62,365
Acquisition of intangible assets	(93,632)	(286,719)
Net cash inflows from business combination	458	-
Acquisition of right-of-use assets	(51,976)	(17,866)
Increase in other non-current assets	(39,305)	(210,108)
Increase in prepayments for business facilities	(1,352,663)	(1,630,995)
Interest received	37,629	28,405
Dividends received	275,484	152,682
Net cash flows used in investing activities	(14,594,406)	(10,454,149)
Cash flows from (used in) financing activities:		
Issuance of convertible bonds payable	13,902,774	-
Proceeds from long-term debt	7,759,270	8,348,293
Repayments of long-term debt	(3,081,000)	(2,632,500)
Increase (decrease) in other non-current liabilities	5,666	(879)
Repayments of lease liabilities	(123,806)	(96,721)
Cash dividends paid	(4,240,414)	(2,968,394)
Interest paid	(87,000)	(47,327)
Changes in non-controlling interests	695,982	1,577,880
Net cash flows from financing activities	14,831,472	4,180,352
Effect of exchange rate changes on cash and cash equivalents	(76,289)	(51,427)
Net increase in cash and cash equivalents	7,975,489	2,429,797
Cash and cash equivalents at beginning of period	8,356,270	5,926,473
Cash and cash equivalents at end of period	$ **16,331,759**	**8,356,270**

See accompanying notes to consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

WIN Semiconductors Corp. (the "Company") was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan.

The main operations of the Company and its subsidiaries (together referred to as "the Group") are as follows:

(a) Researching, developing, manufacturing, and selling of GaAs wafers.

(b) Developing hog farming technology and trading.

(c) Researching, manufacturing and selling of high-density gene chips, biochip optical readers, micro-electrophoresis analyzers and diagnostic tool for endometrial cancer.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were reported for issuance by the Board of Directors as of March 18, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "A one-year extension to the practical expedient for COVID-19 related rent concessions"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant accounts:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Biological assets are measured at fair value less costs to sell;

4) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, and the effect of the plan assets ceiling disclosure in Note 4(r) less plan assets.

(Continued)

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in Taiwan Dollars (TWD), which is the Company' s functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. When the Company is exposed to the variable remuneration from investing on other individual or sharing the rights of the remuneration, also, is able to influence the rewards, the Company controls the individual.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions, balances and any other unrealized profit or loss between the Company and other subsidiaries are all eliminated while preparing the consolidated financial reports. Comprehensive income (loss) of subsidiaries belongs to owner of the Company and the non-controlling interest respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Financial reports of subsidiaries had been adjusted properly and the accounting policies used in subsidiaries are same to the Group's accounting policies.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Differences between the amount paid or received from fair value and the adjustment of the non-controlling interest are directly realized to the equity and belong to the owners of the Company.

(ii) Losing control of subsidiaries

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement. The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(Continued)

(iii) List of subsidiaries in the consolidated financial statements:

List of subsidiaries in the consolidated financial statement:

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2021	Shareholding December 31, 2020	Remark
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Investment activities	100.00 %	100.00 %	
The Company	WIN Venture Capital Corp. (abbrev. WVC)	Investment activities	100.00 %	100.00 %	
The Company	Phalanx Biotech Group, Inc. (abbrev. PBL)	Researching, manufacturing and selling of high-density gene chips and testing service	73.67 %	54.48 %	(Note 1)
The Company	WIN Earn Investment Corp.	Investment activities	100.00 %	100.00 %	
The Company	WIN Chance Investment Corp.	Investment activities	100.00 %	100.00 %	
WVC	Phalanx Biotech Group, Inc.	Researching, manufacturing and selling of high-density gene chips and testing service	1.54 %	4.39 %	(Note 1)
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	81.23 %	81.69 %	(Note 1)
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Chance Agriculture Development Co., Ltd. (abbrev. Jiangsu Win Chance)	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed development and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	100.00 %	
Chainwin Cayman	Win Lux Biotech (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	100.00 %	100.00 %	
Chainwin Cayman	i-Chainwin Technology Co., Ltd.	Information software services	100.00 %	100.00 %	
Chainwin Cayman	Win Lux Biotech Co., Ltd.	Biotechnology service and pharmaceutical testing	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	
Chainwin Cayman	Chainwin (Huaian) AIoT Co., Ltd.	Information software services	100.00 %	-	
Chainwin Cayman	Jiangsu Win Advane Bio-Assay Co., Ltd.	Biotechnology testing service	100.00 %	-	
Chainwin Cayman	Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	100.00 %	-	
Jiangsu Win Chance	Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
PBL	PhalanxBio, Inc.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	
PBL	Phalanx Biotech Limited. (abbrev. PBL (HK))	Investment activities	100.00 %	100.00 %	
PBL	Guzip Biomarkers Corporation	Developing and selling of diagnostic tool for endometrial cancer	100.00 %	-	
PBL (HK)	Onearray Biotech (Kunshan) Co., Ltd.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	

Note 1: For the related information of the shareholding percentage change, please refer to Note 6(i).

Note 2: The aforementioned subsidiaries were recognized based on the audited financial statements by the certified public accountant.

(iv) List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate of the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency of the consolidated financial statements at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to the reporting currency of the consolidated financial statements at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

(i) It expects to be realized, or intends to be sold or consumed, in the normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It expects to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

(i) It expects to be settled in the normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents consist of 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, which meet the above criteria and for the purpose of fulfilling short term commitments instead of the purpose of investing activities or others, are categorized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date and settle date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit and loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Regular way purchase or sales of financial assets shall be recognized and derecognized, as applicable, using trade day.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

(Continued)

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Group’s right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features)

(Continued)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from its carrying amount. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

(ii) Financial liabilities

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Biological assets

Biological assets are measured at fair value less costs to sell on initial recognition, with any change therein recognized in profit or loss at the end of each reporting period. Costs to sell include all costs that would be necessary to sell the assets, excluding finance costs and tax expenses. Biological asset does not have a quoted market price in an active market and for which alternative fair value measurements are determined to be clearly unreliable. In such case, the asset is measured at cost less accumulated depreciation and impairment losses.

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(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, or joint control over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

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When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. Moreover, a difference shall be debited to retained earnings when the balance of capital surplus resulting from investments accounted for using equity method is not sufficient to be written off. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 2 to 30 years

2) Machinery and equipment: 1 to 10 years

3) Factory and equipment: 1 to 15 years

4) Other equipment: 1 to 19 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date at lease and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset:

- The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

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— the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— the Group designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including substantively fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

3) there is a change in the assessment on whether it will have the option to exercise a purchase; or

4) there is a change in the assessment on lease term as to whether it will be extended or terminated; or

5) there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rent income'.

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(n) Intangible assets

(i) Goodwill

1) Initial Recognition

Goodwill arising from the acquisition has been recognized as intangible assets.

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

(ii) Other intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Except goodwill, amortizable amount is the cost of an asset less its residual values. Intangible assets are amortized from the date that they are available for use by using straight-line method, the estimated useful lives for the current and comparative periods are as follows:

1) Technical know-how: 2 to 17 years

2) Computer software and information systems: 1 to 10 years

3) Others: 1 to 2 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end, and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and biological assets measured at fair value less costs) to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer'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 customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of electronic components over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 60 days, which is consistent with the market practice.

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A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Government grants

The Group recognizes an unconditional government grant related to research and development plan in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expense as the related services is provided.

(ii) Defined benefit plans

The Group' s net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

The grant date of the share-based payment is the date the Group inform their employees about the exercise price and shares.

(t) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(Continued)

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Business combinations

The Group treats the business combination as acquisition. Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group re-assesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess.

All transaction cost relating to a business combination are recognized immediately as expense when incurred, except for the issuance of debt or equity instruments.

(Continued)

The Group shall measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is remeasured, and the resulting gain or loss, if any, is recognized in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquire in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had directly disposed the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

(v) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration and new restricted shares of employee.

(w) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over its investee

The Group holds 49% of the outstanding voting shares of Rainbow Star Group Limited and is the single largest shareholder of the investee. The remaining 51% of Rainbow Star Group Limited's shares are concentrated within specific shareholders, and therefore the Group cannot obtain more than half of the total number of Rainbow Star Group Limited directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. As a result, it is determined that the Group has significant influence but not control over Rainbow Star Group Limited.

The Group holds 20.80% of the outstanding voting shares of ITEQ Corporation (hereinafter referred to as "ITEQ") and is the single largest shareholder of the investee. Although the remaining 79.20% of ITEQ's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of ITEQ directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. As a result, it is determined that the Group has significant influence but not control over ITEQ.

(b) Judgment of whether the Group has significant influence on its investee

The Group's 32.88% shares in NCF Fund II L.P. is deemed as a mutual fund. The Group does not act as the director and is not designed as the representative of those charged with the governance of NCF Fund II L.P. As a result, it is determined that the Group does not have significant influence on NCF Fund II L.P.

(c) Classification of lease

The factory lease agreements entered into by the Group were combined leases of land and buildings, recognized as operating leases. The proprietary of land was not transferred and the rental fee is increased to market rent at regular intervals. Also, the lessee does not participate in the residual value of the land and buildings. As a result, it was determined that the Group is responsible for all the risks and rewards of the land and buildings. Please refer to Note 6(t).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

- Valuation of inventories

  As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to Note 6(e).

The accounting policy and disclosure of the Group include that measuring the financial assets and financial liabilities at fair value. The Group uses external information to make the evaluation result agreed to market status and to confirm the data resource is independent reliable and consistent with other resource. The Group regularly revises the inputs and any essential adjustments on the fair value to confirm that evaluation results is reasonable. The Group regularly evaluates investment property using the evaluation methods and parametric assumptions announced by FSC.

When measuring the fair value of an asset or a liability, the Group usually uses market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

(a) Note 6(m)-Investment property.

(b) Note 6(ac)-Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 321	348
Cash in bank	13,647,220	8,211,545
Time deposits	2,684,218	144,377
	$ 16,331,759	**8,356,270**

Refer to Note 6(ac) for currency risk of the financial assets and liabilities and the fair value sensitivity analysis of the Group.

(Continued)

(b) Financial instruments

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

		December 31, 2021	December 31, 2020
Mandatorily measured at financial assets at fair value through profit or loss:			
Non-derivative financial assets			
Stock listed on domestic markets	$	18,541	10,239
Non-public stocks (Note)		380,417	-
Money market funds		43,334	745,799
Private fund (Note)		1,442,016	814,065
Total	**$**	**1,884,308**	**1,570,103**
Current	$	61,875	756,038
Non-current		1,822,433	814,065
	$	**1,884,308**	**1,570,103**

Note: As of December 31, 2021 and 2020, part of the private fund and non-public stocks were during the lock-up period.

		December 31, 2021	December 31, 2020
Mandatorily measured at current financial liabilities at fair value through profit or loss			
Convertible bonds with embedded derivatives	**$**	**180,497**	**-**

The derivative financial instruments arose from the issuance of overseas convertible bonds of the Group disclosed in Note 6(r).

The Group holds derivative financial instruments to hedge certain foreign exchange the Group is exposed to, arising from its operating activities. For the year ended December 31, 2020, the gains on settlement, amounting to $4,259 thousand, were recognized as other gains and losses. There was no such transaction for the year ended December 31, 2021.

Refer to Note 6(ab) for the amount of re-measurement at fair value recognized in profit or loss.

(Continued)

(ii) Non-current financial assets at fair value through other comprehensive income (FVOCI):

		December 31, 2021	December 31, 2020
Stocks listed on domestic markets	$	124,844	4,821,035
Stocks listed on US markets		1,381,391	935,248
Non-public stocks		680,342	963,298
	$	**2,186,577**	**6,719,581**

The Group decided to hold these equity instruments, which are not held for trading, at fair value through other comprehensive income.

For the years ended December 31, 2021 and 2020, the group received dividend income $45,244 thousand and $177,102 thousand, respectively, of the equity investment designated at fair value through other comprehensive income.

For the year ended December 31, 2021, due to the proportion of investment portfolio, the Group disposed the equity investments designated at fair value through other comprehensive income, with a fair value of $313,827 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to $162,636 thousand was transferred to retained earnings.

For the year ended December 31, 2021, due to operating strategy, the Group reclassified equity investments designated at fair value through other comprehensive income into investments accounted for using equity method. Please refer to Note 6(g) for related information.

For the year ended December 31, 2020, due to the redemption of preferred shares and the proportion of investment portfolio, the Group disposed the equity investments designated at fair value through other comprehensive income, with a fair value of $75,188 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to $50,067 thousand was transferred to retained earnings.

(iii) Sensitivity analysis in the equity price risk:

If the equity price changes, the impact to comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both periods, will be as follows:

		2021		2020	
Prices of securities at the reporting date		**After-tax other comprehensive income**	**After-tax profit (loss)**	**After-tax other comprehensive income**	**After-tax profit (loss)**
Increasing 3%	$	**65,597**	**11,969**	**201,587**	**307**
Decreasing 3%	$	**(65,597)**	**(11,969)**	**(201,587)**	**(307)**

(iv) As of December 31, 2021 and 2020, the financial assets were not pledged. For information on the Group’s credit risk and fair value information was disclosed in Note 6(ac).

(Continued)

(c) Notes and accounts receivable, net

	December 31, 2021	December 31, 2020
Notes receivable	$ 1,053	632
Accounts receivable	2,717,312	2,037,018
Less: loss allowance	(805)	(148)
	$ 2,717,560	2,037,502

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

The loss allowance provision was determined as follows:

(i) The segment of foundry and agriculture technology:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 2,556,855	0%	-
Past due 1~60 days	154,719	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	0%~1.67%	-
Past due more than 181 days	-	100%	-
	$ 2,711,574		-

	December 31, 2020		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 1,936,837	0%	-
Past due 1~60 days	97,116	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	1.67%~5.43%	-
Past due more than 181 days	-	100%	-
	$ 2,033,953		-

(Continued)

(ii) The segment of gene chip testing service:

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected loss rate**	**Lifetime expected credit loss allowance**
Not past due	$ 4,927	0%~29.86%	23
Past due 1~60 days	1,060	0%~36.91%	10
Past due 61~120 days	27	0%~49.81%	-
Past due 121~180 days	11	0%~61.11%	6
Past due more than 181 days	766	100%	766
	$ 6,791		805

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected loss rate**	**Lifetime expected credit loss allowance**
Not past due	$ 2,363	0.52%~9.40%	25
Past due 1~60 days	1,152	4.26%~48.02%	50
Past due 61~120 days	100	8.58%~60.93%	9
Past due 121~180 days	82	40.61%~77.78%	64
Past due more than 181 days	-	100%	-
	$ 3,697		148

The movements of loss allowance were as follows:

	2021	**2020**
Beginning balance	$ 148	4,344
Impairment loss recognized	694	23
Amounts written off	(37)	(4,263)
Effect of changes in foreign exchange rates	-	44
Ending balance	$ 805	148

As of December 31, 2021 and 2020, the notes and accounts receivable were not discounted nor pledged.

(Continued)

(d) Other receivables (recognized as other current assets)

		December 31, 2021	December 31, 2020
Other receivables	$	23,700	72,308
Less: loss allowance		-	-
	$	**23,700**	**72,308**

As of December 31, 2021 and 2020, other receivables were not past due nor impaired.

For information on the Group's credit risk was disclosed in Note 6(ac).

(e) Inventories

		December 31, 2021	December 31, 2020
Raw materials, supplies and spare parts	$	4,352,874	3,429,039
Work in process		1,291,563	1,288,669
Finished goods		1,026,300	780,895
	$	**6,670,737**	**5,498,603**

Except for cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

		2021	2020
Losses on valuation of inventories and obsolescence	$	**87,999**	**57,010**
Revenue from sale of scraps	$	**(52,200)**	**(27,405)**
Gains on physical inventory count	$	**(59)**	**(40)**

As of December 31, 2021 and 2020, the inventories were not pledged.

(f) Biological assets

(i) List of biological assets:

		December 31, 2021	December 31, 2020
Consumable biological assets	$	**138,494**	**283,273**
Bearer biological assets	$	**389,952**	**281,943**

(Continued)

(ii) Movements in biological assets:

		2021	2020
Beginning balance	$	565,216	31,989
Increase due to purchase		211,872	578,395
Input costs		666,872	378,314
Depreciation expenses		(61,141)	(6,495)
Decrease due to sales and disposals		(858,779)	(412,026)
Changes in fair value less costs to sell due to price changes		7,506	(21,326)
Effect of changes in foreign exchange rates		(3,100)	16,365
Ending balance	**$**	**528,446**	**565,216**
Current	$	138,494	283,273
Non-current		389,952	281,943
	$	**528,446**	**565,216**

For the years ended December 31, 2021 and 2020, the gains and losses of $7,506 thousand and $(21,326) thousand, respectively, were recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the higher of its carrying amount or fair value less costs to sell.

(iii) The numbers of the Group's biological assets were as follows:

Unit: head

	December 31, 2021	December 31, 2020
Farrows, hogs and breeders	46,684	28,753

(iv) Fair value

The Group uses valuation method to measure its biological assets to determine the fair value of the hogs and the farrows (which are required to reach a certain weight), less, cost to sell at the end of the reporting period. If biological asset does not have a quoted market price in an active market, the asset is measured at cost less accumulated depreciation and impairment losses.

Costs of the biological assets include all of the costs within the growth cycle, such as the cost of new-born farrows, the feed and the raising farm. The cost of the productive biological assets shall be depreciated on a straight-line basis over the producible term. The amortized term is within 36 months. For the years ended December 31, 2021 and 2020, the depreciation expenses of biological assets (which will be converted into its breeding biological assets) were $61,141 thousand and $6,495 thousand, respectively.

(Continued)

(v) The Group is exposed to the following risks relating to its hog farming:

1) Regulations and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at complying with the local environment and other laws. Management performs regular reviews to identify environmental risks and to ensure that systems in place are adequate to manage those risks.

2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of hogs. When possible, the Group manages this risk by aligning its farming volume with market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market.

3) Climate and other risks

The Group's hog farming is exposed to the risk of damage from climate change, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular pig health inspections and industry pest and disease surveys.

(vi) As of December 31, 2021 and 2020, the biological assets were not pledged.

(vii) Fair value valuation technique of biological assets used inputs that were categorized in level 3. Please refer to the table above regarding the movement of biological assets for a reconciliation beginning from the opening balance to the closing balance for level 3 fair value. In this period the fair value hierarchy of the biological assets were not transferred into or out of level 3. The valuation technique and significant unobservable inputs were as follows:

Items	Fair value valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Hogs in China	Price comparison: Estimated value of price comparison is compared with the biological assets of different type, quality and kinds, etc.	Evaluate the quality	Evaluate the changes in fair value, according to the quality of biological assets.

(Continued)

(g) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Associates	$ 10,405,398	841,825

(i) Associates

Associates which are material to the Group consisted of the followings:

Name of Associates	Main Businesses and Products	Main Operating Location/ Registered Country of the Company	Proportion of Shareholding and Voting Rights	
			December 31, 2021	December 31, 2020
Jiangsu CM/Chainwin Agriculture Development Co., Ltd. (abbrev. Jiangsu CM/Chainwin)	Developing hog farming technology and trading	China	49 %	49 %
ITEQ Corporation (abbrev. ITEQ)	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	Taiwan	20.80 %	-

The fair value of significant associate listed on the Taiwan Stock Exchange Corporation (TWSE) which is material to the Group is as follows:

	December 31, 2021
ITEQ	$ 11,309,197

The Group has significant influence over ITEQ after acquiring two seats of the Board of Directors on July 2, 2021. Therefore, the original account under fair value through other comprehensive income financial assets amounting to $7,275,063 thousand, was removed and reclassified into investment accounted for using equity method based on the fair value. The amount of profit related to the investment that was previously recognized in other comprehensive income of $2,896,840 thousand that would not be reclassified to profit or loss was reclassified to retained earnings. In the second half of 2021, the Group subscribed 24,548 thousand shares of cash capital increase amounting to $3,191,295 thousand and purchased 3,314 thousand shares amounting to $427,768 thousand from open market. The amount of investment cost over net equity amounting to $1,288,576 thousand was recognized as a deduction of retained earnings. Due to the aforementioned transactions, the shareholding percentage has increased from 15.55% to 20.80%.

(Continued)

In the fourth quarter of 2020, the Group subscribed the new shares contributed by Jiangsu CM/Chainwin for $170,913 thousand in cash. There was no such transaction for the year ended December, 31, 2021.

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates.

The financial information of Jiangsu CM/Chainwin:

	December 31, 2021	December 31, 2020
Current assets	$ 231,717	327,458
Non-current assets	1,304,478	1,532,346
Current liabilities	(127,658)	(222,515)
Non-current liabilities	(31,592)	(30,367)
Net assets	**$ 1,376,945**	**1,606,922**

	2021	2020
Operating revenue	**$ 371,177**	**553,184**
(Losses) profit	$ (217,715)	259,706
Other comprehensive income	-	-
Total comprehensive income	**$ (217,715)**	**259,706**

	2021	2020
Shares of net assets of Jiangsu CM/Chainwin at the beginning	$ 785,949	472,528
(Losses) profit attributable to the Group	(106,680)	127,256
Exchange differences on translation of foreign financial statements attributable to the Group	13,844	45,865
Shares of net assets of Jiangsu CM/Chainwin at the end	693,113	645,649
Add: Cash subscription	-	170,913
Effect of changes in foreign exchange rates	(19,811)	(30,613)
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group	**$ 673,302**	**785,949**

(Continued)

The financial information of ITEQ:

	December 31, 2021
Current assets	$ 24,375,370
Non-current assets	11,861,917
Current liabilities	(14,264,806)
Non-current liabilities	(657,743)
Net assets	**$ 21,314,738**

	2021
Operating revenue	**$ 32,524,688**
Profit	$ 3,144,803
Other comprehensive income	(67,363)
Total comprehensive income	**$ 3,077,440**

	2021
The fair value on the date of obtaining significant influence	$ 7,275,063
Additions	3,619,063
Profit attributable to the Group	306,373
Comprehensive income attributable to the Group	25,420
Deduction in retained earnings from disproportionate capital increase	(1,288,596)
Dividend received from associates	(258,899)
Changes in capital surplus of associates	510
Carrying amount of equity of ITEQ attributable to the Group	9,678,934
Less: Goodwill	(5,245,224)
Shares of net assets of ITEQ at the end	**$ 4,433,710**

Summary of financial information for the individually insignificant investments in associates accounted for using equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group:

	December 31, 2021	December 31, 2020
Total equity of the individually insignificant investments in associates	**$ 53,162**	**55,876**

(Continued)

		2021	2020
Attributable to the Group:			
Losses	$	(1,158)	(1,226)
Other comprehensive income		-	-
Total comprehensive income	$	**(1,158)**	**(1,226)**

(ii) Pledge to secure

As of December 31, 2021 and 2020, the investments accounted for using equity method were not pledged.

(h) Business combination

In order to integrate industrial resources, expand operating scale, and enhance market competitiveness, the Company's subsidiary, Phalanx Biotech Group, Inc. (abbrev. PBL) conducted share swap with Guzip Biomarkers Corporation (abbrev. Guzip) on December 30, 2021. The share swap ratio of PLB to Guzip is 1 to 2. PLB would obtain 100% of shares of Guzip. Guzip is mainly engaged in developing and selling of diagnostic tool for endometrial cancer.

If the acquisition had occurred on January 1, 2021, the management estimates that the consolidated revenue would have been $4,955 thousand and the consolidated net losses would have been $8,403 thousand. The abovementioned influences do not include adjustments on the fair value.

The acquisition-date fair value of major class of consideration transferred was as follows:

(i) Consideration transferred

PBL obtain 100% of shares of Guzip through conducting share swap with Guzip.

Ordinary shares with fair value of $81,727 thousand were issued as the consideration transferred for the share swap with Guzip, based on the income approach on June 30, 2021. The fair value measurement for the controlling interests has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. The key assumptions are as follows:

1) The discount rate is based on the weighted-average cost of capital that computed by PBL and the different capital structure of the comparable companies and corresponded by the market value;

2) Ten years of cash flows were included in the discounted cash flow model. Budgeted annual earnings after tax, before interest, depreciation and amortization were based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth.

(Continued)

(ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$	458
Notes and accounts receivable		55
Other current assets		811
Property, plant and equipment (Note 6(k))		34
Intangible assets (Note 6(n))		39,534
Other non-current assets		2,692
Other payables		(165)
Other current liabilities		(9)
Fair value of identifiable net assets acquired	**$**	**43,410**

(iii) Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$	81,727
Less: Fair value of identifiable net assets		(43,410)
Goodwill (Note 6(n))	**$**	**38,317**

Goodwill mainly attributed to the know-how of Guzip.

(i) Changes in a parent's ownership interest in a subsidiary

(i) Chainwin Cayman

On May 6, 2021, June 16 and November 10, 2020, the Group subscribed the new shares contributed by Chainwin Cayman for $2,764,000 thousand, $1,481,500 thousand and $1,440,500 thousand in cash, respectively. Therefore, for the years ended December 31, 2021 and 2020, the Group decreased its ownership from 81.69% to 81.23% and 96.30% to 81.69%, respectively.

Based on the aforementioned transactions, the effects of the changes in shareholdings were as follows:

		2021	**2020**
Carrying amount of interest on acquisition	$	2,769,313	2,991,410
Consideration paid		(2,764,000)	(2,922,000)
Capital surplus changes in ownership interests in subsidiaries	**$**	**5,313**	**69,410**

(ii) Phalanx Biotech

On July 8, 2021, the Group subscribed the new shares contributed by Phalanx Biotech for $475,018 thousand in cash, and Phalanx Biotech acquired Guzip Biomarkers Corporation by issuing ordinary shares. Therefore, for the year ended December 31, 2021, the ownership increased from 58.87% to 75.21%. There was no such transaction for the year ended December 31, 2020.

(Continued)

Based on the aforementioned transactions, the effects of the changes in shareholding were as follows:

		2021
Carrying amount of interest on acquisition	$	460,516
Consideration paid		(475,018)
Capital surplus and retained earnings changes in ownership interests in subsidiaries	$	**(14,502)**

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests	
Subsidiaries	**Registration**	**December 31, 2021**	**December 31, 2020**
Chainwin Cayman	Cayman Islands	18.77 %	18.31 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in the information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

		December 31, 2021	December 31, 2020
Current assets	$	4,842,182	4,175,192
Non-current assets		12,334,743	8,558,461
Current liabilities		(467,228)	(213,678)
Non-current liabilities		(5,974,406)	(4,064,329)
Net assets	$	**10,735,291**	**8,455,646**
Non-controlling interests	$	**2,015,403**	**1,548,228**

		2021	2020
Operating revenue	$	**393,628**	**382,239**
Losses	$	(1,109,692)	(171,602)
Other comprehensive income (loss)		(65,663)	26,999
Total comprehensive income (loss)	$	**(1,175,355)**	**(144,603)**
Losses attributable to non-controlling interests	$	**(207,080)**	**(10,625)**
Comprehensive income (loss), attributable to non-controlling interests	$	**(218,512)**	**10,781**

(Continued)

	2021	2020
Net cash flows used in operating activities	$ (735,546)	(709,599)
Net cash flows used in investing activities	(3,648,215)	(4,612,387)
Net cash flows from financing activities	5,216,149	7,401,569
Effect of changes in foreign exchange rate	(43,869)	(81,144)
Increase in cash and cash equivalents	$ **788,519**	**1,998,439**

(k) Property, plant and equipment

The movements in property, plant and equipment were as follows:

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress and inspection-awaited devices	Total
Cost:							
Balance as of January 1, 2021	$ 2,546,534	2,445,758	22,097,218	6,180,047	642,560	6,706,796	40,618,913
Acquisition through business combinations	-	-	-	-	734	-	734
Additions	-	199,786	731,822	334,428	221,845	5,305,248	6,793,129
Reclassification (Note 1)	-	2,880,874	987,449	253,538	817	(2,531,485)	1,591,193
Disposals	-	(117,131)	(3,543,897)	(361,713)	(300,140)	(31,286)	(4,354,167)
Effect of changes in foreign exchange rates	-	164	(76)	(255)	(355)	(47,027)	(47,549)
Balance as of December 31, 2021	$ **2,546,534**	**5,409,451**	**20,272,516**	**6,406,045**	**565,461**	**9,402,246**	**44,602,253**
Balance as of January 1, 2020	$ 2,546,534	2,440,170	21,000,682	5,717,323	537,768	2,224,358	34,466,835
Additions	-	2,656	1,923,501	269,630	198,966	4,543,421	6,938,174
Reclassification (Note 2)	-	6,299	1,965,548	242,740	20,740	(175,080)	2,060,247
Disposals	-	(4,304)	(2,792,630)	(50,432)	(115,931)	-	(2,963,297)
Effect of changes in foreign exchange rates	-	937	117	786	1,017	114,097	116,954
Balance as of December 31, 2020	$ **2,546,534**	**2,445,758**	**22,097,218**	**6,180,047**	**642,560**	**6,706,796**	**40,618,913**
Accumulated depreciation:							
Balance as of January 1, 2021	$ -	921,015	12,894,424	3,019,553	361,704	-	17,196,696
Acquisition through business combinations	-	-	-	-	700	-	700
Depreciation	-	155,108	2,970,719	546,499	172,802	-	3,845,128
Reclassification (Note 3)	-	73,108	(1)	-	(2,897)	-	70,210
Disposals	-	(103,872)	(3,537,610)	(352,285)	(300,140)	-	(4,293,907)
Effect of changes in foreign exchange rates	-	(141)	(58)	(154)	(218)	-	(571)
Balance as of December 31, 2021	$ **-**	**1,045,218**	**12,327,474**	**3,213,613**	**231,951**	**-**	**16,818,256**
Balance as of January 1, 2020	$ -	799,279	12,925,067	2,576,431	299,748	-	16,600,525
Depreciation	-	125,723	2,720,749	493,134	177,453	-	3,517,059
Disposals	-	(4,268)	(2,751,463)	(50,394)	(115,931)	-	(2,922,056)
Effect of changes in foreign exchange rates	-	281	71	382	434	-	1,168
Balance as of December 31, 2020	$ **-**	**921,015**	**12,894,424**	**3,019,553**	**361,704**	**-**	**17,196,696**
Carrying amount:							
Balance as of December 31, 2021	$ **2,546,534**	**4,364,233**	**7,945,042**	**3,192,432**	**333,510**	**9,402,246**	**27,783,997**
Balance as of January 1, 2020	$ **2,546,534**	**1,640,891**	**8,075,615**	**3,140,892**	**238,020**	**2,224,358**	**17,866,310**
Balance as of December 31, 2020	$ **2,546,534**	**1,524,743**	**9,202,794**	**3,160,494**	**280,856**	**6,706,796**	**23,422,217**

(Continued)

Note 1: Inventories, prepayments for business facilities, investment property, other non-current assets, and capitalized right-of-use depreciation expenses were reclassified as property, plant and equipment.

Note 2: Inventories, prepayments for business facilities, and capitalized right-of-use depreciation expenses were reclassified as property, plant and equipment.

Note 3: Investment property was reclassified as property, plant and equipment.

(i) Pledge to secure

As of December 31, 2021 and 2020, the property, plant and equipment were subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8.

(ii) Property, plant and equipment under construction

The Group rented some pieces of land and entered into different agreements for the construction of its new factories on the said lands. For the year ended December 31, 2021, the Group has constructed factories amounting to $2,412,337 thousand, and has recognized as construction in progress. As of December 31, 2021, the total amount of the construction is $8,375,525 thousand, and is recognized as construction in progress.

(iii) For the years ended December 31, 2021 and 2020, capitalized interest expenses amounted to $45,237 thousand and $32,221 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.48%~0.72% and 0.60%~2.28%, respectively.

(l) Right-of-use assets

The movements in right-of-use assets were as follows:

	Land	Buildings and structures	Other equipment	Total
Cost:				
Balance as of January 1, 2021	$ 530,419	393,559	13,630	937,608
Additions	492,087	114,505	13,138	619,730
Disposals	(32,147)	(25,648)	(5,928)	(63,723)
Effect of change in foreign exchange rates	(3,490)	231	13	(3,246)
Balance as of December 31, 2021	**$ 986,869**	**482,647**	**20,853**	**1,490,369**
Balance as of January 1, 2020	$ 391,749	103,892	11,025	506,666
Additions	129,593	288,290	5,127	423,010
Disposals	(45)	(520)	(2,522)	(3,087)
Effect of change in foreign exchange rates	9,122	1,897	-	11,019
Balance as of December 31, 2020	**$ 530,419**	**393,559**	**13,630**	**937,608**

(Continued)

		Land	Buildings and structures	Other equipment	Total
Accumulated depreciation:					
Balance as of January 1, 2021	$	60,596	82,963	6,916	150,475
Depreciation (Note 1)		59,902	63,659	4,800	128,361
Disposals		(12,163)	(25,648)	(5,928)	(43,739)
Effect of change in foreign exchange rates		(315)	(29)	-	(344)
Balance as of December 31, 2021	$	**108,020**	**120,945**	**5,788**	**234,753**
Balance as of January 1, 2020	$	24,602	35,729	3,987	64,318
Depreciation (Note 2)		35,162	47,656	5,451	88,269
Disposals		-	(520)	(2,522)	(3,042)
Effect of change in foreign exchange rates		832	98	-	930
Balance as of December 31, 2020	$	**60,596**	**82,963**	**6,916**	**150,475**
Carrying amount:					
Balance as of December 31, 2021	$	**878,849**	**361,702**	**15,065**	**1,255,616**
Balance as of January 1, 2020	$	**367,147**	**68,163**	**7,038**	**442,348**
Balance as of December 31, 2020	$	**469,823**	**310,596**	**6,714**	**787,133**

Note 1: Including capitalized depreciation expenses transferred to construction in progress, which amounted to $4,973 thousand.

Note 2: Including capitalized depreciation expenses transferred to construction in progress, which amounted to $4,602 thousand.

(m) Investment property

The movements in investment property were as follows:

		Land	Buildings and structures	Total
Cost:				
Balance as of January 1, 2021	$	963,127	529,952	1,493,079
Additions		-	-	-
Reclassification as property, plant and equipment		-	(391,727)	(391,727)
Balance as of December 31, 2021	$	**963,127**	**138,225**	**1,101,352**
Balance as of January 1, 2020	$	963,127	529,952	1,493,079
Additions		-	-	-
Balance as of December 31, 2020	$	**963,127**	**529,952**	**1,493,079**

(Continued)

		Land	Buildings and structures	Total
Accumulated depreciation:				
Balance as of January 1, 2021	$	-	112,298	112,298
Depreciation		-	5,316	5,316
Reclassification as property, plant and equipment		-	(70,210)	(70,210)
Balance as of December 31, 2021	$	**-**	**47,404**	**47,404**
Balance as of January 1, 2020	$	-	91,924	91,924
Depreciation		-	20,374	20,374
Balance as of December 31, 2020	$	**-**	**112,298**	**112,298**
Carrying amount:				
Balance as of December 31, 2021	$	**963,127**	**90,821**	**1,053,948**
Balance as of January 1, 2020	$	**963,127**	**438,028**	**1,401,155**
Balance as of December 31, 2020	$	**963,127**	**417,654**	**1,380,781**
Fair value:				
Balance as of December 31, 2021				$ **1,183,495**
Balance as of December 31, 2020				$ **1,533,631**

When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value. As of December 31, 2021 and 2020, the yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

Location	December 31, 2021	December 31, 2020
Hsinchu	0.42%	0.36%
Taoyuan	-%	0.53%

As of December 31, 2020, investment property was subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8. As of December 31, 2021, the investment property was not pledged.

(Continued)

(n) Intangible assets

(i) The movements in intangible assets were as follows:

	Technical know-how	Computer software and information systems	Goodwill	Others	Total
Cost:					
Balance as of January 1, 2021	$ 49,155	390,064	436,786	25,686	901,691
Acquisition through business combinations	39,577	350	38,317	27	78,271
Additions	-	94,645	-	192	94,837
Reclassification (Note 1)	1,000	25,773	-	-	26,773
Disposals	(2,000)	(57,426)	-	(3,038)	(62,464)
Effect of changes in foreign exchange rates	-	(585)	(3,316)	(549)	(4,450)
Balance as of December 31, 2021	**$ 87,732**	**452,821**	**471,787**	**22,318**	**1,034,658**
Balance as of January 1, 2020	$ 49,280	188,418	443,002	22,628	703,328
Additions	-	260,577	-	5,786	266,363
Reclassification (Note 2)	-	17,988	-	-	17,988
Disposals	(125)	(67,734)	-	(1,696)	(69,555)
Effect of changes in foreign exchange rates	-	(9,185)	(6,216)	(1,032)	(16,433)
Balance as of December 31, 2020	**$ 49,155**	**390,064**	**436,786**	**25,686**	**901,691**
Amortization:					
Balance as of January 1, 2021	$ 40,380	104,301	159,382	19,197	323,260
Acquisition through business combinations	322	92	-	6	420
Amortization	4,712	121,694	-	5,963	132,369
Disposals	(2,000)	(57,426)	-	(3,038)	(62,464)
Effect of changes in foreign exchange rates	-	(289)	-	(523)	(812)
Balance as of December 31, 2021	**$ 43,414**	**168,372**	**159,382**	**21,605**	**392,773**
Balance as of January 1, 2020	$ 35,844	74,587	-	15,443	125,874
Amortization	4,661	97,918	-	6,302	108,881
Impairment loss	-	-	159,382	-	159,382
Disposals	(125)	(67,734)	-	(1,696)	(69,555)
Effect of changes in foreign exchange rates	-	(470)	-	(852)	(1,322)
Balance as of December 31, 2020	**$ 40,380**	**104,301**	**159,382**	**19,197**	**323,260**
Carrying amount:					
Balance as of December 31, 2021	**$ 44,318**	**284,449**	**312,405**	**713**	**641,885**
Balance as of January 1, 2020	**$ 13,436**	**113,831**	**443,002**	**7,185**	**577,454**
Balance as of December 31, 2020	**$ 8,775**	**285,763**	**277,404**	**6,489**	**578,431**

Note 1: Prepayments for business facilities and other current assets were reclassified as intangible assets.

Note 2: Prepayments for business facilities, other current assets and other non-current assets were reclassified as intangible assets.

(ii) Amortization expense recognized in profit or loss

For the years ended December 31, 2021 and 2020, the amortization expenses of intangible assets were as follows:

	2021	2020
Operating costs	$ 34,917	25,151
Operating expenses	97,452	83,730
	$ 132,369	**108,881**

(Continued)

(iii) Impairment testing for goodwill

1) Chainwin Cayman

The goodwill of $132,278 thousand was derived from the acquisition of and the control over Chainwin Cayman by the Group on August 19, 2016. The goodwill was mainly attributed to the profitability of the hog farming in mainland China. Chainwin Cayman is regarded as a cash-generating units (the “CGU”) to generate cash inflows that are independent of those from others. Therefore, goodwill is tested for impairment by comparing the recoverable amount of Chainwin Cayman with its carrying amount to determine whether an impairment loss should be recognized.

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2016 to 2021. The construction of certain factory farms of Chainwin Cayman had been delayed, resulting in failure to increase the scale on farm raising. Therefore, the actual operating revenue for the years of 2021 and 2020 decreased by 89% and 90%, respectively, which were lower than the original forecast.

On December 31, 2021 and 2020, the recoverable amount determined by the value-in-use for the cash-generating unit is higher than the carrying amount. Therefore, there was no impairment loss should be recognized.

The total amount of goodwill has been allocated to the agriculture technology for the Group’s impairment testing purpose. The CGU are used as the minimum level for investment return of goodwill supervised by the management.

The Group’s goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumption used in the estimation of the value-in-use of the CGU were as follows:

a) The future cash flow was based on expectations of future operations, taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past year, and the estimated sales volume and price growth for the next five years. The assumptions were in line with the information obtained from external local market who publish a statistical analysis on market trends.

b) The assumption on before-tax discount rate is based on the weighted average cost of capital. As of December 31, 2021 and 2020, the applied before-tax discount rate of the recoverable amount of the units were 7.52% and 7.49%, respectively.

(Continued)

2) PBL

The goodwill of $318,763 thousand was derived from the Group became the largest shareholder of and obtained control over PBL on July 12, 2018. The goodwill was mainly attributed to the profitability in microarray services market and the know-how of PBL work force. PBL is regarded as a CGU to generate cash inflows that are independent of those from others. Therefore, goodwill is tested for impairment by comparing the recoverable amount of PBL with its carrying amount to determine whether an impairment loss should be recognized.

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2018 to 2025. The market share of PBL’ s services was not unproductive and the technology transfer cases of PBL did not finished on time; therefore, the actual operating revenue for the years of 2021 and 2020 decreased by 84% and 82%, respectively, which were lower than the original forecast.

On December 31, 2021, the recoverable amount determined by the value-in-use for the cash-generating unit is higher than the carrying amount. Therefore, there was no impairment loss should be recognized. And an impairment loss of goodwill of $159,382 thousand was recognized in 2020.

The total amount of goodwill has been allocated to the gene chip testing service for the Group’ s impairment testing purpose. The CGU are used as the minimum level for investment return of goodwill supervised by the management.

The Group’s goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumption used in the estimation of the value-in-use of the CGU were as follows:

a) The future cash flow was based on expectations of future operations, taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past year, and the estimated sales volume and price growth for the next 5 years.

b) The assumption on before-tax discount rate is based on the weighted average cost of capital. As of December 31, 2021 and 2020, the applied before-tax discount rate of the recoverable amount of the units were 12.93% and 8.16%, respectively.

3) Guzip

The goodwill of $38,317 thousand was derived from the Group's acquisition of 100% shares of Guzip through share swap. The goodwill was mainly attributed to the know-how of Guzip work force. The Group obtained Guzip on December 30, 2021. Therefore, the Group no longer determined whether an impairment loss should be recognized.

(Continued)

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2022 to 2031.

4) Pledge to secure

As of December 31, 2021 and 2020, the intangible assets were not pledged.

(o) Other current assets and other non-current assets

	December 31, 2021	December 31, 2020
Tax refund receivables	$ 125,031	134,541
Other receivables	23,700	72,308
Prepayments to suppliers	20,989	32,181
Prepaid expenses	138,001	137,367
Offset against business tax payable	199,646	148,672
Restricted assets	118,900	165,982
Refundable deposits	160,040	115,344
Long-term prepayments to suppliers	36,074	-
Long-term prepaid intangible assets	2,672	54,682
Others	38,225	30,204
	$ 863,278	**891,281**

(p) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured short-term borrowings	**$ -**	**-**
Unused bank credit lines for short-term borrowings	**$ 1,010,000**	**802,430**
Unused bank credit lines for short-term and long-term borrowings	**$ 3,568,680**	**3,450,712**

(q) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured long-term borrowings (in TWD)	$ 750,000	750,000
Secured long-term syndicated borrowings (in USD)	5,522,160	3,659,680
Unsecured long-term borrowings (in TWD)	9,720,660	7,008,940
Less: long-term liabilities, current portion	-	-
Total	**$ 15,992,820**	**11,418,620**
Unused bank credit lines for long-term borrowings	**$ 8,922,568**	**9,814,928**
Annual interest rate	**0.25%~0.98%**	**0.25%~1.00%**
Expiry date	**2023/12/15~2025/8/16**	**2022/3/15~2025/8/16**

(Continued)

As of December 31, 2021, the remaining balances of the borrowing due were as follows:

Year due	Amount
January 1, 2023~December 31, 2023	$ 2,753,310
January 1, 2024~December 31, 2024	6,412,080
January 1, 2025~and after	6,827,430
	$ 15,992,820

(i) The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in Note 6(p).

(ii) The collateral for these long-term borrowings were disclosed in Note 8.

(iii) In June 2019, the Group entered into a three-year syndicated loan agreement with Far Eastern International Bank and other four banks. The total credit facility under this loan agreement is US$200,000 thousand.

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

1) At the end of reporting period, current ratio (current assets / current liabilities): shall not be lower than 100%;

2) Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense)]: shall not be lower than 100%; and

3) Tangible net assets value (equity − intangible assets): shall not be lower than NT$15,000,000 thousand.

After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

For the years ended December 31, 2021 and 2020, the Group were in compliance with the above financial covenants and restrictions.

(iv) In December 2021, the Group entered into a three-year syndicated loan agreement with Far Eastern International Bank and other ten banks. The total credit facility under this loan agreement is US$300,000 thousand. The loans from the initial withdrawal should be first paid off the outstanding amount of syndicated loan agreement in June 2019.

(Continued)

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

1) At the end of reporting period, current ratio (current assets / current liabilities): shall not lower than 100%;

2) Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense)]: shall not be lower than 100%; and

3) Tangible net assets value (equity－ intangible assets): hall not be lower than NT$20,000,000 thousand.

After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

For the year ended December 31, 2021, the Group were in compliance with the above financial covenants and restrictions.

(r) Bonds payable

The details of bonds payable were as follows:

	December 31, 2021	December 31, 2020
Overseas convertible bonds	$ 13,992,000	-
Less: Unamortized discounted bonds payable	(705,361)	-
Current portion	-	-
Total	**$ 13,286,639**	**-**

Proceeds from issuance (less transaction cost amounted to $89,226 thousand)	$ 13,902,774
Equity components (less transaction cost amortized to equity component of $4,147 thousand)	(639,583)
Embedded derivatives instruments－put/ call options	(139,920)
Liability components at the issuance date (less transaction cost allocated to liability component of $85,079 thousand)	13,123,271
Interest expense at an effective interest rate of 1.28%	163,368
Liability components at December 31, 2021	**$ 13,286,639**

(Continued)

The Company resolved to issue the first unsecured overseas convertible bonds, as proposed in the Board of Directors meeting held on November 27, 2020, which had been approved by the Financial Supervisory Commission with approval No.1090377907 on December 25, 2020 and been issued on the Singapore Exchange Securities Trading Limited on January 14, 2021. The Company issued the 5 years unsecured convertible bond, amounting to US$500,000 thousand without coupon rate, with the maturity dates on January 14, 2026.

Unless previously redeemed, repurchased, and cancelled or converted, regulations and except during the closed period, the bonds may be converted into the Company's common shares pursuant to the applicable laws and regulations and the indenture at any time starting from the next day immediately after three months from the issue date to (1) the 10 day prior to the maturity date or (2) the 5 business day prior to the applicable redemption date on which a bondholder exercises its put right or the applicable date (other than the maturity date) on which the Company exercises its redemption right.

The conversion price was 140% of the closing price of the Company's common share on the Taipei Exchange on the pricing date, which was NT$497. The number of common share to be delivered upon conversion of any bond will be determined with the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.984 to US$1, which as determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture. As of December 31, 2021, the conversion price was adjusted to NT$483.16 per share.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was accounted under the capital surplus-stock option. The effective interest rate originally recognized for the liability component was 1.28%.

(s) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	$ 122,882	84,993
Non-current	$ 1,034,327	614,891

For the maturity analysis, please refer to Note 6(ac).

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest expenses on lease liabilities	$ 25,989	12,973
Expenses relating to short-term leases	$ 10,236	13,729
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,477	1,309

(Continued)

The amounts recognized in the statement of cash flows for the Group was as follows:

		2021	2020
Total cash outflow for leases	$	**201,175**	**133,435**

(i) Real estate and buildings leases

The Group leases land and buildings and structures for its factories and staff dormitories. The leases of them typically run for a period of 2 to 50 years.

(ii) Other leases

The Group leases printer and transportation equipment, with lease terms of 2 to 10 years.

(iii) Others

Parts of the leases of transportation equipment, machinery and equipment, office and staff dormitories are with contract terms of less than one year. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. Also, some leases contain cancellation options exercisable by the Group. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(t) Operating lease

The Group leased its investment property under operating lease, which was disclosed in Note 6(m).

For the years ended December 31, 2021 and 2020, the rental income amounted to $35,180 thousand and $73,849 thousand, respectively.

(u) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

		December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$	162,260	158,573
Fair value of plan assets		(49,234)	(47,690)
Net defined benefit liabilities (Note)	$	**113,026**	**110,883**

Note: Recognized liabilities for defined benefit obligations were recognized as other non-current liabilities.

(Continued)

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Founds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to $49,234 thousand as of December 31, 2021. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Founds, Ministry of Labor.

2) The movements in present value of the defined benefit obligations

For the years ended December 31, 2021 and 2020, movements in the present value of the defined benefit obligations for the Group were as follows:

	2021	2020
Defined benefit obligations at the beginning	$ 158,573	144,155
Current service costs and interest cost	2,093	2,367
Remeasurements of the net defined benefit liability (asset):		
—Actuarial (gains) losses arising from demographics assumption	4,123	-
—Actuarial (gains) losses arising from financial assumption	-	6,498
—Experience adjustments	(2,529)	5,553
Defined benefit obligations at the end	**$ 162,260**	**158,573**

(Continued)

3) The movements in fair value of the defined benefit plan assets

For the years ended December 31, 2021 and 2020, movements in the fair value of the plan assets were as follows:

	2021	2020
Fair value of plan assets at the beginning	$ 47,690	45,194
Interest revenue	352	501
Remeasurements of the net defined benefit liability (asset):		
－Return on plan assets (excluding the interest revenue)	495	1,315
Amounts contributed to plan	697	680
Fair value of plan assets at the end	**$ 49,234**	**47,690**

4) The movement in effect of plan asset ceiling

For the years ended December 31, 2021 and 2020, there were no changes in the effect of plan asset ceiling.

5) The expenses recognized in profit or losses

For the years ended December 31, 2021 and 2020, the expenses recognized in profit or losses for the Group were as follows:

	2021	2020
Current service costs	$ 940	793
Net interest expense of net defined benefit liabilities (assets)	801	1,073
	$ 1,741	**1,866**

	2021	2020
Administrative expenses	**$ 1,741**	**1,866**

6) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

For the years ended December 31, 2021 and 2020, the remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	2021	2020
Balance at the beginning	$ 72,961	62,225
Recognized in the current period	1,099	10,736
Balance at the end	**$ 74,060**	**72,961**

(Continued)

7) Actuarial assumptions

At the end of the reporting date, the principal actuarial assumptions were as follows:

	December 31, 2021	**December 31, 2020**
Discount rate	0.750 %	0.750 %
Future salary rate increases	4.500 %	4.500 %

The Group expects to make contributions of $150 thousand to the defined benefit plans in the next year starting from December 31, 2021.

For 2021, the weighted average duration of the defined benefit plans is 15.29 years.

8) Sensitivity analysis

As of December 31, 2021 and 2020, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
Balance as of December 31, 2021		
Discount rate	$ (4,388)	4,567
Future salary increase rate	4,330	(4,177)
Balance as of December 31, 2020		
Discount rate	$ (4,372)	4,541
Future salary increase rate	4,300	(4,170)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee’s monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

(Continued)

The Group set aside $127,614 thousand and $113,987 thousand, respectively, of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020.

(iii) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2021 and 2020, the Group recognized the pension costs in accordance with the pension regulations and amounted to $13,627 thousand and $599 thousand, respectively.

(v) Income tax

(i) Income tax expense

The amounts of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Current tax expense (benefit)		
Current period	$ 1,392,243	1,561,285
Adjustment for prior periods	(5,726)	(45,842)
Subtotal	1,386,517	1,515,443
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(197,052)	18,129
Income tax expense	**$ 1,189,465**	**1,533,572**

The amount of income tax benefit recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Components of other comprehensive income that will not be classified to profit or loss:		
The remeasurements of defined benefit plans	**$ 220**	**2,147**

(Continued)

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

	2021	2020
Profit before tax	$ **6,399,879**	**8,002,183**
Estimated income tax calculated using the Company's domestic tax rate	$ 1,279,976	1,600,436
Tax-exempt income	(2,974)	(80,563)
Investment tax credits	(155,180)	(94,701)
Change in unrecognized deductible temporary differences	28,909	28,160
Adjustment for prior periods	(5,726)	(45,842)
Additional tax on unappropriated earnings	83,639	53,608
Others	(39,179)	72,474
	$ **1,189,465**	**1,533,572**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 37,538	40,302
The carry forward of unused tax losses	231,657	199,984
	$ **269,195**	**240,286**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(Continued)

As of December 31, 2021, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry date
2012	$ 44,302	2022
2013	49,138	2023
2014	53,221	2024
2015	50,740	2025
2016	77,244	2026
2017	142,749	2027
2018	146,068	2028
2019	164,593	2029
2020	172,388	2030
2021	257,843	2031
	$ 1,158,286	

As of December 31, 2021 and 2020, there were no deferred tax liabilities have not been recognized.

2) Movements in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Unrealized investment loss recognized under equity method	Others	Total
Deferred tax assets:					
Balance as of January 1, 2021	$ 46,170	2,970	119,156	51,548	219,844
Recognized in profit or loss	10,668	(1,627)	159,395	28,616	197,052
Recognized in other comprehensive income	-	-	-	220	220
Balance as of December 31, 2021	**$ 56,838**	**1,343**	**278,551**	**80,384**	**417,116**
Balance as of January 1, 2020	$ 38,636	60,543	79,868	56,779	235,826
Recognized in profit or loss	7,534	(57,573)	39,288	(7,378)	(18,129)
Recognized in other comprehensive income	-	-	-	2,147	2,147
Balance as of December 31, 2020	**$ 46,170**	**2,970**	**119,156**	**51,548**	**219,844**

(iii) Assessment

The Company's corporate income tax returns for all the years through 2019 were assessed by the tax authorities.

(Continued)

(w) Capital and other equity

(i) Ordinary share issuance

As of December 31, 2021 and 2020, the Group's authorized share capital consisted of 10,000,000 thousand shares of ordinary shares, with $10 dollars par value per share, of which 423,976 thousand shares, and 424,056 thousand shares, respectively, were issued. The Group has reserved $1,000,000 thousand for employee stock options.

Reconciliations of shares outstanding for the years ended December 31, 2021 and 2020 :

	Ordinary share (in thousands)	
	2021	**2020**
Balance at the beginning	424,056	424,056
Purchase and retirement of restricted shares of stock for employees	(80)	-
Balance at the end	**423,976**	**424,056**

On March 18 and November 5, 2021, the Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 15 and 65 thousand shares, at 10 dollars par value per share, amounting to $800 thousand. The recognition dates for capital reduction were March 31 and November 5, 2021. All related registration procedures had been completed.

On December 22, 2017, the Company issued 20,000 thousand ordinary shares, with subscription price of $277 per share, under private placement. The private placement of ordinary shares would be subject to section 43-8 requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded publicly after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission. The application of the aforementioned privately placed shares for public offering had been approved by the Competent Authorities. Therefore, the above shares took effect on June 23, 2021.

(ii) Capital surplus

Balance of capital surplus at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Additional paid-in capital	$ 9,190,855	9,031,035
Equity component of convertible bonds	639,583	-
Changes in ownership interests in subsidiaries	85,565	69,410
Changes in equity of associates accounted for using the equity method	510	-
Employee stock options	3,245	2,915
Restricted shares of stock issued for employees	50,156	219,738
	$ 9,969,914	**9,323,098**

(Continued)

In accordance with amended Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities, but the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. Otherwise, the Company shall set aside at least 50% for shareholder, the distribution of remaining balance of the earnings should be further proposed by the Board of Directors and resolved by the shareholders' meeting. And the cash dividends should not lower than 10% of the total stockholders' dividends.

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reverse

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

3) Appropriations of earnings

The appropriations of earning for 2020 and 2019 had been approved in the meeting of Board of Directors held on March 18, 2021 and 2020, respectively. The appropriations and dividends were as follows:

	2020	2019
Cash dividends	$ 4,240,414	2,968,394

The related information mentioned above can be found on websites such as the Market Observation Post System.

On March 18, 2022, the Board of Directors resolved to appropriate the 2021 earnings. The earnings were appropriated as follows:

	2021	
	Amount per share (in dollars)	Total amount
Cash dividends	$ 8.00	$ 3,391,811

(iv) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2021	$ (202,205)	3,780,846	(65,738)
Foreign currency differences (net of tax):			
The Group	(104,643)	-	-
Associates	37,439	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
－The Group	-	323,357	-
－Associates	-	(656)	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax):	-	(3,059,476)	-
Forfeiture of unvested restricted shares of employee	-	-	10,562
Compensation cost arising from restricted shares of employees	-	-	48,579
Balance as of December 31, 2021	$ (269,409)	1,044,071	(6,597)

(Continued)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2020	$	(179,450)	3,089,886	(137,029)
Foreign currency differences (net of tax):				
The Group		(60,347)	-	-
Associates		37,592	-	-
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income (net of tax)		-	741,027	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)		-	(50,067)	-
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission		-	-	(7,917)
Compensation cost arising from restricted shares of employees		-	-	79,208
Balance as of December 31, 2020	$	**(202,205)**	**3,780,846**	**(65,738)**

(x) Share-based payment

(i) The Company issued restricted shares of stock for employee

On June 15, 2018, the shareholders' meeting approved a resolution to issue 1,700 thousand new restricted employee shares to full-time regular employees who meet specific requirements. The above transaction had been approved by the Financial Supervisory Commission. The Company decided that the grant date was set on August 22, 2018 and in accordance with the resolution of Board of Directors meeting held on September 14, 2018, the Company issued 1,148 thousand shares (the date of capital increase was set on September 14, 2018), with the fair-value on grant date amounting to $175,357 thousand. On March 21, 2019, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 20 thousand shares. The Company decided that the second grant date was set on May 10, 2019. And in accordance with the resolution of Board of Directors meeting held on May 14, 2019, the Company issued 262 thousand shares (the date of capital increase was set on May 14, 2019), with the fair-value on grant date amounting to $50,364 thousand. The remaining amount of 290 thousand shares will not be processed during the remaining period. On March 18 and November 5, 2021, the Company approved a resolution to redeem the unvested restricted employee share of stock amounting to 80 thousand shares.

(Continued)

For the years ended December 31, 2021 and 2020, there were 1,048 thousand and 0 thousand vested shares, respectively.

As of December 31, 2021 and 2020, there were 1,310 thousand and 1,390 thousand outstanding shares, respectively.

Those employees with the restricted stock awards (RSA) are entitled to purchase shares without cost under the conditions that these employees will continue to provide service to the Company for at least 3 years (from the grant date), and meet certain requirement. Based on the Company's requirements, the restricted employee shares should be fully vested in the third year after the grant date. These shares shall not be sold, pledged, transferred, gifted, or disposed by any other means to third parties during the custody period. The voting rights of these shareholders need not be executed by the custodian, and will act based on law and regulations. The cash and stock dividends distributed during the custody period will be granted to the employees. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares, and cancel the shares thereafter.

For the years ended December 31, 2021 and 2020, the Company recognized the compensation cost of $48,618 thousand and $79,216 thousand for the aforementioned RSA, respectively.

(ii) The employee stock option (ESOPs) of subsidiary (PBL)

	2018 ESOPs
Grant date	2018.4.20
Number of options granted (unit)	5,560
Number of common shares eligible (share)	1,000
Contract period	2018.4.20~2026.4.19
Vesting period	2018.4.20~2021.4.19
Recipients	Employees of PBL

PBL used the Black-Scholes Model in measuring the fair value of its employee stock option at the date of grant. The main inputs to the valuation model were as follows:

	2018 employee stock options exercise in the 1st year	**2018 employee stock options exercise in the 2nd year**	**2018 employee stock options exercise in the 3rd year**
Fair value at grant date (dollars)	$ 3.93	$ 4.13	$ 4.32
Share price at grant date (dollars)	$ 11.29	$ 11.29	$ 11.29
Exercise price (dollars)	$ 11	$ 11	$ 11
Expected volatility	40%	40%	40%
Expected life	4.5 years	5 years	5.5 years
Risk-free interest rate	0.70%	0.74%	0.77%

(Continued)

Details of the employee stock options were as follows:

	2021		2020	
	Weighted average exercise price (expressed in dollars)	**Shares of options (expressed in thousands)**	**Weighted average exercise price (expressed in dollars)**	**Shares of options (expressed in thousands)**
Outstanding at January 1	$ 11	5,560	11	5,560
Granted during the period	-	-	-	-
Outstanding at December 31	11	**5,560**	11	**5,560**
Exercisable at December 31	-	**5,560**	-	**5,560**

For the years ended December 31, 2021 and 2020, the PBL recognized the compensation cost of $560 thousand and $2,484 thousand for the aforementioned ESOPs, respectively.

(y) Earnings per share ("EPS")

	2021	**2020**
Basic earnings per share:		
Profit belonging to common shareholders	$ **5,454,962**	**6,528,740**
Weighted average number of outstanding shares of common stock (in thousands shares)	**422,977**	**422,666**
Basic earnings per share (in dollars)	$ **12.90**	**15.45**
Diluted earnings per share:		
Profit belonging to common shareholders	5,454,962	6,528,740
Interest expense and other gains and losses on convertible bonds, net of tax	203,945	-
Profit belonging to common shareholders (diluted)	$ **5,658,907**	**6,528,740**
Weighted average number of outstanding shares of common stock (in thousands shares)	422,977	422,666
Effect of potentially dilutive common stock		
Employee remuneration (in thousands shares)	1,484	1,924
Restricted employee shares (in thousands shares)	1,024	1,163
Effect of conversion of convertible bonds (in thousands shares)	27,530	-
Weighted-average number of common stock (diluted) (in thousands shares)	**453,015**	**425,753**
Diluted earnings per share (in dollars)	$ **12.49**	**15.33**

(Continued)

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021			
	Segment-Foundry	**Segment-Agriculture technology**	**Segment-Others (Note)**	**Total**
Primary geographical markets:				
Asia	$ 16,586,421	393,546	126,394	17,106,361
Americas	6,818,920	-	31,181	6,850,101
Taiwan	1,142,762	82	110,498	1,253,342
Europe	973,730	-	(1,158)	972,572
	$ 25,521,833	**393,628**	**266,915**	**26,182,376**
Main product/ services lines:				
Foundry	$ 25,521,833	-	-	25,521,833
Others	-	393,628	266,915	660,543
	$ 25,521,833	**393,628**	**266,915**	**26,182,376**

	2020			
	Segment-Foundry	**Segment-Agriculture technology**	**Segment-Others (Note)**	**Total**
Primary geographical markets:				
Asia	$ 16,634,605	382,239	1,984	17,018,828
Americas	5,795,821	-	29,438	5,825,259
Taiwan	1,394,746	-	192,039	1,586,785
Europe	1,115,333	-	-	1,115,333
	$ 24,940,505	**382,239**	**223,461**	**25,546,205**
Main product/ services lines:				
Foundry	$ 24,938,258	-	-	24,938,258
Others	2,247	382,239	223,461	607,947
	$ 24,940,505	**382,239**	**223,461**	**25,546,205**

Note: Segment-others were mainly general investment businesses, and their net investment profits and losses were recognized as operating revenue.

(Continued)

(ii) Balance of contracts

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ 1,053	632	684
Accounts receivable	2,717,312	2,037,018	2,410,333
Less: loss allowance	(805)	(148)	(4,344)
	$ 2,717,560	**2,037,502**	**2,406,673**
Contract liabilities	**$ 353,157**	**534,426**	**260,426**

For details of notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. The amount of revenue recognized for the years ended December 31, 2021 and 2020, that was included in the contract liabilities balance at the beginning of the period was $507,043 thousand and $235,944 thousand, respectively.

(aa) Employees' and directors' remuneration

According to the Company's Article of Incorporation, if there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

(i) Employees' remuneration: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Company. In addition, employee's profit-sharing remuneration shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.

(ii) Directors's remuneration: no more than 3%.

However, if there are any accumulated losses of the Company, the Company shall pre-reserve the amount to offset the loss. The distribution of employees' profit-sharing bonus and Directors's remuneration shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

The Company estimated its employees' and directors' remuneration as follows:

	2021	2020
Employees' remuneration	$ 447,000	543,300
Directors' remuneration	129,000	157,700
	$ 576,000	**701,000**

(Continued)

The amount of employees' remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Incorporation. The above remuneration was included in the operating costs and operating expenses of for the years ended December 31, 2021 and 2020. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There were no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements for the years ended December 31, 2021 and 2020.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(ab) Non-operating income and expenses

(i) Interest income

		2021	**2020**
Interest income from bank deposits	$	37,700	29,379
Interest income from financial assets at fair value through profit or loss		-	1
Other interest income		52	45
Interest income	**$**	**37,752**	**29,425**

(ii) Other income

		2021	**2020**
Dividend income	$	16,585	155,206
Rent income		35,461	74,069
Other income	**$**	**52,046**	**229,275**

(iii) Other gains and losses

		2021	**2020**
Gains (losses) on disposals of property, plant and equipment	$	(49,183)	21,124
Foreign exchange losses		(126,890)	(43,933)
Gains on financial assets or liabilities at fair value through profit or loss		243,365	23,184
Government subsidy income		66,940	25,500
Impairment loss		-	(139,071)
Others		(86,119)	40,214
Other gains and losses	**$**	**48,113**	**(72,982)**

(Continued)

(iv) Finance costs

	2021	2020
Interest expenses		
Bank borrowings	$ 160,793	107,660
Bonds payable	163,368	-
Lease liabilities	30,309	17,277
Less: capitalized interest	(45,237)	(32,221)
Subtotal	309,233	92,716
Other finance costs	147	248
Finance costs	**$ 309,380**	**92,964**

(ac) Financial instruments

(i) Credit risk

1) Exposure of credit risk

a) As at reporting, the Group's exposure to credit risk and the maximum exposure were mainly from:

i) The carrying amount of financial assets recognized in the consolidated balance sheet; and

ii) The amount of liabilities as a result from the Group providing financial guarantees was $203,448 thousand and $209,328 thousand as of December 31, 2021 and 2020.

2) Disclosures about concentrations of risk

As of December 31, 2021 and 2020, the Group's accounts receivable were concentrated on 4 and 5 customers, respectively, whose accounts represented 68% and 64% of the total accounts receivable, respectively. In order to reduce the credit risk on these accounts receivable, the Group continues to evaluate the financial status of these customers and request for collaterals when necessary.

(Continued)

3) Receivables and debt securities

For information on credit risk regarding notes and accounts receivable, please refers to Note 6(c).

Other financial assets measured at amortized cost include other receivables. For related information of investment and impairment, please refers to Note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited 12 months expected losses.

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	$ 6,272,160	6,420,797	40,043	189,481	6,191,273	-
Unsecured bank loans	9,720,660	9,864,259	60,610	2,659,255	7,144,394	-
Bonds payable	13,286,639	13,577,452	-	-	13,577,452	-
Notes and accounts payable	2,162,825	2,162,825	2,162,825	-	-	-
Other payables	3,440,833	3,440,833	3,440,833	-	-	-
Guarantee deposits received	130,398	130,398	11,951	8,447	110,000	-
Lease liabilities	1,157,209	1,429,386	134,132	119,574	300,119	875,561
	$ 36,170,724	**37,025,950**	**5,850,394**	**2,976,757**	**27,323,238**	**875,561**
As of December 31, 2020						
Non-derivative financial liabilities						
Secured bank loans	$ 4,409,680	4,513,312	30,831	3,721,793	760,688	-
Unsecured bank loans	7,008,940	7,121,530	45,052	2,216,672	4,859,806	-
Notes and accounts payable	1,794,668	1,794,668	1,794,668	-	-	-
Other payables	3,132,855	3,132,855	3,132,855	-	-	-
Guarantee deposits received	124,732	124,732	6,174	8,558	110,000	-
Lease liabilities	699,884	940,240	92,885	81,864	196,046	569,445
	$ 17,170,759	**17,627,337**	**5,102,465**	**6,028,887**	**5,926,540**	**569,445**

The Group did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets						
Monetary items						
USD	$ 453,406	27.68	12,550,289	242,839	28.48	6,916,049
EUR	57	31.32	1,775	7	35.02	246
JPY	1,222,818	0.2405	294,088	2,391,001	0.2763	660,634
GBP	11	37.30	411	11	38.90	428
HKD	60	3.549	211	60	3.673	221
RMB	1,831	4.34	7,948	1,232	4.38	5,398
SGD	1	20.46	18	-	-	-
			$ 12,854,740			$ 7,582,976
Non-monetary items						
USD	$ 26,468	27.68	732,640	15,703	28.48	448,558
RMB	242,948	4.34	1,053,719	179,878	4.38	785,950
			$ 1,786,359			$ 1,234,508
Financial liabilities						
Monetary items						
USD	$ 233,251	27.68	6,456,379	172,495	28.48	4,912,645
EUR	641	31.32	20,086	1,233	35.02	43,180
JPY	982,177	0.2405	236,214	911,604	0.2763	251,876
			$ 6,712,679			$ 5,207,701

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at fair value through profit or loss, notes and accounts payable, other payables, long-term borrowings, etc. that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD, EUR, GBP, JPY, HKD, RMB, SGD, etc. for the years ended December 31, 2021 and 2020 would have increased (decreased) the net profit after tax by $274,988 thousand and $111,825 thousand, respectively. The analysis assumes that all other variables remain constant.

(Continued)

3) Exchange gains or losses

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For years ended December 31, 2021 and 2020, foreign exchange gains (including realized and unrealized portions) amounted to $126,890 thousand and $43,933 thousand, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Group's net profit after tax would have increased (decreased) by $54,002 thousand and $31,655 thousand for the years ended December 31, 2021 and 2020, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Fair value

1) Financial instrument classifications and fair values

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required.

	December 31, 2021				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 18,541	18,541	-	-	18,541
Non-public stocks	380,417	-	-	380,417	380,417
Funds and investment	43,334	43,334	-	-	43,334
Private fund	1,442,016	-	-	1,442,016	1,442,016
Subtotal	**$ 1,884,308**	**61,875**	**-**	**1,822,433**	**1,884,308**
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	$ 1,506,235	1,506,235	-	-	1,506,235
Non-public stocks	680,342	-	-	680,342	680,342
Subtotal	**$ 2,186,577**	**1,506,235**	**-**	**680,342**	**2,186,577**

(Continued)

	December 31, 2021				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	$ 16,331,759	-	-	-	-
Notes and accounts receivable (Note)	2,717,560	-	-	-	-
Other receivables (Note)	23,700	-	-	-	-
Other non-current assets (Note)	278,940	-	-	-	-
Subtotal	**$ 19,351,959**	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ 180,497**	**-**	**180,497**	**-**	**180,497**
Financial liabilities measured at amortized cost					
Bank loans (Note)	$ 15,992,820	-	-	-	-
Bond payables (Note)	13,286,639	-	-	-	-
Notes and accounts payable (Note)	2,162,825	-	-	-	-
Other payables (Note)	3,440,833	-	-	-	-
Guarantee deposits received (Note)	130,398	-	-	-	-
Lease liabilities (Note)	1,157,209	-	-	-	-
Subtotal	**$ 36,170,724**	**-**	**-**	**-**	**-**

	December 31, 2020				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 10,239	10,239	-	-	10,239
Funds and investment	745,799	745,799	-	-	745,799
Private fund	814,065	-	-	814,065	814,065
Subtotal	**$ 1,570,103**	**756,038**	**-**	**814,065**	**1,570,103**
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	$ 5,756,283	5,756,283	-	-	5,756,283
Non-public stocks	963,298	-	-	963,298	963,298
Subtotal	**$ 6,719,581**	**5,756,283**	**-**	**963,298**	**6,719,581**
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	$ 8,356,270	-	-	-	-
Notes and accounts receivable (Note)	2,037,502	-	-	-	-
Other receivables (Note)	72,308	-	-	-	-
Other non-current assets (Note)	281,326	-	-	-	-
Subtotal	**$ 10,747,406**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost					
Bank loan (Note)	$ 11,418,620	-	-	-	-
Notes and accounts payable (Note)	1,794,668	-	-	-	-
Other payables (Note)	3,132,855	-	-	-	-
Guarantee deposits received (Note)	124,732	-	-	-	-
Lease liabilities (Note)	699,884	-	-	-	-
Subtotal	**$ 17,170,759**	**-**	**-**	**-**	**-**

Note: The information on fair value is not disclosed since the carrying amount is a reasonable approximation of fair value.

(Continued)

2) Valuation techniques of financial instrument not valued at fair value

The valuation techniques of the Group's financial instruments not valued at fair value by using the methods and assumptions are as follows:

- Financial assets measured at amortized cost and financial liabilities measured at amortized cost.

  If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques of financial instruments valued at fair value

a) Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

- The bid-ask spread is increasing; or
- The bid-ask spread varies significantly; or
- There has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: the fair value is based on the market quoted price.
- Close-end funds with standard terms and conditions, such as money market funds; investors can require the investment trust company to redeem the fund at any time. The fair value is based on the net value of the fund.

(Continued)

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counter-party. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share and its sales revenue per share. Also, the fair value is discounted for its lack of liquidity in the market.
- The fair value is determined by using the asset-based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

b) Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

4) Transfer between level 2 and level 1

For years ended December 31, 2021 and 2020, there was no transfer between level 2 and level 1 financial asset of the fair value hierarchy.

(Continued)

5) Movement of level 3

	Fair value through profit or loss		Fair value through other comprehensive income
	Unquoted equity instruments	**Private fund**	**Unquoted equity instruments**
Balance as of January 1, 2021	$ -	814,065	963,298
Total gains or losses:			
Recognized in profit and loss	121,090	275,640	-
Recognized in other comprehensive income	-	-	(267,886)
Purchased	261,417	353,212	12,000
Disposals	-	-	(16,270)
Capital reduction	-	(901)	(10,000)
Effect of changes in foreign exchange rates	(2,090)	-	(800)
Balance as of December 31, 2021	**$ 380,417**	**1,442,016**	**680,342**
Balance as of January 1, 2020	$ -	565,804	700,247
Total gains or losses:			
Recognized in profit and loss	-	(34,282)	-
Recognized in other comprehensive income	-	-	(109,739)
Purchased	-	282,543	455,937
Disposals	-	-	(75,188)
Capital reduction	-	-	(6,667)
Effect of changes in foreign exchange rates	-	-	(1,292)
Balance as of December 31, 2020	**$ -**	**814,065**	**963,298**

The preceding gains and losses were recognized as “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. As of December 31, 2021 and 2020, the related information of the assets which were still held by the Group were as follows:

	2021	2020
Total gains or losses		
Profit or loss (recognized as other gains and losses)	396,730	(34,282)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(267,886)	(159,806)

(Continued)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through profit or loss – equity investment", "financial assets at fair value through profit or loss – private funds" and "financial assets at fair value through other comprehensive income – equity investments."

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	● Comparable listed companies approach	● Price-book ratio (as of December 31, 2021 and 2020 were 1.66~6.27 and 1.62~7.33, respectively) ● Market liquidity discount rate (as of December 31, 2021 and 2020 were both 20%)	● The higher the price-book ratio, the higher the fair value ● The higher the market liquidity discount rate, the lower the fair value
	● Net asset value method	● Net asset value	● The higher the net assets value, the higher the fair value
Financial assets at fair value through profit or loss – equity investments without an active market	● Comparable listed companies approach	● Price-to-sale ratio (as of December 31, 2021 was 5.97) ● Market liquidity discount rate (as of December 31, 2021 was 20%)	● The higher the price-to sales ratio, the higher the fair value ● The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through profit or loss – private fund	● Net asset value method	● Net asset value	● The higher the net assets value, the higher the fair value

7) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effect:

(Continued)

	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Price-to-sales ratio	5%	$ 19,021	(19,021)	-	-
〃	Market liquidity discount rate	5%	19,021	(19,021)	-	-
Private fund	Net asset value	5%	72,101	(72,101)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	13,944	(13,944)
〃	Market liquidity discount rate	5%	-	-	13,944	(13,944)
〃	Net asset value	5%	-	-	20,073	(20,073)
December 31, 2020						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	$ 40,703	(40,703)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	26,510	(26,510)
〃	Market liquidity discount rate	5%	-	-	26,510	(26,510)
〃	Net asset value	5%	-	-	21,655	(21,655)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(ad) Management of financial risk

(i) The Group is exposed to the extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Group's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

(Continued)

(ii) Risk management framework

The Board of Directors is responsible for overseeing the Group's risk management framework. The Group's internal auditor is responsible to identify and analyze the risks faced by the Group. The management of each division sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Group's accounts receivable, investments in securities and investments in bond.

1) Notes and accounts receivable

According to the credit policy, the Group analyze each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Group's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's policy, the Group can only provide guarantees which are listed under the regulation. The Group did not provide any guarantee not listed under the regulation as of December 31, 2021 and 2020.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial department monitors cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Group also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021, the Group has unused bank credit lines for short-term borrowings, the unused bank credit lines for short-term borrowings and long-term borrowings and long-term bank borrowings amounted to $1,010,000 thousand, $3,568,680 thousand and $8,922,568 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the Taiwan Dollars (TWD), US Dollars (USD) and Japanese Yen (JPY).

The policy of response to currency risk:

1) The Group reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

2) The Group uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.

3) The Group manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also stays in contact with the foreign currency department to control the foreign currency trend and market information.

(Continued)

(ae) Capital management

As of December 31, 2021 and 2020, the Group's return on common equity was 15.81% and 20.49%, respectively. The Group's debt ratio at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Debt ratio	50.43 %	34.68 %

(af) Financing activity

Reconciliations of liabilities arising from financing activities were as follows:

		Cash flows			Non-cash changes			
	January 1, 2021	Proceeds from long-term debt and bonds payable	Repayments of long-term debt and lease liabilities	Others	Interest expense	Others	Amortization of arranger fee of syndicated loan	December 31, 2021
Long-term borrowings	$ 11,418,620	7,759,270	(3,081,000)	-	-	(132,079)	28,009	15,992,820
Bonds payable	-	13,902,774	-	-	163,368	(779,503)	-	13,286,639
Guarantee deposit received	124,732	-	-	5,666	-	-	-	130,398
Lease liabilities (Note 1)	699,884	-	(123,806)	(13,680)	30,309	564,502	-	1,157,209
Total liabilities from financing activity	$ 12,243,236	21,662,044	(3,204,806)	(8,014)	193,677	(347,080)	28,009	30,567,066

		Cash flows			Non-cash changes			
	January 1, 2020	Proceeds from long-term debt	Repayments of long-term debt and lease liabilities	Others	Interest expense	Others	Amortization of arranger fee of syndicated loan	December 31, 2020
Long-term borrowings	$ 5,788,125	8,348,293	(2,632,500)	-	-	(114,846)	29,548	11,418,620
Guarantee deposit received	125,611	-	-	(879)	-	-	-	124,732
Lease liabilities (Note 2)	369,327	-	(96,721)	(3,810)	17,277	413,811	-	699,884
Total liabilities from financing activity	$ 6,283,063	8,348,293	(2,729,221)	(4,689)	17,277	298,965	29,548	12,243,236

Note 1: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to $4,320 thousand.

Note 2: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to $4,304 thousand.

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Jiangsu CM/Chainwin Agriculture Development Co., Ltd. (abbrev. Jiangsu CM/Chainwin)	Associates
ITEQ Corporation (abbrev. ITEQ) (Note)	Associates
Chainwin i-Management Co., Ltd. (abbrev. Chainwin i- Management)	Other related parties
Chainwin i-Management (Huaian) Co., Ltd.	Other related parties
Taoyuan i-Fare Charity Foundation	Other related parties

Note: In July 2021, the Group has significant influence over ITEQ, and therefore the ITEQ has become the Group's associates since July 2021.

(b) Significant transactions with related parties

(i) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	2021	2020
Other related parties	$ 6,795	602

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(ii) Operating expenses

The amounts of operating expenses by the Group from related parties were as follows:

	2021	2020
Other related parties	$ 4,000	2,000

(iii) Guarantee

As of December 31, 2021, and 2020, Chainwin Cayman had provided a guarantee for loans amounting to US$7,350 thousand ($203,448 thousand, and $209,328 thousand, respectively) to its associate, Jiangsu CM/Chainwin.

(iv) Property transactions－acquire assets

Account	Category	2021	2020
Intangible assets	Other related parties－Chainwin i-Management	$ -	162,965
Property, plant and equipment	Other related parties	$ 654	162

(Continued)

(v) Leases

The Group leased the office and factories to its associate, ITEQ, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is $28,926 thousand and $29,009 thousand for the years ended December 31, 2021 and 2020. The preceding rent payment has been received. The guarantee deposits received amounted to $110,000 thousand as of December 31, 2021, and 2020.

(vi) Equity transaction

The Group subscribed the new shares contributed by associates in cash. Please refer to Note 6(g).

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	2021	2020
Short-term employee benefits	$ 621,523	636,013
Post-employment benefits	1,424	1,256
	$ 622,947	**637,269**

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Other non-current assets	Land, plant, and dormitory lease guarantee	$ 35,043	11,819
Other non-current assets	Bank deposits－reserve accounts	9,310	6,693
Other non-current assets	Gas deposits	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,579	20,430
Other non-current assets	Guarantee deposits of letters of credit	44,056	97,258
Other non-current assets	Seizure deposits	5,212	25,082
Property, plant and equipment	Long-term borrowings	2,244,061	2,003,867
Investment property	Long-term borrowings	-	321,517
Total		**$ 2,362,961**	**2,491,366**

(Continued)

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

(i) The unrecognized commitment of acquisition of plant expansion and machinery equipment was as follows:

	December 31, 2021	December 31, 2020
The unrecognized amount	$ 7,431,148	5,521,073

(ii) The unused letters of credit was as follows:

	December 31, 2021	December 31, 2020
The unused letters of credit	$ 43,956	82,674

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function:

	2021			2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	3,020,938	1,391,794	4,412,732	2,746,116	1,155,011	3,901,127
Labor and health insurance	238,744	74,665	313,409	205,134	61,878	267,012
Pension	103,018	39,964	142,982	89,857	26,595	116,452
Director remuneration	-	129,230	129,230	-	158,071	158,071
Others	138,270	44,147	182,417	142,091	56,707	198,798
Depreciation	3,641,162	393,811	4,034,973	3,304,794	322,801	3,627,595
Amortization	34,917	97,452	132,369	25,151	83,730	108,881

(Continued)

(b) As of the date the financial statements were authorized for issue, the COVID-19 pandemic did not have a significant impact on the Group's operating ability, and the Group is continuously monitoring and assessing the situation.

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2021:

(i) Loans to other parties: Please refer to schedule A.

(ii) Guarantees and endorsements for other parties: Please refer to schedule B.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: Please refer to schedule D.

(v) Information on acquisition of real estate with purchase amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: Please refer to schedule E.

(vi) Information on disposal of real estate with amounts exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales with amounts exceeding the lower of NT$100 million or 20% of the Company's paid-in capital: None.

(viii) Information regarding receivables from related-parties exceeding the lower of NT$100 million or 20% of the Company's paid-in capital: Please refer to schedule F.

(ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b).

(x) Business relationships and significant intercompany transactions: Please refer to schedule G.

(b) Information on investments: Please refer to schedule H.

(c) Information on investment in mainland China: Please refer to schedule I.

(d) Information on major shareholders: No shareholders holding more than 5% of the share.

(Continued)

(14) Segment information:

(a) The Group's reportable segment is the foundry segment, and agriculture technology segment. The segment engages separately in researching, developing, manufacturing, selling of GaAs wafers and developing hog farming technology and trading, etc., respectively.

Other operating segments are mainly engaged in investment activities and gene chip and testing, which do not exceed the quantitative thresholds to be reported.

(b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the year ended December 31, 2021 and 2020, the reportable amount is same as that in the report used by the operating decision maker and the operating segment accounting policies are same as the ones described in Note 4 "significant accounting policies" were as follows:

2021	**Foundry**	**Agriculture technology**	**Others**	**Reconciliation and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 25,521,833	393,628	266,915	-	26,182,376
Interest expenses	$ 205,163	97,329	6,888	-	309,380
Depreciation and amortization	$ 3,959,573	179,252	26,261	2,256	4,167,342
Shares of profits (losses) of associates and joint ventures accounted for using equity method	$ 254,979	(106,680)	50,236	-	198,535
Reportable segment profit or loss	$ 7,134,060	(726,124)	17,369	(2,256)	6,423,049
Assets:					
Capital expenditures in noncurrent assets	$ 4,322,379	3,796,224	107,881	-	8,226,484

2020	**Foundry**	**Agriculture technology**	**Others**	**Reconciliation and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 24,940,505	382,239	223,461	-	25,546,205
Interest expenses	$ 28,769	62,412	1,783	-	92,964
Depreciation and amortization	$ 3,629,361	80,808	22,247	4,060	3,736,476
Shares of profits (losses) of associates and joint ventures accounted for using equity method	$ -	127,256	(1,226)	-	126,030
Reportable segment profit or loss	$ 8,131,263	(324,992)	(20,038)	(4,060)	7,782,173
Assets:					
Capital expenditures in noncurrent assets	$ 4,330,657	4,468,799	35,644	-	8,835,100

For the years ended December 31, 2021 and 2020, reportable segment profit or loss excludes non-operating income and expenses, amounting to $(23,170) thousand and $220,010 thousand, respectively.

(c) Segment information by products and services

The information from the product and the service segment coincides with the administrative segment, and its revenue from external customers was disclosed in Note 14(b).

(Continued)

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenue from external customers for the years ended December 31, 2021 and 2020 were as follows:

Area	2021	2020
External Customers:		
Asia	$ 17,106,361	17,018,828
America	6,850,101	5,825,259
Taiwan	1,253,342	1,586,785
Europe	972,572	1,115,333
Total	**$ 26,182,376**	**25,546,205**

Area	December 31, 2021	December 31, 2020
Non-current Assets:		
Taiwan	$ 21,731,287	20,695,647
Asia	10,837,850	7,016,486
America	7,437	12,701
Total	**$ 32,576,574**	**27,724,834**

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and prepayments for business facilities; not including financial instruments, goodwill and deferred tax assets.

(e) Major customers

For the years ended December 31, 2021 and 2020, sales to customers greater than 10% of net revenue were as follows:

	2021		2020	
	Net revenue amount	Percentage of net revenue (%)	Net revenue amount	Percentage of net revenue (%)
Operating revenue of the Group-A company	$ 4,349,154	16	2,463,778	10
Operating revenue of the Group-B company	3,057,914	12	3,013,864	12
Operating revenue of the Group-C company	2,544,048	10	1,973,755	8
Operating revenue of the Group-D company	1,152,921	4	3,079,799	12
Operating revenue of the Group-E company	-	-	2,635,908	10
	$ 11,104,037	**42**	**13,167,104**	**52**

WIN Semiconductors Corp. and Subsidiaries
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Schedule A Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual amount drawn down	Interest Rate	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits (Note 4) (Note 5) (Note 6)	Maximum limit of fund financing (Note 4) (Note 5) (Note 6)	Remark
													Item	Value			
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	968,800 (USD 35,000)	968,800 (USD 35,000)	415,200 (USD 15,000)	1%	2	-	Working Capital	-	None	-	Net equity 20% 2,147,058	Net equity 40% 4,294,116	(Note 8)
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	553,600 (USD 20,000)	553,600 (USD 20,000)	-	1%	2	-	Working Capital	-	None	-	Net equity 20% 2,147,058	Net equity 40% 4,294,116	(Note 8)
2	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	138,400 (USD 5,000)	-	-	1%	2	-	Working Capital	-	None	-	Net equity 100% 146,870	Net equity 200% 293,739	(Note 8)
2	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Win Lux Biotech Co., Ltd.	Other receivables	Y	27,680 (USD 1,000)	-	-	-	2	-	Working Capital	-	None	-	Net equity 20% 29,373	Net equity 40% 58,747	(Note 8)
3	Phalanx Biotech Group, Inc.	PhalanxBio, Inc.	Other receivables	Y	277 (USD 10)	277 (USD 10)	-	4%	2	-	Working Capital	-	None	-	Net equity 20% 135,976	Net equity 40% 271,953	(Note 8)

Note 1: Company numbering as follows:
Issuer－0
Investee starts from 1

Note 2: The credit amount to lending.

Note 3: Purposes of lending were as follows:
1. Business relationship
2. Short-term financing

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties：
1. The loan limit to an individual party：(1) the total amount for lending to a company having business relationship with Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.

Note 5: i-Chainwin Technology (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties：
1. The loan limit to an individual party：(1) the total amount for lending to a company having business relationship with i-Chainwin Technology (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by i-Chainwin Technology (Cayman Islands) Co., Ltd. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 100% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity, and the total amount should not exceed 200% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity.

Note 6: Phalanx Biotech Group, Inc.'s operating procedures of financing to other parties：
1. The loan limit to an individual party：(1) the total amount for lending to a company having business relationship with Phalanx Biotech Group, Inc. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Phalanx Biotech Group, Inc.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by Phalanx Biotech Group, Inc. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.

Note 7: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD for NTD 27.68.

Note 8: The amount of the transaction had been offset in the consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries
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Schedule B Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)(Note 4)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	17,469,004	2,306,657	2,306,657	276,800	-	6.60%	Net equity 50% 17,469,004	Y	-	-
0	〃	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	17,469,004	3,137,058	3,137,058	1,660,800	-	8.98%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	17,469,004	4,521,085	4,521,085	2,491,200	-	12.94%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Shine Agriculture Development Co., Ltd.	2	17,469,004	-	-	-	-	0.00%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	17,469,004	2,029,857	2,029,857	1,107,200	-	5.81%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Chance Agriculture Development Co., Ltd.	2	17,469,004	-	-	-	-	0.00%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Fortune Agriclture Development Co., Ltd.	2	17,469,004	738,143	738,143	-	-	2.11%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Boutique Agriculture Development Co. Ltd.	2	17,469,004	553,600	553,600	-	-	1.58%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Sunlight Agriculture Development Co. Ltd.	2	17,469,004	553,600	553,600	-	-	1.58%	Net equity 50% 17,469,004	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	3,220,587 (USD 116,350)	203,448 (USD 7,350)	203,448 (USD 7,350)	-	-	1.90%	Net equity 50% 5,367,645	-	-	Y

Note 1: Company numbering as follows:
Issuer－0
Investee starts from 1

Note 2: The 7 types of relationship between the guarantee and the guarantor were as follows:
1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor's shares.
4. For entities in which the guarantor, directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder's percentage.
7. Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

Note 3: WIN Semiconductors Corp.'s operating procedures of guarantee and endorsement were as follows:
1. The guarantees and endorsements limit provided by WIN Semiconductors Corp. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by WIN Semiconductors Corp. and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
3. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Win Shine Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. and Jiangsu Win Chance Agriculture Development Co., Ltd., Jiangsu Win Fortune Agriclture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co. Ltd., Jiangsu Win Sunlight Agriculture Development Co. Ltd. (collectively referred to as "the Borrower") had been approved a total maximum credit line of US$500,000 thousand.

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of guarantee and endorsement were as follows:
1. The individual guarantee amount should not exceed 30% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

Note 5: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD and RMB to USD for NTD 27.68 and USD 0.1569, respectively.

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Schedule C Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance: Shares/ Units (in thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest percentage of ownership (%)	Remark
The Company	Lin BioScience, Inc./Stock	None	Current financial assets at fair value through profit or loss	100	18,541	0.14	18,541	0.15	
WIN Venture Capital Corp.	Capital Money Market Fund	〃	〃	976	15,904	-	15,904	-	
WIN Chance Investment Corp.	Capital Money Market Fund	〃	〃	332	5,403	-	5,403	-	
WIN Earn Investment Corp.	Capital Money Market Fund	〃	〃	1,352	22,027	-	22,027	-	
					61,875		**61,875**		
The Company	MagiCapital Fund II L.P.	〃	Non-current financial assets at fair value through profit or loss	-	444,888	5.81	444,888	5.81	
〃	CDIB Capital Growth Partners L.P.	〃	〃	-	170,729	3.30	170,729	3.30	
〃	CDIB Capital Healthcare Ventures II L.P.	〃	〃	-	21,215	1.61	21,215	1.61	
〃	Fuh Hwa Oriental Fund	〃	〃	15,000	21,480	-	21,480	-	
〃	Fuh Hwa Smart Energy Fund	〃	〃	12,000	78,816	-	78,816	-	
〃	LeaSun Winion L.P.	〃	〃	-	27,600	12.47	27,600	12.47	
〃	NFC Fund II L.P.	〃	〃	-	287,752	32.88	287,752	32.88	
〃	Foryou Venture Capital L.P.	〃	〃	-	21,000	5.77	21,000	5.77	
〃	Renaissance Capital Limited Partnership	〃	〃	-	98,379	12.82	98,379	12.82	
〃	Lian Ding Capital Investments Limited Partnership	〃	〃	-	208,000	10.23	208,000	12.78	
〃	NFC Fund III, L.P.	〃	〃	-	62,157	19.90	62,157	19.90	
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client		1,800	380,417	0.50	380,417	0.50	
					1,822,433		1,822,433		
The Company	Sino-American Silicon Products Inc./Stock	None	Non-current financial assets at fair value through other comprehensive income	529	124,844	0.09	124,844	0.35	
〃	Inventec Solar Energy Corporation/Stock	〃	〃	34,000	-	10.51	-	10.51	(Note 1)
〃	CDIB Capital Creative Industries Limited/Stock	〃	〃	3,667	27,866	3.33	27,866	3.33	
〃	MagiCap Venture Capital Co., Ltd./Preferred Stock A	〃	〃	634	63,374	18.28	63,374	18.28	
〃	New Future Capital Co., Ltd./Stock	〃	〃	10,000	95,600	15.87	95,600	15.87	
〃	Grand Fortune Venture Corp./Stock	〃	〃	4,000	53,920	6.87	53,920	6.87	
〃	NFC I Renewable Power Co., Ltd./Stock	〃	〃	16,200	160,704	15.00	160,704	15.00	
〃	Gogolook Co., Ltd./Stock	〃	〃	2,013	133,912	11.83	133,912	11.83	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	〃	75	1,381,391	0.02	1,381,391	0.02	
〃	Anokiwave Inc./Series B Preferred Stock	〃	〃	1,264	105,304	7.93	105,304	7.93	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	〃	90	-	0.28	-	0.28	
〃	Merit Biotech INC./Stock	〃	〃	1,320	-	2.93	-	2.93	(Note 2)
〃	Winresp INC./Stock	〃	〃	2,740	39,662	15.08	39,662	18.07	
					2,186,577		**2,186,577**		

Note 1: The Board of Directors of Inventec Solar Energy Corporation had declared to bankruptcy the company in December 2021. As of December 31, 2021, the company was still within the period of liquidation.
Note 2: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of December 31, 2021, the company was still within the period of liquidation.

WIN Semiconductors Corp. and Subsidiaries
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Schedule D Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the Company's paid in capital:

(In thousands of New Taiwan Dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	ITEQ Corporation/Stock	Non-current financial assets at fair value through other comprehensive income/ Investments accounted for using equity method	-	Other related parties / Associates	30,393	1,440,096	35,016	4,680,897	-	-	-	-	65,409	7,855,162 (Note 2)
〃	Win Semiconductors Cayman Islands Co., Ltd./Stock	Investments accounted for using equity method	-	Subsidiary	267,000	8,066,646	109,600	3,061,128	-	-	-	-	376,600	10,768,701 (Note 3)
〃	Phalanx Biotech Group, Inc./Stock	〃	-	〃	44,650	604,150	39,585	475,019	30,808	-	-	-	53,427	639,907 (Note 3)
Win Semiconductors Cayman Islands Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd./Stock	〃	-	Investment through subsidiary	135,054	8,141,959	50,000	2,764,000	-	-	-	-	185,054	8,834,595 (Note 3)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	〃	-	〃	-	2,162,042	-	1,005,625	-	-	-	-	-	2,450,250 (Note 3)
〃	Jiangsu Win Yield Agriculture Development Co., Ltd.	〃	-	〃	-	1,486,645	-	445,700	-	-	-	-	-	1,958,637 (Note 3)
WIN Venture Capital Corp.	Capital Money Market Fund	Current financial assets at fair value through profit or loss	-	None	20,903	339,432	6,507	105,880	26,434	430,316	429,417	899	976	15,904 (Note 1)
〃	ITEQ Corporation/Stock	Non-current financial assets at fair value through other comprehensive income/ Investments accounted for using equity method	-	Other related parties / Associates	-	-	5,301	713,036	-	-	-	-	5,301	729,851 (Note 2)
WIN Chance Investment Corp.	〃	〃	-	〃	1,872	205,898	2,830	389,353	-	-	-	-	4,702	666,043 (Note 2)
WIN Earn Investment Corp.	〃	〃	-	〃	-	-	4,230	568,005	-	-	-	-	4,230	427,878 (Note 2)

Note 1: The amount of ending balance included unrealized gains (losses) on financial assets.
Note 2: The amount of ending balance was calculated using the equity method.
Note 3: The amount of ending balance was calculated using the equity method. The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule E Information on acquisition of real estate with purchase amount exceeding the lower of NT$300 million or 20% of the Company's paid in capital:

(In thousands of Dollars)

Name of company	Name of Property	Transaction Date	Transaction amount	Status of payment	Counter-party	Relationship with the company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
The Company	Factory buildings	2021/4/6~2021/5/25	1,517,330	As of December 31, 2021, the price paid $454,395 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
〃	Factory buildings	2021/10/15	2,324,768	As of December 31, 2021, the price paid $697,430 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Factory buildings	2018/10/25	617,213 (RMB 138,575)	As of December 31, 2021, the price paid $571,739 thousand (RMB 131,646 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2020/12/23	1,464,524 (RMB 335,900)	As of December 31, 2021, the price paid $1,214,146 thousand (RMB 279,564 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Factory buildings	2018/11/20	772,168 (RMB 173,365)	As of December 31, 2021, the price paid $715,277 thousand (RMB 164,697 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Win Yield Agriculture Development Co., Ltd.	Factory buildings	2020/1/10	1,482,045 (RMB 342,511)	As of December 31, 2021, the price paid $1,420,158 thousand (RMB 327,000 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2020/12/8	1,174,319 (RMB 268,600)	As of December 31, 2021, the price paid $907,685 thousand (RMB 209,000 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2021/2/8	548,075 (RMB 125,000)	As of December 31, 2021, the price paid $412,584 thousand (RMB 95,000 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2021/5/12~2021/8/25	735,457 (RMB 170,600)	As of December 31, 2021, the price paid $562,331 thousand (RMB 129,480 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None

Schedule F Information regarding receivables from related-parties exceeding the lower of NT$100 million or 20% of the Company's paid-in capital：

(In thousands of New Taiwan Dollars)

Name of company	Name of Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	418,172	(Note 1)	-	-	-	(Note 2)
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Affiliate	163,217	(Note 1)	-	-	-	(Note 2)

Note 1: The ending balance was other receivables, which was not applicable for the calculation of turnover days.
Note 2: The amount of the transaction had been offset in the consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule G Business relationships and significant inter company transactions:

(In thousands of New Taiwan Dollars)

Number (Note 1)	Name of Company	Name of Counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount (Note 3)	Trading terms	Percentage of the consolidated net revenue or total assets
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other receivables due from related parties	418,172	no difference with non-related parties	0.56%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due to related parties	418,172	no difference with non-related parties	0.56%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	3	Other receivables due from related parties	163,217	no difference with non-related parties	0.22%
3	Jiangsu Win Yield Agriculture Development Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other payables due to related parties	163,217	no difference with non-related parties	0.22%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	3	Disposal non-current biological assets	149,825	no difference with non-related parties	0.20%
3	Jiangsu Win Yield Agriculture Development Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Acquisition non-current biological assets	149,825	no difference with non-related parties	0.20%

Note 1: Company numbering as follows:
Parent company－0
Subsidiary starts from 1
Note 2: The numbering of the relationship between transaction parties as follows:
Parent company to subsidiary－1
Subsidiary to parent company－2
Subsidiary to subsidiary－3
Note 3: The amount of the transaction had been offset in the consolidated financial statements..

WIN Semiconductors Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Schedule H Information on investments:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Highest percentage of ownership (%)	Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	Shares (in thousands)	Percentage of ownership	Carrying value				
The Company	WIN SEMI. USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00%	(10,721)	100.00%	2,034	2,034	(Note 1)
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	8,066,646	376,600	100.00%	10,768,701	100.00%	(799,006)	(799,006)	(Note 1)
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	790,000	500,000	79,000	100.00%	816,459	100.00%	(378)	(378)	(Note 1)
〃	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	1,079,169	604,150	53,427	73.67%	639,907	81.68%	(136,740)	(95,323)	(Note 1)
〃	WIN Chance Investment Corp.	Taiwan	Investment activities	580,000	290,000	58,000	100.00%	671,437	100.00%	19,052	19,052	(Note 1)
〃	WIN Earn Investment Corp.	Taiwan	Investment activities	580,000	290,000	58,000	100.00%	449,891	100.00%	14,961	14,961	(Note 1)
〃	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	6,120,993	-	65,409	17.08%	7,855,162	17.08%	3,144,803	254,979	
WIN Venture Capital Corp.	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	39,600	39,600	1,116	1.54%	30,772	4.39%	(136,740)	(Note 2)	(Note 1)
〃	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	713,036	-	5,301	1.39%	729,851	1.39%	3,144,803	(Note 2)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	53,162	49.30%	(2,349)	(Note 2)	
〃	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	8,141,959	185,054	81.23%	8,834,595	81.69%	(1,107,436)	(Note 2)	(Note 1)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	〃	Investment activities	194,670	194,670	6,500	100.00%	146,870	100.00%	4,130	(Note 2)	(Note 1)
〃	Win Lux Biotech (Cayman Islands) Co., Ltd.	〃	Investment activities	15,010	15,010	500	100.00%	11,901	100.00%	(2,144)	(Note 2)	(Note 1)
〃	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	153,344	100.00%	(64,450)	(Note 2)	(Note 1)
〃	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	100,000	30,000	10,000	100.00%	87,762	100.00%	(12,029)	(Note 2)	(Note 1)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	12,125	8,784	-	100.00%	3,435	100.00%	(4,264)	(Note 2)	(Note 1)
〃	PhalanxBio, Inc.	USA	Selling of high-density gene chip and test service	208,110	208,110	2,550	100.00%	(36)	100.00%	(83)	(Note 2)	(Note 1)
〃	Guzip Biomarkers Corporation	Taiwan	Development and sales of test reagents for endometrial cancer	81,727	-	14,238	100.00%	11,158	100.00%	-	(Note 2)	(Note 1)
WIN Chance Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	595,251	-	4,702	1.23%	666,043	1.27%	3,144,803	(Note 2)	
WIN Earn Investment Corp.	ITEQ Corporation	Taiwan	〃	568,005	-	4,230	1.10%	427,878	1.10%	3,144,803	(Note 2)	

Note 1: The amount of the transaction had been offset in the consolidated financial statements.
Note 2: The shares of profits (losses) of the investee company is not reflected herein as such amount is already included in the share of profits (losses) of the investor company.

Schedule I Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

(In thousands of Dollars)

Name of investee	Main businesses and products	Total amount of paid in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this year	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Highest percentage of ownership (%)	Direct/Indirect percentage of ownership by the Company	Investment income (losses) (Note 4)(Note 6)	Carrying value at the end of this period (Note 5)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow								
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	3,167,667 (RMB 720,557)	(Note 1)	2,107,827 (USD 70,043)	640,595 (USD 23,000)	-	2,748,422 (USD 93,043)	(510,778) (USD (18,296))	81.69%	81.23%	(510,778) (USD (18,296))	2,450,250 (USD 88,521)	-	(Note 10)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,169,119 (USD 38,790)	(Note 1)	1,062,375 (USD 35,046)	83,880 (USD 3,000)	-	1,146,255 (USD 38,046)	(43,234) (USD (1,547))	81.69%	81.23%	(43,234) (USD (1,547))	1,091,434 (USD 39,430)	-	(Note 10)
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,059,210 (USD 67,584)	(Note 1)	1,122,874 (USD 36,821)	-	-	1,122,874 (USD 36,821)	(217,715) (USD (7,750))	40.03%	39.80%	(106,680) (USD (3,798))	673,302 (USD 24,324)	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	466,944 (USD 15,200)	(Note 1)	507,992 (USD 16,569)	-	-	507,992 (USD 16,569)	(23,485) (USD (837))	81.69%	81.23%	(23,485) (USD (837))	395,361 (USD 14,283)	-	(Note 10)
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664 (USD 4,872)	-	-	149,664 (USD 4,872)	-	-	-	-	-	-	(Note 8)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313 (RMB 16,177)	(Note 1)	41,009 (USD 1,335)	-	-	41,009 (USD 1,335)	(46,753) (USD (1,681))	81.69%	81.23%	(46,753) (USD (1,681))	8,224 (USD 297)	-	(Note 10)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	1,932,345 (USD 66,500)	(Note 1)	1,486,645 (USD 50,500)	250,680 (USD 9,000)	-	1,737,325 (USD 59,500)	(1,008) (USD (40))	81.69%	81.23%	(1,008) (USD (40))	1,958,637 (USD 70,760)	-	(Note 10)
Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	345,130 (USD 12,000)	(Note 1)	-	85,170 (USD 3,000)	-	85,170 (USD 3,000)	(9,152) (USD (327))	81.69%	81.23%	(9,152) (USD (327))	329,920 (USD 11,919)	-	(Note 10)
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(38,902) (USD (1,399))	81.69%	81.23%	(38,902) (USD (1,399))	243,812 (USD 8,808)	-	(Note 10)
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	86,430 (USD 3,000)	-	-	86,430 (USD 3,000)	(43,583) (USD (1,568))	81.69%	81.23%	(43,583) (USD (1,568))	239,127 (USD 8,639)	-	(Note 10)
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(12,259) (USD (439))	81.69%	81.23%	(12,259) (USD (439))	270,386 (USD 9,768)	-	(Note 10)
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	43,774 (RMB 10,000)	(Note 3)	-	-	-	-	(2,219) (RMB (513))	81.69%	81.23%	(2,219) (RMB (513))	41,200 (RMB 9,487)	-	(Note 10)
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	276,400 (USD 10,000)	(Note 1)	-	221,120 (USD 8,000)	-	221,120 (USD 8,000)	(13,876) (USD (499))	81.23%	81.23%	(13,876) (USD (499))	262,075 (USD 9,468)	-	(Note 10)
Chainwin (Huaian) AIoT Co., Ltd.	Information software services	27,860 (USD 1,000)	(Note 1)	-	27,860 (USD 1,000)	-	27,860 (USD 1,000)	(3,287) (USD (118))	81.23%	81.23%	(3,287) (USD (118))	24,412 (USD 882)	-	(Note 10)
Jiangsu Win Advance Bio-Assay Co., Ltd.	Biotechnology testing service	55,500 (RMB 2,000)	(Note 1)	-	-	-	-	(1,599) (USD (57))	81.23%	81.23%	(1,599) (USD (57))	54,743 (USD 1,978)	-	(Note 10)
Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	27,680 (USD 1,000)	(Note 1)	-	27,680 (USD 1,000)	- -	27,680 (USD 1,000)	(317) (USD (11))	81.23%	81.23%	(317) (USD (11))	27,292 (USD 986)	-	(Note 10)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and test service	12,125 (RMB 2,663)	(Note 2)	8,784 (USD 300)	3,341 (USD 120)	-	12,125 (USD 420)	(4,244) (RMB (980))	83.39%	75.20%	(4,244) (RMB (980))	3,455 (RMB 796)	-	(Note 10)

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in mainland China at the end (Note 7)(Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 9)
The Company and subsidiaries	8,175,346 (USD 275,989)	9,189,035 (USD 331,974)	22,273,197

Note 1: The Group invested in mainland China companies through Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd , which is established in a third region.
Note 2: The Group invested in mainland China companies through Phalanx Biotech Limited, which is established in a third region.
Note 3: The Company invested in mainland China companies through Jiansu Win Chance Agriculture Development Co., Ltd.
Note 4: The amount of net income (losses) was recognized based on the audited financial statements of the investee companies.
Note 5: Carrying value as of December 31, 2021 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.
Note 6: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to December 31, 2021.
Note 7: The Group acquired Vanchip (Tianjin) Technology Co., Ltd. through a third region, wherein the outflow of investment from Taiwan amounted US$9,383 thousand (NT$261,420 thousand).
Note 8: Jiansu Merit/Cofcojoycome Agriculture Development Co., Ltd. had been liquidated on January 25, 2019. However, according to the regulation of Investment Commission the remittance to mainland China amounting to US$4,872 thousand (NT$149,664 thousand) was included in the accumulated investment account.
Note 9: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.
Note10: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(iii) Significant transactions: Please refer Schedule A, Schedule B, Schedule D, Schedule F and Schedule G.

APPENDIX II:

WIN SEMICONDUCTORS CORP.

Parent-Company-Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the financial statements of WIN Semiconductors Corp. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report was as follows:

Evaluation of inventory

Please refer to Note 4(g) "Inventories" for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the financial statements.

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Company stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Company cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

Other Matter

We did not audit the financial statements for the year ended December 31, 2021 of certain investments accounted for using the equity method. That financial statements for the year ended December 31, 2021 were audited by another auditor, whose audit report has been furnished to us, and our conclusion, insofar as it relates to the amounts included in these investments, is based solely on the audit report of another auditor. The investment accounted for using the equity method amounted to $7,855,162 thousand, constituting 11.90% of total assets as of December 31, 2021 and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to $254,979 thousand, and the related share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method amounted to $21,000 thousand, constituting 4.47% and 0.37% of total comprehensive income and loss for the year ended December 31, 2021, respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (The Republic of China)
March 18, 2022

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 11,522,418	18	4,402,617	9
1110	Current financial assets at fair value through profit or loss (Note 6(b))	18,541	-	10,239	-
1170	Accounts receivable, net (Notes 6(c) and 6(w))	2,708,951	4	2,033,714	4
1210	Other receivables due from related parties (Notes 6(d) and 7)	14,148	-	8,445	-
1310	Inventories (Note 6(e))	6,554,201	10	5,446,860	11
1470	Other current assets (Notes 6(d) and 6(l))	236,354	-	258,094	1
	Total current assets	21,054,613	32	12,159,969	25
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,442,016	2	814,065	2
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	660,220	1	5,205,161	11
1550	Investments accounted for using equity method (Notes 6(f), 6(g) and 7)	21,190,836	32	9,794,631	20
1600	Property, plant and equipment (Notes 6(h) and 8)	17,261,431	26	16,856,639	35
1755	Right-of-use assets (Note 6(i) and 8)	413,970	1	18,168	-
1760	Investment property (Notes 6(j) and 8)	1,053,948	2	1,380,781	3
1780	Intangible assets (Note 6(k))	138,218	-	133,392	-
1840	Deferred tax assets (Note 6(s))	417,116	1	219,844	-
1915	Prepayments for business facilities	2,140,415	3	1,798,857	4
1990	Other non-current assets (Notes 6(l) and 8)	211,731	-	98,707	-
	Total non-current assets	44,929,901	68	36,320,245	75
	Total assets	$ 65,984,514	100	48,480,214	100

Code	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss (Note 6(b) and 6(o))	$ 180,497	-	-	-
2130	Contract liabilities (Note 6(w))	339,851	1	518,940	1
2170	Accounts payable	2,118,917	3	1,767,092	4
2200	Other payables (Note 6(x))	3,822,631	6	3,957,873	8
2220	Other payables to related parties (Note 7)	6,643	-	6,835	-
2280	Current lease liabilities (Notes 6(p) and 6(ac))	30,844	-	13,635	-
2399	Other current liabilities	170,874	-	147,599	-
	Total current liabilities	6,670,257	10	6,411,974	13
	Non-Current liabilities:				
2530	Bonds payable (Notes 6(o) and 6(ac))	13,286,639	20	-	-
2540	Long-term borrowings (Notes 6(n), 6(ac) and 8)	10,470,660	16	7,758,940	16
2580	Non-current lease liabilities (Notes 6(p) and 6(ac))	384,407	1	4,657	-
2600	Other non-current liabilities (Notes 6(r), 6(ac) and 7)	234,543	-	227,057	1
	Total non-current liabilities	24,376,249	37	7,990,654	17
	Total liabilities	31,046,506	47	14,402,628	30
	Equity (Notes 6(b), 6(f), 6(g), 6(o), 6(r), 6(s), 6(t) and 6(u)):				
3110	Ordinary shares	4,239,764	7	4,240,564	9
3200	Capital surplus	9,969,914	15	9,323,098	19
3300	Retained earnings	19,960,265	30	17,001,021	35
3400	Other equity interests	768,065	1	3,512,903	7
	Total equity	34,938,008	53	34,077,586	70
	Total liabilities and equity	$ 65,984,514	100	48,480,214	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(w) and 7)**	$ 25,521,833	100	24,940,505	100
5000	**Operating costs (Notes 6(e), (h), (i), (k), (p), (r), (u), (x), and 12)**	(15,779,629)	(62)	(14,522,007)	(58)
	Gross profit from operations	9,742,204	38	10,418,498	42
	Operating expenses (Notes 6(h), (i), (j), (k), (p), (r), (u), (x), 7 and 12):				
6100	Selling expenses	(287,537)	(1)	(281,071)	(1)
6200	Administrative expenses	(1,168,561)	(5)	(982,525)	(4)
6300	Research and development expenses	(1,154,136)	(4)	(1,010,778)	(4)
	Total operating expenses	(2,610,234)	(10)	(2,274,374)	(9)
	Net operating income	7,131,970	28	8,144,124	33
	Non-operating income and expenses (Notes 6(b), (f), (h), (o), (p), (q), (y) and 7):				
7100	Interest income	31,463	-	20,729	-
7010	Other income	51,765	-	229,055	1
7020	Other gains and losses	227,320	1	(159,961)	(1)
7050	Finance costs	(205,163)	(1)	(28,769)	-
7070	Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	(603,681)	(2)	(143,098)	(1)
	Total non-operating income and expenses	(498,296)	(2)	(82,044)	(1)
7900	**Profit before tax**	6,633,674	26	8,062,080	32
7950	**Tax expenses (Note 6(s))**	(1,178,712)	(5)	(1,533,340)	(6)
	Profit	5,454,962	21	6,528,740	26
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(r), 6(s) and 6(t))**				
8311	Remeasurements of defined benefit plans	(1,099)	-	(10,736)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	49,108	-	378,045	2
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	273,593	1	362,982	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	220	-	2,147	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	321,822	1	732,438	3
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss (Note 6(t))**				
8361	Exchange differences on translation of foreign financial statements	(214,625)	(1)	(298,767)	(1)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	147,421	1	276,012	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(67,204)	-	(22,755)	-
8300	**Other comprehensive income**	254,618	1	709,683	3
8500	**Total comprehensive income**	**$ 5,709,580**	**22**	**7,238,423**	**29**
	Earnings per common share (expressed in dollars) (Note 6(v))				
9750	**Basic earnings per share**	**$ 12.90**		**15.45**	
9850	**Diluted earnings per share**	**$ 12.49**		**15.33**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interests				
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees	Total other equity interests	Total equity
Balance on January 1, 2020	$ 4,240,564	9,244,308	2,068,260	11,330,929	13,399,189	(179,450)	3,089,886	(137,029)	2,773,407	29,657,468
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	447,440	(447,440)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(2,968,394)	(2,968,394)	-	-	-	-	(2,968,394)
	-	-	447,440	(3,415,834)	(2,968,394)	-	-	-	-	(2,968,394)
Profit for the year ended December 31, 2020	-	-	-	6,528,740	6,528,740	-	-	-	-	6,528,740
Other comprehensive income for the year ended December 31, 2020	-	-	-	(8,589)	(8,589)	(22,755)	741,027	-	718,272	709,683
Total comprehensive income for the year ended December 31, 2020	-	-	-	6,520,151	6,520,151	(22,755)	741,027	-	718,272	7,238,423
Adjustments to share of changes in equities of subsidiaries	-	1,463	-	4,950	4,950	-	(4,950)	-	(4,950)	1,463
Changes in ownership interests in subsidiaries	-	69,410	-	-	-	-	-	-	-	69,410
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	7,917	-	-	-	-	-	(7,917)	(7,917)	-
Compensation cost arising from restricted shares of employees	-	-	-	8	8	-	-	79,208	79,208	79,216
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	45,117	45,117	-	(45,117)	-	(45,117)	-
Balance on December 31, 2020	4,240,564	9,323,098	2,515,700	14,485,321	17,001,021	(202,205)	3,780,846	(65,738)	3,512,903	34,077,586
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	657,022	(657,022)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(4,240,414)	(4,240,414)	-	-	-	-	(4,240,414)
	-	-	657,022	(4,897,436)	(4,240,414)	-	-	-	-	(4,240,414)
Profit for the year ended December 31, 2021	-	-	-	5,454,962	5,454,962	-	-	-	-	5,454,962
Other comprehensive income for the year ended December 31, 2021	-	-	-	(879)	(879)	(67,204)	322,701	-	255,497	254,618
Total comprehensive income for the year ended December 31, 2021	-	-	-	5,454,083	5,454,083	(67,204)	322,701	-	255,497	5,709,580
Adjustments to share of changes in equities of subsidiaries and associates	-	6,409	-	(1,230,923)	(1,230,923)	-	(54,714)	-	(54,714)	(1,279,228)
Changes in ownership interests in subsidiaries	-	10,586	-	(28,303)	(28,303)	-	-	-	-	(17,717)
Compensation cost arising from restricted shares of employees	-	-	-	39	39	-	-	48,579	48,579	48,618
Purchase and retirement of restricted shares of stock for employees	(800)	(9,762)	-	-	-	-	-	10,562	10,562	-
Recognition of equity component of convertible bonds issued	-	639,583	-	-	-	-	-	-	-	639,583
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	3,004,762	3,004,762	-	(3,004,762)	-	(3,004,762)	-
Balance on December 31, 2021	**$ 4,239,764**	**9,969,914**	**3,172,722**	**16,787,543**	**19,960,265**	**(269,409)**	**1,044,071**	**(6,597)**	**768,065**	**34,938,008**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 6,633,674	8,062,080
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,856,799	3,541,341
Amortization expense	102,693	87,911
Net gains on financial assets or liabilities at fair value through profit or loss	(243,365)	(23,184)
Interest expense	205,163	28,769
Interest income	(31,463)	(20,729)
Dividend income	(16,585)	(155,206)
Compensation cost arising from share-based payments	48,618	79,216
Shares of losses of subsidiaries, associates and joint ventures accounted for using equity method	603,681	143,098
Losses (gains) on disposal of property, plant and equipment	3,098	(21,124)
Other income	(51,482)	(18,818)
Impairment loss	-	139,071
Prepayments for business facilities transferred to expenses	96	625
Total adjustments to reconcile profit (loss)	4,477,253	3,780,970
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in accounts receivable	(675,237)	368,210
Increase in inventories	(1,361,157)	(1,122,415)
(Increase) decrease in other current assets	(3,291)	15,658
Total changes in operating assets	(2,039,685)	(738,547)
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(179,089)	272,481
Increase (decrease) in accounts payable	351,825	(53,926)
Increase in other payables	338,429	61,485
Decrease in other payables to related parties	(192)	(360)
Increase (decrease) in other current liabilities	23,275	(3,468)
Increase in other non-current liabilities	1,044	1,186
Total changes in operating liabilities	535,292	277,398
Total changes in operating assets and liabilities	(1,504,393)	(461,149)
Cash inflow generated from operations	9,606,534	11,381,901
Income taxes paid	(1,596,645)	(1,297,658)
Net cash flows from operating activities	8,009,889	10,084,243
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,884,803)	(1,295,285)
Proceeds from disposal of financial assets at fair value through other comprehensive income	313,827	46,945
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	10,000	6,667
Acquisition of financial assets at fair value through profit or loss	(353,212)	(396,208)
Proceeds from disposal of financial assets at fair value through profit or loss	-	318,337
Proceeds from capital reduction of financial assets at fair value through profit or loss	901	-
Acquisition of investments accounted for using equity method	(7,214,240)	(3,491,500)
Acquisition of property, plant and equipment	(2,896,439)	(2,614,208)
Proceeds from disposal of property, plant and equipment	11,005	62,364
Acquisition of intangible assets	(79,541)	(119,038)
Increase in other non-current assets	(113,024)	(49,359)
Increase in prepayments for business facilities	(1,346,378)	(1,597,403)
Interest received	30,121	20,761
Dividends received	295,408	152,682
Other income received	45,779	11,572
Net cash flows used in investing activities	(13,180,596)	(8,943,673)
Cash flows from (used in) financing activities:		
Issuance of convertible bonds payable	13,902,774	-
Proceeds from long-term debt	5,792,720	5,165,440
Repayments of long-term debt	(3,081,000)	(2,632,500)
Repayments of lease liabilities	(47,666)	(33,990)
Increase (decrease) in other non-current liabilities	5,343	(3,445)
Cash dividends paid	(4,240,414)	(2,968,394)
Interest paid	(41,249)	(29,014)
Net cash flows from (used in) financing activities	12,290,508	(501,903)
Net increase in cash and cash equivalents	7,119,801	638,667
Cash and cash equivalents at beginning of period	4,402,617	3,763,950
Cash and cash equivalents at end of period	**$ 11,522,418**	**4,402,617**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

WIN Semiconductors Corp.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

WIN Semiconductors Corp. (the "Company") was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan. The Company engages in the researching, developing, manufacturing, and selling of GaAs wafers.

(2) Approval date and procedures of the financial statements:

The parent-company-only financial statements was authorized for issue by the Board of Directors as of March 18, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "A one-year extension to the practical expedient for COVID-19 related rent concessions."

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have not yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language parent-company-only financial statements, the Chinese version shall prevail.

(Continued)

The significant accounting policies presented in the parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(b) Basis of preparation

(i) Basis of measurement

Except for the following material items in the balance sheet, the parent-company-only financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measure at fair value;

2) Financial assets at fair value through other comprehensive income are measure at fair value;

3) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, and the effect of the plan assets ceiling disclosure in Note 4(q) less plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate of the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

(Continued)

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to the reporting currency of the Company’ s parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company’s parent-company-only financial statements at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the foreign currency gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

(i) It expects to be realized, or intends to be sold or consumed, in the normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It expects to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

(i) It expects to be settled in the normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settle date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Regular way purchase or sales of financial assets shall be recognized and derecognized, as applicable, using trade day.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Company's right to receive payment is established, which is normally the ex-dividend date.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivables, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

(Continued)

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；

(Continued)

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(ii) Financial liabilities

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(Continued)

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures： 6 to 25 years

2) Machinery and equipment： 1 to 10 years

3) Factory and equipment： 2 to 15 years

4) Other equipment： 1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date at least and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct the use of the asset:

- The Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Company has the right to direct the use of an asset if either:

  - the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  - the Company designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

(Continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including substantively fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment on whether it will have the option to exercise a purchase; or

4) there is a change in the assessment on lease term as to whether it will be extended or terminated; or

5) there is any lease modification.

(Continued)

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’ s net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘rent income’.

(Continued)

(m) Intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortizable amount is the cost of an asset less its residual values. Intangible assets are amortized from the date that they are available for use by using straight-line method, the estimated useful lives for the current and comparative periods are as follows:

(i) Technical know-how: 6 to 12 years

(ii) Computer software and information systems: 1 to 5 years

(iii) Others: 1 to 2 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end, and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or the cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer'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 customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of electronic components over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 60 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Government grants

The Company recognizes an unconditional government grant related to research and development plan in profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(Continued)

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

The grant date of the share-based payment is the date the Company inform their employees about the exercise price and shares.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(Continued)

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation and new restricted shares of employee.

(u) Operating segment

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires the management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

(a) Judgment of whether the Company has substantive control over its investee, please refer to the consolidated financial statements for the year ended December 31, 2021.

(b) Judgment of whether the Company has significant influence on its investee

The Company's 32.88% shares in NCF Fund II L.P. is deemed as a mutual fund. The Company does not act as the director and is not designed as the representative of those charged with the governance of NCF Fund II L.P. As a result, it is determined that the Company does not have significant influence on NCF Fund II L.P.

(c) Classification of lease

The factory lease agreements entered into by the Company were combined leases of land and buildings, recognized as operating leases. The proprietary of land was not transferred and the rental fee is increased to market rent at regular intervals. Also, the lessee does not participate in the residual value of the land and buildings. As a result, it was determined that the Company is responsible for all the risks and rewards of the land and buildings. Please refer to Note 6(q).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

- Valuation of inventories

  As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to Note 6(e).

The accounting policy and disclosure of the Company include that measuring the financial assets and financial liabilities at fair value. The Company uses external information to make the evaluation result agreed to market status and to confirm the data resource is independent reliable and consistent with other resource. The Company regularly revises the inputs and any essential adjustments on the fair value to confirm that evaluation results are reasonable. The Company regularly evaluates investment property using the evaluation methods and related parametric assumptions announced by FSC.

(Continued)

When measuring the fair value of an asset or a liability, the Company usually uses market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

—Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

—Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

—Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

(a) Note 6(j)-Investment property.

(b) Note 6(z)-Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 166	162
Cash in bank	9,028,034	4,402,455
Time deposits	2,494,218	-
	$ 11,522,418	**4,402,617**

Refer to Note 6(z) for the fair value sensitivity analysis and the currency risk of the financial assets and liabilities of the Company.

(Continued)

(b) Financial instruments

(i) Financial assets at fair value through profit or loss:

	December 31, 2021	December 31, 2020
Mandatorily measured at financial assets at fair value through profit or loss:		
Non-derivative financial assets		
Stock listed on domestic markets	$ 18,541	10,239
Private fund (Note)	1,442,016	814,065
Total	**$ 1,460,557**	**824,304**
Current	$ 18,541	10,239
Non-current	1,442,016	814,065
	$ 1,460,557	**824,304**

Note: As of December 31, 2021 and 2020, part of the private fund were during the lock-up period.

	December 31, 2021	December 31, 2020
Mandatorily measured at current financial liabilities at fair value through profit or loss		
Convertible bonds with embedded derivatives	**$ 180,497**	**-**

The derivative financial instruments arose from the issuance of overseas convertible bonds of the Company disclosed in Note 6(o).

The Company holds derivative financial instruments to hedge certain foreign exchange the Company is exposed to, arising from its operating activities. For the year ended December 31, 2020, the gains on settlement, amounting to $4,259 thousand, were recognized as other gains and losses. There was no such transaction for the year ended December 31, 2021.

Refer to Note 6(y) for the amount of re-measurement at fair value recognized in profit or loss.

(ii) Non-current financial assets at fair value through other comprehensive income:

	December 31, 2021	December 31, 2020
Stocks listed on domestic markets	$ 124,844	4,562,726
Non-public stocks	535,376	642,435
	$ 660,220	**5,205,161**

(Continued)

The Company decided to hold these equity instruments, which are not held for trading, at fair value through other comprehensive income.

For the years ended December 31, 2021 and 2020, the Company received dividend income amounted to $14,063 thousand and $147,665 thousand, respectively, of the equity investment designated at fair value though other comprehensive income.

For the year ended December 31, 2021, due to the proportion of investment portfolio, the Company disposed the equity investments designated at fair value through other comprehensive income, with a fair value of $313,827 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to $162,636 thousand was transferred to retained earnings.

For the year ended December 31, 2021, due to operating strategy, the Company reclassified equity investments designated at fair value through other comprehensive income into investments accounted for using equity method. Please refer to Note 6(f) for related information.

For the year ended December 31, 2020, due to the redemption of preferred shares, the Company disposed the equity investments designated at fair value through other comprehensive income, with a fair value of $46,945 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to $45,117 thousand was transferred to retained earnings.

(iii) Sensitivity analysis in the equity price risk:

If the equity price changes, the impact to comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both periods, will be as follows:

	2021		2020	
Prices of securities at the reporting date	**After-tax other comprehensive income**	**After-tax profit (loss)**	**After-tax other comprehensive income**	**After-tax profit (loss)**
Increasing 3%	$ 19,807	556	156,155	307
Decreasing 3%	$ (19,807)	(556)	(156,155)	(307)

(iv) As of December 31, 2021 and 2020, the financial assets were not pledged. For information on the Company's currency risk and credit risk was disclosed in Note 6(z).

(c) Accounts receivable, net

	December 31, 2021	December 31, 2020
Accounts receivable	$ 2,708,951	2,033,714

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

(Continued)

The loss allowance provision was determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 2,554,232	0%	-
Past due 1~60 days	154,719	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	0%~1.67%	-
Past due more than 181 days	-	100%	-
	$ 2,708,951		-

	December 31, 2020		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 1,936,598	0%	-
Past due 1~60 days	97,116	0%	-
Past due 61~120 days	-	0%	-
Past due 121~180 days	-	1.67%~5.43%	-
Past due more than 181 days	-	100%	-
	$ 2,033,714		-

As of December 31, 2021 and 2020, the accounts receivable were not discounted nor pledged.

(d) Other receivables

	December 31, 2021	December 31, 2020
Other receivables due from related parties	$ 14,148	8,445
Other receivables (recognized as other current assets)	13,685	8,785
Less: loss allowance	-	-
	$ 27,833	17,230

As of December 31, 2021 and 2020, other receivables were not past due nor impaired.

For information on the Company's credit risk was disclosed in Note 6(z).

(Continued)

(e) Inventories

	December 31, 2021	December 31, 2020
Raw materials, supplies and spare parts	$ 4,264,224	3,390,369
Work in process	1,279,049	1,277,161
Finished goods	1,010,928	779,330
	$ 6,554,201	5,446,860

Except for cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2021	2020
Loss on valuation of inventories and obsolescence	$ 81,315	56,239
Revenue from sale of scraps	$ (52,200)	(27,405)

As of December 31, 2021 and 2020, the inventories were not pledged.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 13,335,674	9,794,631
Associates	7,855,162	-
	$ 21,190,836	9,794,631

(i) Subsidiaries

For the related information, please refer to consolidated financial statements for the year ended December 31, 2021.

(ii) Associates

Associates which are material to the Company consisted of the followings:

Name of Associates	Main Businesses and Products	Main Operating Location/ Registered Country of the Company	Proportion of Shareholding and Voting Rights December 31, 2021
ITEQ Corporation (abbrev. ITEQ)	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	Taiwan	17.08 %

(Continued)

The fair value of significant associate listed on the Taiwan Stock Exchange Corporation (TWSE) which is material to the Company is as follows:

	December 31, 2021
ITEQ	$ 9,288,040

The Company has significant influence over ITEQ after acquiring two seats of the Board of Directors on July 2, 2021. Therefore, the original account under fair value through other comprehensive income financial assets amounting to $6,155,025 thousand, was removed and reclassified into investment accounted for using the equity method based on the fair value. The amount of profit related to the investment that was previously recognized in other comprehensive income of $2,842,126 thousand that would not be reclassified to profit or loss was reclassified to retained earnings. In the third quarter of 2021, the Company subscribed 21,601 thousand shares of cash capital increase amounting to $2,808,094 thousand. The amount of investment cost over net equity amounting to $1,165,309 thousand was recognized as a deduction of retained earnings. Due to the aforementioned transactions, the shareholding percentage has increased from 13.16% to 17.08%.

The consolidated financial information of significant associates was as follows:

The financial information of ITEQ:

	December 31, 2021
Current assets	$ 24,375,370
Non-current assets	11,861,917
Current liabilities	(14,264,806)
Non-current liabilities	(657,743)
Net assets	**$ 21,314,738**

	2021
Operating revenue	**$ 32,524,688**
Profit from continuing operations	$ 3,144,803
Other comprehensive income	(67,363)
Total comprehensive income	**$ 3,077,440**

(Continued)

		2021
The fair value on the date of obtaining significant influence	$	6,155,025
Additions		2,808,094
Profit attributable to the Company		254,979
Comprehensive income (loss) attributable to the Company		21,000
Deduction in retained earnings from disproportionate capital increase		(1,165,309)
Dividend received from associates		(219,040)
Changes in capital surplus of associates		413
Carrying amount of equity of associates attributable to the Company		7,855,162
Less: Goodwill		(4,213,835)
Shares of net assets of associates at the end	**$**	**3,641,327**

(iii) As of December 31, 2021 and 2020, the investments accounted for using equity method were not pledged.

(g) Changes in ownership interest in subsidiaries

On July 8, 2021, the Company subscribed the new shares contributed by Phalanx Biotech Group Inc., for $475,018 thousand in cash, and Phalanx Biotech acquired Guzip Biomarkers Corporation by issuing ordinary shares. Therefore, for the year ended December 31, 2021, the ownership increased from 54.48% to 73.67%. There was no such transaction for the year ended December 31, 2020.

The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

		2021
Carrying amount of interest on acquisition	$	457,301
Consideration paid		(475,018)
Capital surplus and retained earnings changes in ownership interests in subsidiaries	**$**	**(17,717)**

(Continued)

(h) Property, plant and equipment

The movements in property, plant and equipment were as follows:

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress and inspection-awaited devices	Total
Cost：							
Balance as of January 1, 2021	$ 2,546,534	2,389,469	22,047,600	6,133,127	511,319	303,570	33,931,619
Additions	-	22,994	706,165	332,422	130,987	1,593,219	2,785,787
Reclassification (Note 1)	-	452,722	933,195	244,056	411	(124,406)	1,505,978
Disposals	-	(102,400)	(3,540,370)	(354,374)	(298,615)	-	(4,295,759)
Balance as of December 31, 2021	**$ 2,546,534**	**2,762,785**	**20,146,590**	**6,355,231**	**344,102**	**1,772,383**	**33,927,625**
Balance as of January 1, 2020	$ 2,546,534	2,385,314	20,958,463	5,672,743	416,917	197,964	32,177,935
Additions	-	2,159	1,921,305	268,076	188,038	285,288	2,664,866
Reclassification (Note 2)	-	6,299	1,960,272	242,740	20,740	(179,682)	2,050,369
Disposals	-	(4,303)	(2,792,440)	(50,432)	(114,376)	-	(2,961,551)
Balance as of December 31, 2020	**$ 2,546,534**	**2,389,469**	**22,047,600**	**6,133,127**	**511,319**	**303,570**	**33,931,619**
Accumulated depreciation：							
Balance as of January 1, 2021	$ -	905,455	12,861,585	2,997,948	309,992	-	17,074,980
Depreciation	-	143,555	2,964,848	541,260	152,997	-	3,802,660
Reclassification (Note 3)	-	70,210	-	-	-	-	70,210
Disposals	-	(100,694)	(3,534,083)	(348,264)	(298,615)	-	(4,281,656)
Balance as of December 31, 2021	**$ -**	**1,018,526**	**12,292,350**	**3,190,944**	**164,374**	**-**	**16,666,194**
Balance as of January 1, 2020	$ -	788,281	12,896,324	2,559,911	263,642	-	16,508,158
Depreciation	-	121,442	2,716,534	488,431	160,726	-	3,487,133
Disposals	-	(4,268)	(2,751,273)	(50,394)	(114,376)	-	(2,920,311)
Balance as of December 31, 2020	**$ -**	**905,455**	**12,861,585**	**2,997,948**	**309,992**	**-**	**17,074,980**
Carrying value：							
Balance as of December 31, 2021	**$ 2,546,534**	**1,744,259**	**7,854,240**	**3,164,287**	**179,728**	**1,772,383**	**17,261,431**
Balance as of January 1, 2020	**$ 2,546,534**	**1,597,033**	**8,062,139**	**3,112,832**	**153,275**	**197,964**	**15,669,777**
Balance as of December 31, 2020	**$ 2,546,534**	**1,484,014**	**9,186,015**	**3,135,179**	**201,327**	**303,570**	**16,856,639**

Note 1: Inventories, prepayments for business facilities and investment property were reclassified as property, plant and equipment.

Note 2: Inventories and prepayments for business facilities were reclassified as property, plant and equipment.

Note 3: Investment property were reclassified as property, plant and equipment.

(i) Pledge to secure

As of December 31, 2021 and 2020, property, plant and equipment were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings were disclosed in Note 8.

(Continued)

(ii) The Company rented some pieces of land for the construction of its new factories. For the year ended December 31, 2021, the Company has constructed factories amounting to $1,159,155 thousand, and has recognized as construction in progress. As of December 31, 2021, the total amount of the construction was $1,159,155 thousand, and was recognized as construction in progress.

(iii) For the years ended December 31, 2021 and 2020, capitalized interest expenses amounted to $15,634 thousand and $18,860 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 0.57%~0.71% and 0.65%~1.12%, respectively.

(i) Right-of-use assets

The movements in right-of-use assets were as follows:

	Land	Buildings and structures	Other equipment	Total
Cost:				
Balance as of January 1, 2021	$ 24,934	47,737	10,519	83,190
Additions	418,306	18,465	7,854	444,625
Disposals	(9,621)	-	(4,097)	(13,718)
Balance as of December 31, 2021	**$ 433,619**	**66,202**	**14,276**	**514,097**
Balance as of January 1, 2020	$ 24,979	47,664	8,728	81,371
Additions	-	593	3,136	3,729
Disposals	(45)	(520)	(1,345)	(1,910)
Balance as of December 31, 2020	**$ 24,934**	**47,737**	**10,519**	**83,190**
Accumulated depreciation:				
Balance as of January 1, 2021	$ 17,914	41,876	5,232	65,022
Depreciation	24,468	21,127	3,228	48,823
Disposals	(9,621)	-	(4,097)	(13,718)
Balance as of December 31, 2021	**$ 32,761**	**63,003**	**4,363**	**100,127**
Balance as of January 1, 2020	$ 8,968	21,198	2,887	33,053
Depreciation	8,946	21,198	3,690	33,834
Disposals	-	(520)	(1,345)	(1,865)
Balance as of December 31, 2020	**$ 17,914**	**41,876**	**5,232**	**65,022**
Carrying amount:				
Balance as of December 31, 2021	**$ 400,858**	**3,199**	**9,913**	**413,970**
Balance as of January 1, 2020	**$ 16,011**	**26,466**	**5,841**	**48,318**
Balance as of December 31, 2020	**$ 7,020**	**5,861**	**5,287**	**18,168**

(Continued)

(j) Investment property

The movements in investment property were as follows:

		Land	Buildings and structures	Total
Cost：				
Balance as of January 1, 2021	$	963,127	529,952	1,493,079
Additions		-	-	-
Reclassification as property, plant and equipment		-	(391,727)	(391,727)
Balance as of December 31, 2021	$	**963,127**	**138,225**	**1,101,352**
Balance as of January 1, 2020	$	963,127	529,952	1,493,079
Additions		-	-	-
Balance as of December 31, 2020	$	**963,127**	**529,952**	**1,493,079**
Accumulated depreciation：				
Balance as of January 1, 2021	$	-	112,298	112,298
Depreciation		-	5,316	5,316
Reclassification as property, plant and equipment		-	(70,210)	(70,210)
Balance as of December 31, 2021	$	**-**	**47,404**	**47,404**
Balance as of January 1, 2020	$	-	91,924	91,924
Depreciation		-	20,374	20,374
Balance as of December 31, 2020	$	**-**	**112,298**	**112,298**
Carrying amount：				
Balance as of December 31, 2021	$	**963,127**	**90,821**	**1,053,948**
Balance as of January 1, 2020	$	**963,127**	**438,028**	**1,401,155**
Balance as of December 31, 2020	$	**963,127**	**417,654**	**1,380,781**
Fair value：				
Balance as of December 31, 2021				$ **1,183,495**
Balance as of December 31, 2020				$ **1,533,631**

When measuring the fair value of its investment property, the Company considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value.

(Continued)

As of December 31, 2021 and 2020, the yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

Location	December 31, 2021	December 31, 2020
Hsinchu	0.42%	0.36%
Taoyuan	-%	0.53%

As of December 31, 2020, the investment property was subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings were disclosed in Note 8. As of December 31, 2021, the investment property was not pledged.

(k) Intangible assets

(i) The movements in intangible assets were as follows:

	Technical know-how	Computer software and information systems	Others	Total
Cost：				
Balance as of January 1, 2021	$ 46,005	212,612	6,121	264,738
Additions	-	80,554	192	80,746
Reclassification (Note 1)	1,000	25,773	-	26,773
Disposals	-	(55,782)	(3,038)	(58,820)
Balance as of December 31, 2021	**$ 47,005**	**263,157**	**3,275**	**313,437**
Balance as of January 1, 2020	$ 46,005	175,951	2,031	223,987
Additions	-	92,896	5,786	98,682
Reclassification (Note 2)	-	210	-	210
Disposals	-	(56,445)	(1,696)	(58,141)
Balance as of December 31, 2020	**$ 46,005**	**212,612**	**6,121**	**264,738**
Amortization：				
Balance as of January 1, 2021	$ 38,977	90,455	1,914	131,346
Amortization	3,936	95,050	3,707	102,693
Disposals	-	(55,782)	(3,038)	(58,820)
Balance as of December 31, 2021	**$ 42,913**	**129,723**	**2,583**	**175,219**
Balance as of January 1, 2020	$ 35,143	65,065	1,368	101,576
Amortization	3,834	81,835	2,242	87,911
Disposals	-	(56,445)	(1,696)	(58,141)
Balance as of December 31, 2020	**$ 38,977**	**90,455**	**1,914**	**131,346**
Carrying amount：				
Balance as of December 31, 2021	**$ 4,092**	**133,434**	**692**	**138,218**
Balance as of January 1, 2020	**$ 10,862**	**110,886**	**663**	**122,411**
Balance as of December 31, 2020	**$ 7,028**	**122,157**	**4,207**	**133,392**

Note 1：Other current assets and prepayments for business facilities were reclassified as intangible assets.

Note 2：Other current assets were reclassified as intangible assets.

(Continued)

(ii) Amortization expense recognized in profit or loss

The amortization expenses of intangible assets were as follows:

	2021	2020
Operating costs	$ 32,603	20,921
Operating expenses	70,090	66,990
	$ 102,693	**87,911**

(iii) As of December 31, 2021 and 2020, the intangible assets were not pledged.

(l) Other current assets and other non-current assets

	December 31, 2021	December 31, 2020
Business tax refund receivables	$ 124,956	134,514
Prepaid expense	97,713	114,795
Restricted assets	48,786	25,080
Refundable deposits	121,991	71,527
Long-term prepayments to suppliers	36,074	-
Other receivables	13,685	8,785
Others	4,880	2,100
	$ 448,085	**356,801**

(m) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured short-term borrowings	**$ -**	**-**
Unused bank credit lines for short-term borrowings	**$ 1,010,000**	**802,430**
Unused bank credit lines for short-term and long-term borrowings	**$ 3,568,680**	**3,450,712**

(n) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured long-term borrowings (in TWD)	$ 750,000	750,000
Unsecured long-term borrowings (in TWD)	9,720,660	7,008,940
Less: Current portion	-	-
Total	**$ 10,470,660**	**7,758,940**
Unused bank credit lines for long-term borrowings	**$ 6,154,568**	**7,821,328**
Annual interest rate	**0.25%~0.98%**	**0.25%~1.00%**
Expiry date	**2023/12/15~2025/8/16**	**2022/3/15~2025/8/16**

(Continued)

As of December 31, 2021, the remaining balances of the borrowing due were as follows:

Year due	Amount
January 1, 2023~December 31, 2023	$ 2,753,310
January 1, 2024~December 31, 2024	6,412,080
January 1, 2025 and after	1,305,270
	$ 10,470,660

(i) The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in Note 6(m).

(ii) The collateral for these long-term borrowings were disclosed in Note 8.

(o) Bonds payable

The details of bonds payable were as follows:

	December 31, 2021	December 31, 2020
Overseas convertible bonds	$ 13,992,000	-
Less: Unamortized discounted bonds payable	(705,361)	-
Current portion	-	-
Total	**$ 13,286,639**	**-**

Proceeds from issuance (less transaction cost amounted to $89,226 thousand)	$ 13,902,774
Equity components (less transaction cost amortized to equity component of $4,147 thousand)	(639,583)
Embedded derivatives instruments－put/ call options	(139,920)
Liability components at the issuance date (less transaction cost allocated to liability component of $85,079 thousand)	13,123,271
Interest expense at an effective interest rate of 1.28%	163,368
Liability components as of December 31, 2021	**$ 13,286,639**

(Continued)

The Company resolved to issue the first unsecured overseas convertible bonds, as proposed in the Board of Directors meeting held on November 27, 2020, which had been approved by the Financial Supervisory Commission with approval No.1090377907 on December 25, 2020 and been issued on the Singapore Exchange Securities Trading Limited on January 14, 2021. The Company issued the 5 years unsecured convertible bond, amounting to US$500,000 thousand without coupon rate, with the maturity dates on January 14, 2026.

Unless previously redeemed, repurchased, and cancelled or converted, regulations and except during the closed period, the bonds may be converted into the Company's common shares pursuant to the applicable laws and regulations and the indenture at any time starting from the next day immediately after three months from the issue date to (1) the 10 day prior to the maturity date or (2) the 5 business day prior to the applicable redemption date on which a bondholder exercises its put right or the applicable date (other than the maturity date) on which the Company exercises its redemption right.

The conversion price was 140% of the closing price of the Company's common share on the Taipei Exchange on the pricing date, which was NT$497. The number of common share to be delivered upon conversion of any bond will be determined with the principal amount of the bonds multiplied by the fixed exchange rate, which is NT$27.984 to US$1, which as determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture. As of December 31, 2021, the conversion price was adjusted to NT$483.16 per share.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was accounted under the capital surplus-stock option. The effective interest rate originally recognized for the liability component was 1.28%.

(p) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	$ 30,844	13,635
Non-current	$ 384,407	4,657

For the maturity analysis, please refer to Note 6(z).

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest expenses on lease liabilities	$ 3,028	427
Expenses relating to short-term leases	$ 2,605	1,577
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,457	1,290

(Continued)

The amounts recognized in the statement of cash flows for the Company was as follows:

	2021	2020
Total cash outflow for leases	$ 54,756	37,284

(i) Real estate and buildings leases

The Company leases land and buildings for its parking lots and staff dormitories. The leases of them typically run for a period of 2 to 20 years.

(ii) Other leases

The Company leases printer and transportation equipment, with lease terms of 2 to 5 years.

(iii) Parts of the leases of machinery and equipment are with contract terms of less than one year. These leases are short-term. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases. Also, some leases contain cancellation options exercisable by the Company. In which leases are not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(q) Operating lease

The Company leased its investment property under operating lease, which was disclosed in Note 6(j).

For the years ended December 31, 2021 and 2020, the rental income recognized in other income amounting to $35,180 thousand and $73,849 thousand, respectively.

(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 162,260	158,573
Fair value of plan assets	(49,234)	(47,690)
Net defined benefit liabilities (Note)	$ 113,026	110,883

Note: Recognized liabilities for defined benefit obligations were recognized as other non-current liabilities.

The Company makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Act) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

(Continued)

1) Composition of plan assets

The Company set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Founds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to $49,234 thousand as of December 31, 2021. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Founds, Ministry of Labor.

2) The movements in present value of the defined benefit obligations

For the years ended December 31, 2021 and 2020, movements in the present value of the defined benefit obligations for the Company were as follows:

		2021	2020
Defined benefit obligations at the beginning	$	158,573	144,155
Current service costs and interest cost		2,093	2,367
Remeasurements of the net defined benefit liability (asset):			
－Actuarial (gains) losses arising from demographic assumptions		4,123	-
－Actuarial (gains) losses arising from financial assumption		-	6,498
－Experience adjustments		(2,529)	5,553
Defined benefit obligations at the end	**$**	**162,260**	**158,573**

3) The movements in fair value of the defined benefit plan assets

For the years ended December 31, 2021 and 2020, movements in the fair value of the plan assets were as follows:

		2021	2020
Fair value of plan assets at the beginning	$	47,690	45,194
Interest revenue		352	501
Remeasurements of the net defined benefit liability (asset):			
－Return on plan assets (excluding the interest revenue)		495	1,315
Amounts contributed to plan		697	680
Fair value of plan assets at the end	**$**	**49,234**	**47,690**

(Continued)

4) The movement in effect of plan asset ceiling

For the years ended December 31, 2021 and 2020, there were no changes in the effect of plan asset ceiling.

5) The expenses recognized in profit or loss

For the years ended December 31, 2021 and 2020, the expenses recognized in profit or loss for the Company were as follows:

	2021	2020
Current service costs	$ 940	793
Net interest expense of net defined benefit liability (asset)	801	1,073
	$ 1,741	**1,866**

	2021	2020
Administrative expenses	**$ 1,741**	**1,866**

6) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

For the years ended December 31, 2021 and 2020, the remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	2021	2020
Balance at the beginning	$ 72,961	62,225
Recognized in the current period	1,099	10,736
Balance at the end	**$ 74,060**	**72,961**

7) Actuarial assumptions

At the end of the reporting date, the principal actuarial assumptions were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.750 %	0.750 %
Future salary rate increases	4.500 %	4.500 %

The Company expects to make contributions of $150 thousand to the defined benefit plans in the next year starting from December 31, 2021.

The weighted average duration of the defined benefit plans is 15.29 years.

(Continued)

8) Sensitivity analysis

As of December 31, 2021, and 2020, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

		Influences of defined benefit obligations	
		Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021			
Discount rate	$	(4,388)	4,567
Future salary increase rate		4,330	(4,177)
December 31, 2020			
Discount rate	$	(4,372)	4,541
Future salary increase rate		4,300	(4,170)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside $120,817 thousand and $107,894 thousand of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020, respectively.

(Continued)

(s) Income tax

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current tax expense (benefits)			
Current period	$	1,391,933	1,561,014
Adjustment for prior periods		(16,169)	(45,803)
Subtotal		1,375,764	1,515,211
Deferred tax expense (benefits)			
Origination and reversal of temporary differences		(197,052)	18,129
Income tax expense	**$**	**1,178,712**	**1,533,340**

The amount of income tax benefit recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Components of other comprehensive income that will not be classified to profit or loss:			
The remeasurements of defined benefit plans	**$**	**220**	**2,147**

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

		2021	2020
Profit before tax	**$**	**6,633,674**	**8,062,080**
Estimated income tax calculated using the Company’s domestic tax rate	$	1,326,735	1,612,416
Tax-exempt income		(2,813)	(51,689)
Investment tax credits		(155,180)	(94,701)
Adjustment for prior periods		(16,169)	(45,803)
Additional tax on undistributed earnings		83,639	53,608
Others		(57,500)	59,509
	$	**1,178,712**	**1,533,340**

(Continued)

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Unrealized investment losses recognized under equity method	Others	Total
Deferred tax assets:					
Balance as of January 1, 2021	$ 46,170	2,970	119,156	51,548	219,844
Recognized in profit or loss	10,668	(1,627)	159,395	28,616	197,052
Recognized in other comprehensive income	-	-	-	220	220
Balance as of December 31, 2021	**$ 56,838**	**1,343**	**278,551**	**80,384**	**417,116**
Balance as of January 1, 2020	$ 38,636	60,543	79,868	56,779	235,826
Recognized in profit or loss	7,534	(57,573)	39,288	(7,378)	(18,129)
Recognized in other comprehensive income	-	-	-	2,147	2,147
Balance as of December 31, 2020	**$ 46,170**	**2,970**	**119,156**	**51,548**	**219,844**

There was no change in the amount of deferred tax liabilities for the years ended December 31, 2021 and 2020.

(iii) Assessment

The Company's corporate income tax returns for all the years through 2019 were assessed by the tax authorities.

(t) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's authorized share capital consisted of 1,000,000 thousand shares of ordinary shares, with $10 dollars par value per share, of which 423,976 thousand shares, and 424,056 thousand shares, respectively, were issued. The Company has reserved $1,000,000 thousand for employee stock options.

Reconciliations of shares outstanding for the years ended December 31, 2021 and 2020:

	Ordinary share (in thousands) 2021	2020
Balance at the beginning	424,056	424,056
Purchase and retirement of restricted shares of stock for employees	(80)	-
Balance at the end	**423,976**	**424,056**

(Continued)

On March 18 and November 5, 2021, the Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 15 and 65 thousand shares, at $10 dollars par value per share, amounting to $800 thousand. The recognition dates for capital reduction were March 31 and November 5, 2021, respectively. All related registration procedures had been completed.

On December 22, 2017, the Company issued 20,000 thousand ordinary shares, with subscription price of $277 per share, under private placement. The private placement of ordinary shares would be subject to section 43-8 requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded publicly after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the Financial Supervisory Commission. The application of the aforementioned privately placed shares for public offering had been approved by the Competent Authorities on June 23, 2021.

(ii) Capital surplus

The details of capital surplus at the reporting date were as follows:

		December 31, 2021	December 31, 2020
Additional paid-in capital	$	9,190,855	9,031,035
Equity component of convertible bonds		639,583	-
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method		88,622	71,627
Employee stock options		698	698
Restricted shares of stock issued for employees		50,156	219,738
	$	**9,969,914**	**9,323,098**

In accordance with amended Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company’s Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the Company shall set aside at least 50% for shareholder, the distribution of remaining balance of the earnings should be further proposed by the Board of Directors and resolved by the shareholders’ meeting. And the cash dividends should not lower than 10% of the total stockholders’ dividends.

(Continued)

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reverse

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2020 and 2019 had been approved in the meeting of Board of Directors held on March 18, 2020, and 2021, respectively. The appropriations and dividends were as follows:

	2020	2019
Cash dividends	$ 4,240,414	2,968,394

The related information mentioned above can be found on websites such as the Market Observation Post System.

(Continued)

On March 18, 2022, the Board of Directors resolved to appropriate the 2021 earnings. The earnings were appropriated as follows:

	2021	
	Amount per share (in dollars)	**Total amount**
Cash dividends	$ 8.00	$ **3,391,811**

(iv) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2021	$ (202,205)	3,780,846	(65,738)
Foreign currency differences (net of tax):			
—Subsidiaries	(88,749)	-	-
—Associates	21,545	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
—The Company	-	49,108	-
—Subsidiaries	-	274,138	-
—Associates	-	(545)	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(3,004,762)	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments of the subsidiaries accounted for using equity methods at fair value through other comprehensive income (net of tax)	-	(54,714)	-
Forfeiture of unvested restricted shares of stock for employees	-	-	10,562
Compensation cost arising from restricted shares of stock issued to employees	-	-	48,579
Balance as of December 31, 2021	**$ (269,409)**	**1,044,071**	**(6,597)**

(Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2020	$ (179,450)	3,089,886	(137,029)
Foreign currency differences (net of tax)－Subsidiaries	(22,755)	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
－The Company	-	378,045	-
－Subsidiaries	-	362,982	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investment in equity instruments at fair value through other comprehensive income (net of tax)	-	(45,117)	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments of the subsidiaries accounted for using equity methods at fair value through other comprehensive income (net of tax)	-	(4,950)	-
Changes in compensation cost arising from restricted shares of stock issued to employees due to demission	-	-	(7,917)
Compensation cost arising from restricted shares of stock issued to employees	-	-	79,208
Balance as of December 31, 2020	**$ (202,205)**	**3,780,846**	**(65,738)**

(u) Share-based payment

The Company issued restricted shares of stock for employee

On June 15, 2018, the shareholders’ meeting approved a resolution to issue 1,700 thousand new restricted employee shares to full-time regular employees who meet specific requirements. The above transaction had been approved by the Financial Supervisory Commission. The Company decided that the grant date was set on August 22, 2018 and in accordance with the resolution of Board of Directors meeting held on September 14, 2018, the Company issued 1,148 thousand shares (the date of capital increase was set on September 14, 2018), with the fair-value on grant date amounting to $175,357 thousand. On March 21, 2019, the Company’s Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 20 thousand shares. The Company decided that the second grant date was set on May 10, 2019. And in accordance with the resolution of Board of Directors meeting held on May 14, 2019, the Company issued 262 thousand shares (the date of capital increase was set on May 14, 2019), with the fair-value on grant date amounting to $50,364 thousand. The remaining amount of 290 thousand shares will not be processed during the remaining period. On March 18 and November 5, 2021, the Company approved a resolution to redeem the unvested restricted employee share of stock amounting to 80 thousand shares.

(Continued)

For the years ended December 31, 2021 and 2020, there were 1,048 thousand and 0 thousand vested shares, respectively.

As of December 31, 2021 and 2020, there were 1,310 thousand and 1,390 thousand outstanding shares, respectively.

Those employees with the restricted stock awards (RSA) are entitled to purchase shares without cost under the conditions that these employees will continue to provide service to the Company for at least 3 years (from the grant date), and meet certain requirement. Based on the Company' s requirements, the restricted employee shares should be fully vested in the third year after the grant date. These shares shall not be sold, pledged, transferred, gifted, or disposed by any other means to third parties during the custody period. The voting rights of these shareholders need not be executed by the custodian, and will act based on law and regulations. The cash and stock dividends distributed during the custody period will be granted to the employees. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares, and cancel the shares thereafter.

For the years ended December 31, 2021 and 2020, the Company recognized the compensation cost of $48,618 thousand and $79,216 thousand for the aforementioned RSA, respectively.

(v) Earnings per share ("EPS")

For the years ended December 31, 2021 and 2020, the Company's earnings per share were calculated as follows:

		2021	2020
Basic earnings per share:			
Profit belonging to common shareholders	$	**5,454,962**	**6,528,740**
Weighted average number of outstanding shares of common stock (in thousands shares)		**422,977**	**422,666**
Basic earnings per share (in dollars)	$	**12.90**	**15.45**
Diluted earnings per share:			
Profit belonging to common shareholders	$	5,454,962	6,528,740
Interest expense and other gains and losses on convertible bonds, net of tax		203,945	-
Profit belonging to common shareholders (diluted)	$	**5,658,907**	**6,528,740**
Weighted average number of outstanding shares of common stock (in thousands shares)		422,977	422,666
Effect of potentially dilutive common stock			
Employee remuneration (in thousands shares)		1,484	1,924
Restricted employee shares (in thousands shares)		1,024	1,163
Effect of conversion of convertible bonds (in thousands shares)		27,530	-
Weighted average number of common stock (diluted) (in thousands shares)		**453,015**	**425,753**
Diluted earnings per share (in dollars)	$	**12.49**	**15.33**

(Continued)

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

		2021	2020
Primary geographical markets:			
Asia	$	16,586,421	16,634,605
Americas		6,818,920	5,795,821
Taiwan		1,142,762	1,394,746
Europe		973,730	1,115,333
	$	**25,521,833**	**24,940,505**
Main product / services lines:			
Foundry	$	25,521,833	24,938,258
Other		-	2,247
	$	**25,521,833**	**24,940,505**

(ii) Balance of contracts

		December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable	$	2,708,951	2,033,714	2,401,924
Less: loss allowance		-	-	-
	$	**2,708,951**	**2,033,714**	**2,401,924**
Contract liabilities	**$**	**339,851**	**518,940**	**246,459**

For details of accounts receivable and allowance for impairment, please refer to Note 6(c).

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liabilities balance at the beginning of the period was $500,721 thousand and $231,429 thousand, respectively.

(x) Employees' and directors' remuneration

According to the Company's Article of Incorporation, if there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

(Continued)

(i) Employees' remuneration: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Company. In addition, employee's profit-sharing remuneration shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.

(ii) Directors' remuneration: no more than 3%.

However, if there are any accumulated losses of the Company, the Company shall pre-reserve the amount to offset the loss. The distribution of employees' profit-sharing bonus and Directors' remuneration shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

The Company estimated its employees' and directors' remuneration as follows:

	2021	2020
Employees' remuneration	$ 447,000	543,300
Directors' remuneration	129,000	157,700
	$ 576,000	**701,000**

The amount of employee remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Incorporation. The above remuneration was included in the operating costs and operating expenses of the years ended December 31, 2021 and 2020. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the years ended December 31, 2021 and 2020.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(y) Non-operating income and expenses

(i) Interest income

The details of interest incomes for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Interest income from bank deposits	$ 31,461	20,725
Interest income from financial assets at fair value through profit or loss	-	1
Other interest income	2	3
Total	**$ 31,463**	**20,729**

(Continued)

(ii) Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Dividend income	$	16,585	155,206
Rent income		35,180	73,849
Other income	**$**	**51,765**	**229,055**

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Gains (losses) on disposals of property, plant and equipment	$	(3,098)	21,124
Foreign exchange losses		(200,829)	(140,903)
Gains on financial assets or liabilities at fair value through profit or loss		243,365	23,184
Government grants income		66,940	25,500
Guarantee income		51,482	18,818
Impairment losses		-	(139,071)
Others		69,460	31,387
Other gains and losses	**$**	**227,320**	**(159,961)**

(iv) Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Interest expenses			
Bank borrowings	$	54,254	46,954
Bonds payable		163,368	-
Lease liabilities		3,028	427
Less: capitalized interest		(15,634)	(18,860)
Subtotal		205,016	28,521
Other finance costs		147	248
Finance costs	**$**	**205,163**	**28,769**

(Continued)

(z) Financial instruments

(i) Credit risk

1) Exposure of credit risk

a) As at reporting, the Company's exposure to credit risk and the maximum exposure were mainly from:

i) The carrying amount of financial assets recognized in the balance sheet; and

ii) The amount of liabilities as a result from the Company providing financial guarantees were USD$500,000 thousand and USD$200,000 thousand as of December 31, 2021 and 2020, respectively (the amounts are equivalent to $13,840,000 thousand and $5,696,000 thousand, respectively).

In June 2019, the subsidiaries entered into a three-year syndicated loan agreement with Far Eastern International Bank and other four banks. The total credit facility under this loan agreement is US$200,000 thousand. The Company is the joint guarantor of this syndicated loan agreement.

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

— At the end of reporting period, current ratio (current assets / current liabilities): shall not be lower than 100%;

— Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense)]: shall not be lower than 100%; and

— Tangible net assets value (equity — intangible assets): shall not be lower than NT$15,000,000 thousand.

After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

In December 2021, the subsidiaries entered into a three-year syndicated loan agreement with Far Eastern International Bank and other ten banks. The total credit facility under this loan agreement is US$300,000 thousand. The loans from the initial withdrawal should be first paid off the outstanding amount of syndicated loan agreement in June 2019. Also, The Company is the joint guarantor of this syndicated loan agreement.

(Continued)

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

— At the end of reporting period, current ratio (current assets / current liabilities): shall not be lower than 100%;

— Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense)]: shall not be lower than 100%; and

— Tangible net assets value (equity — intangible assets): shall not be lower than NT$20,000,000 thousand.

After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

2) Disclosures about concentrations of risk

As of December 31, 2021 and 2020, the Company's accounts receivable (included the related parties) were concentrated on 4 and 5 customers, respectively, whose accounts represented 68% and 64% of the total accounts receivable, respectively. In order to reduce the credit risk on these accounts receivable, the Company continues to evaluate the financial status of these customers and request for collaterals when necessary.

3) Receivables and debt securities

For information on credit risk regarding accounts receivable, please refers to Note 6(c).

Other financial assets measured at amortized cost include other receivables. For related impairment, please refer to Note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited 12 months expected losses.

(Continued)

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	$ 750,000	767,438	6,750	156,188	604,500	-
Unsecured bank loans	9,720,660	9,864,259	60,610	2,659,255	7,144,394	-
Bonds payable	13,286,639	13,577,452	-	-	13,577,452	-
Accounts payable	2,118,917	2,118,917	2,118,917	-	-	-
Other payables (including related parties)	3,051,540	3,051,540	3,051,540	-	-	-
Guarantee deposits received	121,517	121,517	11,517	-	110,000	-
Lease liabilities	415,251	450,152	34,432	30,236	70,551	314,933
	$ 29,464,524	**29,951,275**	**5,283,766**	**2,845,679**	**21,506,897**	**314,933**
As of December 31, 2020						
Non-derivative financial liabilities						
Secured bank loans	$ 750,000	774,188	6,750	6,750	760,688	-
Unsecured bank loans	7,008,940	7,121,530	45,052	2,216,672	4,859,806	-
Accounts payable	1,767,092	1,767,092	1,767,092	-	-	-
Other payables (including related parties)	2,966,093	2,966,093	2,966,093	-	-	-
Guarantee deposits received	116,174	116,174	6,174	-	110,000	-
Lease liabilities	18,292	18,458	13,766	3,789	903	-
	$ 12,626,591	**12,763,535**	**4,804,927**	**2,227,211**	**5,731,397**	**-**

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company’ s significant exposure to foreign currency risk of financial assets and liabilities were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets						
Monetary items						
USD	$ 402,206	27.68	11,133,075	162,055	28.48	4,615,338
EUR	57	31.32	1,774	7	35.02	246
JPY	1,222,818	0.2405	294,088	2,391,001	0.2763	660,634
GBP	2	37.30	73	2	38.90	76
SGD	1	20.46	18	-	-	-
			$ 11,429,028			**$ 5,276,294**
Non-monetary items						
USD	$ 415,511	27.68	**$ 11,501,341**	308,073	28.48	**$ 8,775,264**

(Continued)

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial liabilities						
Monetary items						
USD	$ 42,164	27.68	1,167,098	36,446	28.48	1,037,985
EUR	641	31.32	20,086	1,231	35.02	43,106
JPY	982,177	0.2405	236,214	911,604	0.2763	251,876
			$ 1,423,398			$ 1,332,967

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables (included the related parties), financial assets at fair value through profit or loss, accounts payable and other payables (included the related parties) that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the TWD against the USD, EUR, JPY, GBP and the SGD etc. for the years ended December 31, 2021 and 2020 have increased (decreased) the net profit after tax by $429,531 thousand and $174,547 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange losses (including realized and unrealized portions) amounted to $200,829 thousand and $140,903 thousand, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Company' s net profit after tax have increased (decreased) by $28,846 thousand and $22,675 thousand for the years ended December 31, 2021 and 2020, respectively, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

(Continued)

(v) Fair value

1) Financial instruments classifications and fair values

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 18,541	18,541	-	-	18,541
Private fund	1,442,016	-	-	1,442,016	1,442,016
Subtotal	**$ 1,460,557**	**18,541**	**-**	**1,442,016**	**1,460,557**
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 124,844	124,844	-	-	124,844
Non-public stocks	535,376	-	-	535,376	535,376
Subtotal	**$ 660,220**	**124,844**	**-**	**535,376**	**660,220**
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	$ 11,522,418	-	-	-	-
Accounts receivable (Note)	2,708,951	-	-	-	-
Other receivables (including related parties) (Note)	27,833	-	-	-	-
Other non-current assets (Note)	170,777	-	-	-	-
Subtotal	**$ 14,429,979**	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ 180,497**	**-**	**180,497**	**-**	**180,497**
Financial liabilities measured at amortized cost					
Bank loans (Note)	$ 10,470,660	-	-	-	-
Bonds payable (Note)	13,286,639	-	-	-	-
Accounts payable (Note)	2,118,917	-	-	-	-
Other payables (including related parties) (Note)	3,051,540	-	-	-	-
Guarantee deposits received (Note)	121,517	-	-	-	-
Lease liabilities (Note)	415,251	-	-	-	-
Subtotal	**$ 29,464,524**	**-**	**-**	**-**	**-**

	December 31, 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 10,239	10,239	-	-	10,239
Private fund	814,065	-	-	814,065	814,065
Subtotal	**$ 824,304**	**10,239**	**-**	**814,065**	**824,304**

(Continued)

	December 31, 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 4,562,726	4,562,726	-	-	4,562,726
Private fund	642,435	-	-	642,435	642,435
Subtotal	$ 5,205,161	4,562,726	-	642,435	5,205,161
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	$ 4,402,617	-	-	-	-
Accounts receivable (Note)	2,033,714	-	-	-	-
Other receivables (including related parties) (Note)	17,230	-	-	-	-
Other non-current assets (Note)	96,607	-	-	-	-
Subtotal	$ 6,550,168	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans (Note)	$ 7,758,940	-	-	-	-
Accounts payable (Note)	1,767,092	-	-	-	-
Other payables (including related parties) (Note)	2,966,093	-	-	-	-
Guarantee deposits received (Note)	116,174	-	-	-	-
Lease liabilities (Note)	18,292	-	-	-	-
Subtotal	$ 12,626,591	-	-	-	-

Note: The information on fair value is not disclosed since the carrying amount is a reasonable approximation of fair value.

2) Valuation techniques of financial instrument not valued at fair value

The valuation techniques of the Company's financial instruments not valued at fair value by using the methods and assumptions are as follows:

- Financial asset measured at amortized cost (investments in debt instrument without active market) and financial liability measured at amortized cost

  If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques of financial instruments valued at fair value

a) Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

(Continued)

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

- the bid-ask spread is increasing; or
- the bid-ask spread varies significantly; or
- there has been a significant decline in trading volume.

When the financial instrument of the Company is traded in an active market, its fair value is illustrated by the category and nature as follows:

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: the fair value is based on the market quoted price.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Company is not traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.
- The fair value is determined by using the asset-based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

b) Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

(Continued)

4) Transfer between level 2 and level 1

For the years ended December 31, 2021 and 2020, there was no change on the fair value hierarchy of level 2 and level 1 financial asset.

5) Movement of level 3

	Fair value through profit or loss	Fair value through other comprehensive income
	Private fund	**Unquoted equity instruments**
January 1, 2021	$ 814,065	642,435
Total gains or losses:		
Recognized in profit and loss	275,640	-
Recognized in other comprehensive income	-	(92,789)
Purchased	353,212	12,000
Disposals	-	(16,270)
Proceeds from capital reduction	(901)	(10,000)
December 31, 2021	**$ 1,442,016**	**535,376**
January 1, 2020	$ 565,804	440,056
Total gains or losses:		
Recognized in profit and loss	(34,282)	-
Recognized in other comprehensive income	-	(193,946)
Purchased	282,543	449,937
Disposals	-	(46,945)
Proceeds from capital reduction	-	(6,667)
December 31, 2020	**$ 814,065**	**642,435**

The preceding gains and losses were recognized as other gains and losses and unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income. As of December 31, 2021 and 2020, the related information of the assets which were still held by the Company were as follows:

	2021	2020
Total gains or losses		
Profit or loss (recognized as other gains and losses)	$ 275,640	(34,282)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(92,789)	(239,063)

(Continued)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company' s financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through profit or loss – private funds" and "financial assets at fair value through other comprehensive income – equity investments".

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	● Comparable listed companies approach	● Price-book ratio (as of December 31, 2021 and 2020 were 4.79 and 6.19, respectively) ● Market liquidity discount rate (as of December 31, 2021 and 2020 were both 20%)	● The higher the price-book ratio, the higher the fair value ● The higher the market liquidity discount rate, the lower the fair value
	● Net asset value method	● Net asset value	● The higher the net asset value, the higher the fair value
Financial assets at fair value through profit or loss – private fund	● Net asset value method	● Net asset value	● The higher the net asset value, the higher fair value

7) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Company' s financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effect:

(Continued)

	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through profit or loss:						
Private fund	Net asset value	5%	$ 72,101	(72,101)	-	-
Financial assets at fair value through other comprehensive income:						
Equity investments without an active market	Price-book ratio	5%	-	-	6,696	(6,696)
〃	Market liquidity discount rate	5%	-	-	6,696	(6,696)
〃	Net asset value	5%	-	-	20,073	(20,073)
December 31, 2020						
Financial assets at fair value through profit or loss:						
Private fund	Net asset value	5%	$ 40,703	(40,703)	-	-
Financial assets at fair value through other comprehensive income:						
Equity investments without an active market	Price-book ratio	5%	-	-	10,467	(10,467)
〃	Market liquidity discount rate	5%	-	-	10,467	(10,467)
〃	Net asset value	5%	-	-	21,655	(21,655)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(aa) Management of financial risk

(i) The Company is exposed to the extent of the risks arising from financial instruments as below：

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Company’s objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

(Continued)

(ii) Risk management framework

The Board of Directors is responsible for overseeing the Company’ s risk management framework. The Company’ s internal auditor is responsible to identify and analyze the risks faced by the Company. The management of each divisions sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’ s Audit Committee oversees how management monitors compliance with the Company’ s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company’ s Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Company’ s accounts receivable, investments in securities and investments in bond.

1) Accounts receivable

According to the credit policy, the Company analyzes each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Company’ s review includes external ratings of customers’ financial information and bank references. Credit lines are established for each customer and reviewed periodically.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Company’ s finance department. Since the Company’ s transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no incompliance issues and therefore no significant credit risk.

3) Guarantees

In 2021 and 2020, the Company was the joint guarantor for the bank loan of its investment through subsidiary, and please refer to Note 7 for the further information.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department monitors cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021, the Company has unused bank credit lines for short-term borrowings, the unused bank credit lines for short-term borrowings and long-term borrowings, and long-term bank borrowings, amounted to $1,010,000 thousand, $3,568,680 thousand and $6,154,568 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD) and Japanese Yen (JPY).

The policy of response to currency risk：

1) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

2) The Company uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.

3) The Company manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also stays in contact with the foreign currency department to control the foreign currency trend and market information.

(ab) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. For the goal of business sustainability, the Company monitors the expansion plan as well as the level of dividends to ordinary shareholders.

For the years ended December 31, 2021 and 2020, the Company's return on common equity was 15.81% and 20.49%, respectively. The Company's debt ratio at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Debt ratio	**47.05 %**	**29.71 %**

As of December 31, 2021, there were no changes in the Company's approach to capital management.

(ac) Financing activity

Reconciliation of liabilities arising from financing activities were as follows:

		Cash flows			Non-cash changes		
	January 1, 2021	Proceeds from long-term debt	Repayments of long-term debt and lease liabilities	Others	Interest expense	Others	December 31, 2021
Long-term borrowings	$ 7,758,940	5,792,720	(3,081,000)	-	-	-	10,470,660
Bonds payable	-	13,902,774	-	-	163,368	(779,503)	13,286,639
Guarantee deposit received	116,174	-	-	5,343	-	-	121,517
Lease liabilities	18,292	-	(47,666)	(3,028)	3,028	444,625	415,251
Total liabilities from financing activity	**$ 7,893,406**	**19,695,494**	**(3,128,666)**	**2,315**	**166,396**	**(334,878)**	**24,294,067**

		Cash flows			Non-cash changes		
	January 1, 2020	Proceeds from long-term debt	Repayments of long-term debt and lease liabilities	Others	Interest Expense	Others	December 31, 2020
Long-term borrowings	$ 5,226,000	5,165,440	(2,632,500)	-	-	-	7,758,940
Guarantee deposit received	119,619	-	-	(3,445)	-	-	116,174
Lease liabilities	48,598	-	(33,990)	(427)	427	3,684	18,292
Total liabilities from financing activity	**$ 5,394,217**	**5,165,440**	**(2,666,490)**	**(3,872)**	**427**	**3,684**	**7,893,406**

(Continued)

(7) Related-party transactions:

(a) Relationship with the parent company and its subsidiaries:

The following are entities that have transactions with the Company during the periods covered in financial statements and its subsidiaries:

Name of related party	Relationship with the Company	Remark
WIN SEMI. USA, INC. (abbrev. WIN USA)	The Subsidiary	
WIN Semiconductors Cayman Islands Co., Ltd. (abbrev. WIN Cayman)	"	
WIN Venture Capital Corp. (abbrev. WVC)	"	
WIN Earn Investment Corp.(abbrev. WAN)	"	
WIN Chance Investment Corp.(abbrev. WJN)	"	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	"	
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.(abbrev. Jiangsu Kang Yuan)	"	
Jiangsu Win Chance Agricultural Development Co., Ltd.	"	(Note 1)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.(abbrev. Jiangsu Chainwin)	"	
Jiangsu Win Yield Agriculture Development Co., Ltd.(abbrev. Jiangsu Win Yield)	"	
i-Chainwin Technology (Cayman Islands) Co., Ltd.	"	
Win Lux Biotech (Cayman Islands) Co., Ltd.	"	
Jiangsu Win Shine Agriculture Development Co., Ltd.	"	
i-Chainwin Technology Co., Ltd.	"	
Win Lux Biotech Co., Ltd.	"	
Jiangsu Win Boutique Agriculture Development Co., Ltd.	"	
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	"	
Jiangsu Win Honor Management Technology Co., Ltd.	"	
Jiangsu Win Fortune Agriculture Development Co., Ltd.	"	
Chainwin (Huaian) AIoT Co.,Ltd.	"	
Jiangsu Win Advane Bio-Assay Co., Ltd.	"	
Jiangsu Win Wonder Agriculture Development Co., Ltd.	"	
Jiangsu Win Lux Biotech Co., Ltd	"	
Phalanx Biotech Group, Inc. (abbrev. PBL)	"	
PhalanxBio, Inc.	"	
Phalanx Biotech Limited	"	
Onearray Biotech (Kunshan) Co., Ltd.	"	
Guzip Biomarkers Corporation	"	
ITEQ Corporation	Associates	(Note 2)
Taoyuan i-Fare Charity Foundation	Other related party	

(Continued)

Note 1: Jiansu Merit/CM Agriculture Development Co., Ltd. renamed to Jiangsu Win Chance Agricultural Development Co., Ltd. in April 2020.

Note 2: In July 2021, the Company has significant influence over ITEQ, and therefore the ITEQ has become the Company's associates since July 2021.

(b) Significant transactions with related parties

(i) Operating expenses

The amounts of operating expenses by the Company from related parties were as follows:

	2021	2020
Subsidiary	$ 80,856	85,394
Other related parties	4,000	2,000
	$ 84,856	**87,394**

(ii) Payable to related parties

At the reporting date, the balance of other payable were as follow:

Account	Categories	December 31, 2021	December 31, 2020
Other payable	Subsidiary－WIN USA	**$ 6,643**	**6,835**

(iii) Guarantee

For the year ended December 31, 2021 and 2020, the Company provided a guarantee for the loans amounting to US$500,000 and US$200,000 thousand (the amounts are equivalent to NT$13,840,000 thousand and NT$5,696,000 thousand, respectively) to its subsidiaries, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Win Shine Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Win Chance Agricultural Development Co., Ltd., Jiangsu Win Fortune Agriculture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co., Ltd. and Jiangsu Win Sunlight Agriculture Development Co., Ltd.

(Continued)

The amounts of the guarantee income and the unreceived amounts by the Company from the related parties were as follow:

	Other income		Other receivables due from related parties	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
Subsidiary- Jiangsu Kang Yuan	$ 16,987	9,478	4,245	3,714
Subsidiary- Jiangsu Chainwin	9,970	5,790	2,829	2,120
Subsidiary- Jiangsu Win Yield	23,059	3,550	6,367	2,611
Subsidiary- Chainwin Cayman	1,466	-	707	-
	$ 51,482	**18,818**	**14,148**	**8,445**

(iv) Leases

The Company leased the office and factories to its other related party, ITEQ Corporation, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is $28,926 thousand and $29,009 thousand for the years ended December 31, 2021 and 2020, respectively. The preceding rent payment has been received. The amount of guarantee deposit received is $110,000 thousand for the years ended December 31, 2021 and 2020.

(v) Equity transaction

The amounts of the Company subscribed the new shares contributed by the subsidiaries in cash were as follow:

	2021	**2020**
Win Cayman	$ 3,061,128	2,931,500
WVC	290,000	-
PBL	475,018	-
WJN	290,000	280,000
WAN	290,000	280,000
	$ 4,406,146	**3,491,500**

The Company subscribed the new shares contributed by the associates in cash. Please refer to Note 6(f).

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	2021	2020
Short-term employee benefits	$ 579,143	598,688
Post-employment benefits	1,424	1,256
	$ 580,567	599,944

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Other non-current assets	Gas deposits	$ 4,700	4,700
Other non-current assets	Land and dormitory lease guarantee	23,557	-
Other non-current assets	Customs guarantee and its interest	20,529	20,380
Property, plant and equipment	Long-term borrowings	2,244,061	2,003,807
Investment property	Long-term borrowings	-	321,517
Total		$ 2,292,847	2,350,404

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

(i) The unrecognized commitment of acquisition of plant expansion and machinery equipment were as follows:

	December 31, 2021	December 31, 2020
The unrecognized amount	$ 5,781,150	2,472,550

	December 31, 2021	December 31, 2020
(ii) The unused letters of credit	$ 23,637	10,358

(Continued)

(10) Losses due to major disasters: None.

(11) Subsequent events:None.

(12) Other:

(a) The followings were the summary statements of employee benefits, depreciation and amortization expenses by function:

	2021			2020		
	Classified as operating costs	**Classified as operating expenses**	**Total**	**Classified as operating costs**	**Classified as operating expenses**	**Total**
Employee benefits						
Salaries	2,950,863	1,053,756	4,004,619	2,696,684	860,710	3,557,394
Labor and health insurance	235,079	51,004	286,083	202,763	44,196	246,959
Pension	98,724	23,834	122,558	88,845	20,915	109,760
Directors remuneration	-	129,180	129,180	-	158,055	158,055
Others	129,886	26,189	156,075	137,571	42,929	180,500
Depreciation	3,539,147	317,652	3,856,799	3,267,769	273,572	3,541,341
Amortization	32,603	70,090	102,693	20,921	66,990	87,911

For the years ended December 31, 2021 and 2020, the additional information for employee numbers and employee benefits were as follows:

	2021	2020
Average employee numbers	3,315	3,046
Average directors' numbers without serving concurrently as employee	5	5
Average employee benefits	$ 1,380	1,346
Average employee salaries	$ 1,210	1,170
Average adjustment rate of employee salaries	3.42 %	
Supervisor's remuneration	$ -	-

The details of the compensation policies of the Company:

Directors:

Remuneration for Directors is made according to the Company' s Articles of Incorporation. According to the Article, if there is any net profit after closing of a fiscal year, no more than 3% of the same shall be allocated as Directors' compensation. The rational of Directors' remuneration policy takes into account the Procedures for Board Performance Evaluation, overall business performance of the Company, operation requirement and development of the industry in the future, and the individual Director contribution to the Company' s operations. The reasonable Directors' compensation is proposed by the Compensation Committee and approved by the Board of Directors, in addition, a report of such remuneration shall be submitted to the shareholders' meeting.

(Continued)

Managers:

The compensation for managers shall be approval by the Board of Directors meeting. According to the Company's employer performance assessment rules, the compensation is measured based on the personal performance of officers' goal achievement, accomplishment of company's profit target and contribution made to the business operation, and the market benchmarking, which is prepared by the Human Resource Division. The compensation for managers shall be approved by the Compensation Committee and the Board of Directors.

Employees:

The Company has established the "Work Rules", "Employment Performance Assessment Rules", "Employee Reward and Discipline Rules" and "Procedures for Ethical Management and Guidelines for Conduct" according to relevant laws and regulations.

The compensation policy is measured based on the employee's capability, contribution made to the Company and performance which has a positive correlation with the performance of the Company's business. The Company offers competitive salaries and establishes and reviews a reasonable compensation policy by participating reliable compensation survey annually.

(b) As of the date the financial statements were authorized for issue, the COVID-19 pandemic did not have a significant impact on the Company's operating ability, and the Company is continuously monitoring and assessing the situation.

(13) Other disclosures:

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties: Please refer to schedule A.

(ii) Guarantees and endorsements for other parties: Please refer to schedule B.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to schedule D.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to schedule E.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

Win Semiconductors Corp.

Notes to the Parent-Company-Only Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to schedule F.

(ix) Trading in derivative instruments: Please refer to Note 6(b).

(b) Information on investments (excluding information on investees in mainland China): Please refer to schedule G.

(c) Information on investment in mainland China: Please refer to schedule H.

(d) Major shareholders: No shareholders holding more than 5% of the shares.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

WIN Semiconductors Corp.
Notes to Parent-Company-Only Financial Statements

Schedule A Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual amount drawn down	Interest Rate	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits (Note 4) (Note 5) (Note 6)	Maximum limit of fund financing (Note 4) (Note 5) (Note 6)
													Item	Value		
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	968,800 (USD 35,000)	968,800 (USD 35,000)	415,200 (USD 15,000)	1%	2	-	Working Capital	-	None	-	Net equity 20% 2,147,058	Net equity 40% 4,294,116
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	553,600 (USD 20,000)	553,600 (USD 20,000)	-	1%	2	-	Working Capital	-	None	-	Net equity 20% 2,147,058	Net equity 40% 4,294,116
2	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	138,400 (USD 5,000)	-	-	1%	2	-	Working Capital	-	None	-	Net equity 100% 146,870	Net equity 200% 293,739
2	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Win Lux Biotech Co., Ltd.	Other receivables	Y	27,680 (USD 1,000)	-	-	-	2	-	Working Capital	-	None	-	Net equity 20% 29,373	Net equity 40% 58,747
3	Phalanx Biotech Group, Inc.	PhalanxBio, Inc.	Other receivables	Y	277 (USD 10)	277 (USD 10)	-	4%	2	-	Working Capital	-	None	-	Net equity 20% 135,976	Net equity 40% 271,953

Note 1: Company numbering as follows:
Issuer－0
Investee starts from 1
Note 2: The credit amount to lending.
Note 3: Purposes of lending were as follows:
1. Business relationship
2. Short-term financing
Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties：
1. The loan limit to an individual party：(1) the total amount for lending to a company having business relationship with Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
Note 5: i-Chainwin Technology (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties：
1. The loan limit to an individual party：(1) the total amount for lending to a company having business relationship with i-Chainwin Technology (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by i-Chainwin Technology (Cayman Islands) Co., Ltd. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 100% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity, and the total amount should not exceed 200% of i-Chainwin Technology (Cayman Islands) Co., Ltd.'s equity.
Note 6: Phalanx Biotech Group, Inc.'s operating procedures of financing to other parties：
1. The loan limit to an individual party：(1) the total amount for lending to a company having business relationship with Phalanx Biotech Group, Inc. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Phalanx Biotech Group, Inc.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by Phalanx Biotech Group, Inc. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
Note 7: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD for NTD 27.68.

WIN Semiconductors Corp.
Notes to Parent-Company-Only Financial Statements

Schedule B Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)(Note 4)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	17,469,004	2,306,657	2,306,657	276,800	-	6.60%	Net equity 50% 17,469,004	Y	-	-
0	〃	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	17,469,004	3,137,058	3,137,058	1,660,800	-	8.98%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	17,469,004	4,521,085	4,521,085	2,491,200	-	12.94%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Shine Agriculture Development Co., Ltd.	2	17,469,004	-	-	-	-	0.00%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	17,469,004	2,029,857	2,029,857	1,107,200	-	5.81%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Chance Agriculture Development Co., Ltd.	2	17,469,004	-	-	-	-	0.00%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Fortune Agriclture Development Co., Ltd.	2	17,469,004	738,143	738,143	-	-	2.11%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Boutique Agriculture Development Co. Ltd.	2	17,469,004	553,600	553,600	-	-	1.58%	Net equity 50% 17,469,004	Y	-	Y
0	〃	Jiangsu Win Sunlight Agriculture Development Co. Ltd.	2	17,469,004	553,600	553,600	-	-	1.58%	Net equity 50% 17,469,004	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	3,220,587 (USD 116,350)	203,448 (USD 7,350)	203,448 (USD 7,350)	-	-	1.90%	Net equity 50% 5,367,645	-	-	Y

Note 1: Company numbering as follows:
Issuer－0
Investee starts from 1

Note 2: The 7 types of relationship between the guarantee and the guarantor were as follows:
1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor’s shares.
4. For entities in which the guarantor, directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder’s percentage.
7. Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

Note 3: WIN Semiconductors Corp.’s operating procedures of guarantee were as follows:
1. The guarantees and endorsements limit provided by WIN Semiconductors Corp. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by WIN Semiconductors Corp. and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
3. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Win Shine Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. and Jiangsu Win Chance Agriculture Development Co., Ltd., Jiangsu Win Fortune Agriclture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co. Ltd., Jiangsu Win Sunlight Agriculture Development Co. Ltd. (collectively referred to as “the Borrower”) had been approved a total maximum credit line of US$500,000 thousand.

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.’s operating procedures of guarantee were as follows:
1. The individual guarantee amount should not exceed 30% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

Note 5: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to NTD and RMB to USD for NTD 27.68 and USD 0.1569, respectively.

WIN Semiconductors Corp.
Notes to Parent-Company-Only Financial Statements

Schedule C Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares/ Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Lin BioScience, Inc./Stock	None	Current financial assets at fair value through profit or loss	100	**18,541**	0.14	**18,541**	
WIN Venture Capital Corp.	Capital Money Market Fund	〃	〃	976	**15,904**	-	**15,904**	
WIN Chance Investment Corp.	Capital Money Market Fund	〃	〃	332	**5,403**	-	**5,403**	
WIN Earn Investment Corp.	Capital Money Market Fund	〃	〃	1,352	**22,027**	-	**22,027**	
The Company	MagiCapital Fund II L.P.	〃	Non-current financial assets at fair value through profit or loss	-	444,888	5.81	444,888	
〃	CDIB Capital Growth Partners L.P.	〃	〃	-	170,729	3.30	170,729	
〃	CDIB Capital Healthcare Ventures II L.P.	〃	〃	-	21,215	1.61	21,215	
〃	Fuh Hwa Oriental Fund	〃	〃	15,000	21,480	-	21,480	
〃	Fuh Hwa Smart Energy Fund	〃	〃	12,000	78,816	-	78,816	
〃	LeaSun Winion L.P.	〃	〃	-	27,600	12.47	27,600	
〃	NFC Fund II L.P.	〃	〃	-	287,752	32.88	287,752	
〃	Foryou Venture Capital L.P.	〃	〃	-	21,000	5.77	21,000	
〃	Renaissance Capital Limited Partnership	〃	〃	-	98,379	12.82	98,379	
〃	Lian Ding Capital Investments Limited Partnership	〃	〃	-	208,000	10.23	208,000	
〃	NFC Fund III, L.P.	〃	〃	-	62,157	19.90	62,157	
					1,442,016		**1,442,016**	
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client	〃	1,800	**380,417**	0.50	**380,417**	
The Company	Sino-American Silicon Products Inc./Stock	None	Non-current financial assets at fair value through other comprehensive income	529	124,844	0.09	124,844	
〃	Inventec Solar Energy Corporation/Stock	〃	〃	34,000	-	10.51	-	(Note 1)
〃	CDIB Capital Creative Industries Limited/Stock	〃	〃	3,667	27,866	3.33	27,866	
〃	MagiCap Venture Capital Co., Ltd./Preferred Stock A	〃	〃	634	63,374	18.28	63,374	
〃	New Future Capital Co., Ltd./Stock	〃	〃	10,000	95,600	15.87	95,600	
〃	Grand Fortune Venture Corp./Stock	〃	〃	4,000	53,920	6.87	53,920	
〃	NFC I Renewable Power Co., Ltd./Stock	〃	〃	16,200	160,704	15.00	160,704	
〃	Gogolook Co., Ltd./Stock	〃	〃	2,013	133,912	11.83	133,912	
					660,220		**660,220**	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	〃	75	1,381,391	0.02	1,381,391	
〃	Anokiwave Inc./Series B Preferred Stock	〃	〃	1,264	105,304	7.93	105,304	
					1,486,695		**1,486,695**	
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	〃	90	-	0.28	-	
〃	Merit Biotech INC./Stock	〃	〃	1,320	-	2.93	-	(Note 2)
〃	Winresp INC./Stock	〃	〃	2,740	39,662	15.08	39,662	
					39,662		**39,662**	

Note 1: The Board of Directors of Inventec Solar Energy Corporation had declared to bankruptcy the company in December 2021. As of December 31, 2021, the company was still within the period of liquidation.
Note 2: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of December 31, 2021, the company was still within the period of liquidation.

WIN Semiconductors Corp.
Notes to Parent-Company-Only Financial Statements

Schedule D Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	ITEQ Corporation/Stock	Non-current financial assets at fair value through other comprehensive income/ Investments accounted for using equity method	-	Other related parties / Associates	30,393	1,440,096	35,016	4,680,897	-	-	-	-	65,409	7,855,162 (Note 2)
〃	Win Semiconductors Cayman Islands Co., Ltd./Stock	Investments accounted for using equity method	-	Subsidiary	267,000	8,066,646	109,600	3,061,128	-	-	-	-	376,600	10,768,701 (Note 2)
〃	Phalanx Biotech Group, Inc./Stock	〃	-	〃	44,650	604,150	39,585	475,019	30,808	-	-	-	53,427	639,907 (Note 2)
Win Semiconductors Cayman Islands Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd./Stock	〃	-	Investment through subsidiary	135,054	8,141,959	50,000	2,764,000	-	-	-	-	185,054	8,834,595 (Note 2)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	〃	-	〃	-	2,162,042	-	1,005,625	-	-	-	-	-	2,450,250 (Note 2)
〃	Jiangsu Win Yield Agriculture Development Co., Ltd.	〃	-	〃	-	1,486,645	-	445,700	-	-	-	-	-	1,958,637 (Note 2)
WIN Venture Capital Corp.	Capital Money Market Fund	Current financial assets at fair value through profit or loss	-	None	20,903	339,432	6,507	105,880	26,434	430,316	429,417	899	976	15,904 (Note 1)
〃	ITEQ Corporation/Stock	Non-current financial assets at fair value through other comprehensive income/ Investments accounted for using equity method	-	Other related parties / Associates	-	-	5,301	713,036	-	-	-	-	5,301	729,851 (Note 2)
WIN Chance Investment Corp.	〃	〃	-	〃	1,872	205,898	2,830	389,353	-	-	-	-	4,702	666,043 (Note 2)
WIN Earn Investment Corp.	〃	〃	-	〃	-	-	4,230	568,005	-	-	-	-	4,230	427,878 (Note 2)

Note 1: The amount of ending balance included unrealized gains (losses) on financial assets.
Note 2: The amount of ending balance was calculated using the equity method.

WIN Semiconductors Corp.
Notes to Parent-Company-Only Financial Statements

Schedule E Information on acquisition of real estate with purchase amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital:

(In thousands of Dollars)

Name of company	Name of Property	Transaction Date	Transaction amount	Status of payment	Counter-party	Relationship with the company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition	Others
							Owner	Relationship with the company	Date of transfer	Amount			
The Company	Factory buildings	2021/4/6~2021/5/25	1,517,330	As of December 31, 2021, the price paid $454,395 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
〃	Factory buildings	2021/10/15	2,324,768	As of December 31, 2021, the price paid $697,430 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Factory buildings	2018/10/25	617,213 (RMB 138,575)	As of December 31, 2021, the price paid $571,739 thousand (RMB 131,646 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2020/12/23	1,464,524 (RMB 335,900)	As of December 31, 2021, the price paid $1,214,146 thousand (RMB 279,564 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Factory buildings	2018/11/20	772,168 (RMB 173,365)	As of December 31, 2021, the price paid $715,277 thousand (RMB 164,697 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
Jiangsu Win Yield Agriculture Development Co., Ltd.	Factory buildings	2020/1/10	1,482,045 (RMB 342,511)	As of December 31, 2021, the price paid $1,420,158 thousand (RMB 327,000 thousand).	Jiangsu Nantong Sanjian Construction Group Co., Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2020/12/8	1,174,319 (RMB 268,600)	As of December 31, 2021, the price paid $907,685 thousand (RMB 209,000 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2021/2/8	548,075 (RMB 125,000)	As of December 31, 2021, the price paid $412,584 thousand (RMB 95,000 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None
〃	Factory buildings	2021/5/12~2021/8/25	735,457 (RMB 170,600)	As of December 31, 2021, the price paid $562,331 thousand (RMB 129,480 thousand).	Jiangsu Huaitian Construction Ltd.	-	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Operating purpose	None

Schedule F Information regarding receivables from related-parties exceeding the lower of NT$100 million or 20% of the Company's paid-in capital：

(In thousands of New Taiwan Dollars)

Name of company	Name of Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	418,172	(Note)	-	-	-	-
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Affiliate	163,217	(Note)	-	-	-	-

Note : The ending balance was other receivables, which was not applicable for the calculation of turnover days.

WIN Semiconductors Corp.
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Schedule G Information on investments:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: The ending balance at this year	Original investment amount: The ending balance at the beginning	The ending balance at this period: Shares (in thousands)	The ending balance at this period: Percentage of ownership	The ending balance at this period: Carrying value	Net income (losses) of investee	Investment income (losses)	Remark
The Company	WIN SEMI. USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00%	(10,721)	2,034	2,034	
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	8,066,646	376,600	100.00%	10,768,701	(799,006)	(799,006)	
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	790,000	500,000	79,000	100.00%	816,459	(378)	(378)	
〃	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	1,079,169	604,150	53,427	73.67%	639,907	(136,740)	(95,323)	
〃	WIN Chance Investment Corp.	Taiwan	Investment activities	580,000	290,000	58,000	100.00%	671,437	19,052	19,052	
〃	WIN Earn Investment Corp.	Taiwan	Investment activities	580,000	290,000	58,000	100.00%	449,891	14,961	14,961	
〃	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	6,120,993	-	65,409	17.08%	7,855,162	3,144,803	254,979	
WIN Venture Capital Corp.	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	39,600	39,600	1,116	1.54%	30,772	(136,740)	(Note)	
〃	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	713,036	-	5,301	1.39%	729,851	3,144,803	(Note)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	53,162	(2,349)	(Note)	
〃	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	8,141,959	185,054	81.23%	8,834,595	(1,107,436)	(Note)	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	i-Chainwin Technology (Cayman Islands) Co., Ltd.	〃	Investment activities	194,670	194,670	6,500	100.00%	146,870	4,130	(Note)	
〃	Win Lux Biotech (Cayman Islands) Co., Ltd.	〃	Investment activities	15,010	15,010	500	100.00%	11,901	(2,144)	(Note)	
〃	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	153,344	(64,450)	(Note)	
〃	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	100,000	30,000	10,000	100.00%	87,762	(12,029)	(Note)	
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	12,125	8,784	-	100.00%	3,435	(4,264)	(Note)	
〃	PhalanxBio, Inc.	USA	Selling of high-density gene chip and test service	208,110	208,110	2,550	100.00%	(36)	(83)	(Note)	
〃	Guzip Biomarkers Corporation	Taiwan	Development and sales of test reagents for endometrial cancer	81,727	-	14,238	100.00%	11,158	-	(Note)	
WIN Chance Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components.	595,251	-	4,702	1.23%	666,043	3,144,803	(Note)	
WIN Earn Investment Corp.	ITEQ Corporation	Taiwan	〃	568,005	-	4,230	1.10%	427,878	3,144,803	(Note)	

Note : The shares of profits (losses) of the investee company is not reflected herein as such amount is already included in the share of profits (losses) of the investor company.

WIN Semiconductors Corp.
Notes to Parent-Company-Only Financial Statements

Schedule H Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

(In thousands of Dollars)

Name of investee	Main businesses and products	Total amount of paid in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this year	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan at the end of this year	Net income (losses) of the investee	Direct/Indirect percentage of ownership by the Company	Investment income (losses) (Note 4)(Note 6)	Carrying value at the end of this period (Note 5)	Accumulated remittance of earnings in current period	Remark
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	3,167,667 (RMB 720,557)	(Note 1)	2,107,827 (USD 70,043)	640,595 (USD 23,000)	-	2,748,422 (USD 93,043)	(510,778) (USD (18,296))	81.23%	(510,778) (USD (18,296))	2,450,250 (USD 88,521)	-	
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,169,119 (USD 38,790)	(Note 1)	1,062,375 (USD 35,046)	83,880 (USD 3,000)	-	1,146,255 (USD 38,046)	(43,234) (USD (1,547))	81.23%	(43,234) (USD (1,547))	1,091,434 (USD 39,430)	-	
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,059,210 (USD 67,584)	(Note 1)	1,122,874 (USD 36,821)	-	-	1,122,874 (USD 36,821)	(217,715) (USD (7,750))	39.80%	(106,680) (USD (3,798))	673,302 (USD 24,324)	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	466,944 (USD 15,200)	(Note 1)	507,992 (USD 16,569)	-	-	507,992 (USD 16,569)	(23,485) (USD (837))	81.23%	(23,485) (USD (837))	395,361 (USD 14,283)	-	
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664 (USD 4,872)	-	-	149,664 (USD 4,872)	-	-	-	-	-	(Note 8)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313 (RMB 16,177)	(Note 1)	41,009 (USD 1,335)	-	-	41,009 (USD 1,335)	(46,753) (USD (1,681))	81.23%	(46,753) (USD (1,681))	8,224 (USD 297)	-	
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	1,932,345 (USD 66,500)	(Note 1)	1,486,645 (USD 50,500)	250,680 (USD 9,000)	-	1,737,325 (USD 59,500)	(1,008) (USD (40))	81.23%	(1,008) (USD (40))	1,958,637 (USD 70,760)	-	
Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	345,130 (USD 12,000)	(Note 1)	-	85,170 (USD 3,000)	-	85,170 (USD 3,000)	(9,152) (USD (327))	81.23%	(9,152) (USD (327))	329,920 (USD 11,919)	-	
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(38,902) (USD (1,399))	81.23%	(38,902) (USD (1,399))	243,812 (USD 8,808)	-	
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100 (USD 10,000)	(Note 1)	86,430 (USD 3,000)	-	-	86,430 (USD 3,000)	(43,583) (USD (1,568))	81.23%	(43,583) (USD (1,568))	239,127 (USD 8,639)	-	
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100 (USD 10,000)	(Note 1)	-	-	-	-	(12,259) (USD (439))	81.23%	(12,259) (USD (439))	270,386 (USD 9,768)	-	
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	43,774 (RMB 10,000)	(Note 3)	-	-	-	-	(2,219) (RMB (513))	81.23%	(2,219) (RMB (513))	41,200 (RMB 9,487)	-	
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	276,400 (USD 10,000)	(Note 1)	-	221,120 (USD 8,000)	-	221,120 (USD 8,000)	(13,876) (USD (499))	81.23%	(13,876) (USD (499))	262,075 (USD 9,468)	-	
Chainwin (Huaian) AIoT Co., Ltd.	Information software services	27,860 (USD 1,000)	(Note 1)	-	27,860 (USD 1,000)	-	27,860 (USD 1,000)	(3,287) (USD (118))	81.23%	(3,287) (USD (118))	24,412 (USD 882)	-	
Jiangsu Win Advance Bio-Assay Co., Ltd.	Biotechnology testing service	55,500 (USD 2,000)	(Note 1)	-	-	-	-	(1,599) (USD (57))	81.23%	(1,599) (USD (57))	54,743 (USD 1,978)	-	
Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	27,680 (USD 1,000)	(Note 1)	-	27,680 (USD 1,000)	-	27,680 (USD 1,000)	(317) (USD (11))	81.23%	(317) (USD (11))	27,292 (USD 986)	-	
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and test service	12,125 (RMB 2,663)	(Note 2)	8,784 (USD 300)	3,341 (USD 120)	-	12,125 (USD 420)	(4,244) (RMB (980))	75.20%	(4,244) (RMB (980))	3,455 (RMB 796)	-	

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in mainland China at the end (Note 7)(Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment(Note 9)
The Company and subsidiaries	8,175,346 (USD 275,989)	9,189,035 (USD 331,974)	22,273,197

Note 1: The Group invested in mainland China companies through Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd , which is established in a third region.
Note 2: The Group invested in mainland China companies through Phalanx Biotech Limited, which is established in a third region.
Note 3: The Company invested in mainland China companies through Jiansu Win Chance Agriculture Development Co., Ltd.
Note 4: The amount of net income (losses) was recognized based on the audited financial statements of the investee companies.
Note 5: Carrying value as of December 31, 2021 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.
Note 6: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to December 31, 2021.
Note 7: The Company acquired Vanchip (Tianjin) Technology Co., Ltd. through a third region, wherein the outflow of investment from Taiwan amounted US$9,383 thousand (NT$261,420 thousand).
Note 8: Jiansu Merit/Cofcojoycome Agriculture Development Co., Ltd. had been liquidated on January 25, 2019. However, according to the regulation of Investment Commission the remittance to mainland China amounting to US$4,872 thousand (NT$149,664 thousand) was included in the accumulated investment account.
Note 9: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

(iii) Significant transactions: Please refer Schedule A, Schedule B, Schedule D and Schedule F.

WIN Semiconductors Corp.

Chairman: Chin-Tsai Chen