

**UNIMICRON TECHNOLOGY CORP. AND
SUBSIDIARIES**
**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
DECEMBER 31, 2021 AND 2020

UNIMICRON TECHNOLOGY CORP.
DECEMBER 31, 2021 AND 2020 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

| Contents | Page |
|--|----------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 ~ 3 |
| 3. Independent Auditors' Report | 4 ~ 10 |
| 4. Consolidated Balance Sheets | 11 ~ 12 |
| 5. Consolidated Statements of Comprehensive Income | 13 ~ 14 |
| 6. Consolidated Statements of Changes in Equity | 15 |
| 7. Consolidated Statements of Cash Flows | 16 ~ 17 |
| 8. Notes to the Consolidated Financial Statements | 18 ~ 114 |
| (1) HISTORY AND ORGANISATION | 18 |
| (2) THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION | 18 |
| (3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS | 18 ~ 19 |
| (4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 19 ~ 37 |
| (5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND | 37 ~ 38 |

| Contents | Page |
|---|-----------|
| KEY SOURCES OF ASSUMPTION UNCERTAINTY | |
| (6) DETAILS OF SIGNIFICANT ACCOUNTS | 39 ~ 90 |
| (7) RELATED PARTY TRANSACTIONS | 91 ~ 95 |
| (8) PLEDGED ASSETS | 95 |
| (9) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS | 95 ~ 97 |
| (10) SIGNIFICANT DISASTER LOSS | 97 |
| (11) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE | 97 |
| (12) OTHERS | 97 ~ 109 |
| (13) SUPPLEMENTARY DISCLOSURES | 110 |
| (14) SEGMENT INFORMATION | 111 ~ 114 |

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21000259

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the Group's 2021 consolidated financial statements were as follows:

Valuation of inventory

Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As at December 31, 2021, the Group's inventory and allowance for valuation loss amounted to NT\$13,721,849 thousand and NT\$1,570,246 thousand, respectively.

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

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

How our audit addressed the matter

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

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Assessed the reasonableness and evidences of management in identifying individual obsolete or damaged inventory.

3. Verified the accuracy of aging report, and sampled the last movement of inventories before the balance sheet date in order to verify the accuracy of aging range.
4. Checked the inventory clearance on inventories which have been provided for loss on market value decline and obsolete and slow-moving inventories. Assessed the reasonableness of current allowance for inventory valuation losses and loss for obsolete and slow-moving inventories by comparing with prior years.
5. Checked the method in calculating the net realizable value of inventory and assessing the reasonableness of allowance for valuation loss.

Impairment assessment of investments accounted for using equity method

Description

Refer to Note 4(19) for accounting policy on impairment assessment of investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(7) for details of investments accounted for using equity method. As at December 31, 2021, the Group held investments accounted for using equity method amounting to NT\$2,572,383 thousand.

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

How our audit addressed the matter

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

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

Other matter – Scope of the Audit

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investees accounted for under the equity method. Total assets (including investments accounted for using equity method) amounted to NT\$3,955,113 thousand and NT\$3,219,893 thousand, constituting 2% and 3% of consolidated total assets as at December 31, 2021 and 2020, respectively. Operating income amounted to NT\$1,954,296 thousand and NT\$1,807,891 thousand, both constituting 2% of consolidated total operating income for the years ended December 31, 2021 and 2020, respectively, and comprehensive income accounted for using equity method of NT\$313,408 thousand and NT\$63,581 thousand, constituting 2% and 1% of consolidated total comprehensive income for the years ended December 31, 2021 and 2020, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to the consolidated subsidiary and investees, is based solely on the reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Unimicron Technology Corp. as at and for the years ended December 31, 2021 and 2020.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors (or audit committee), are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the 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 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.

Wu, Han-Chi

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan
February 22, 2022

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

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

UNIMICRON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2021 | | December 31, 2020 | |
|--------------------|---|-------------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 39,401,609 | 23 | \$ 24,194,463 | 19 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 96,302 | - | 13,520 | - |
| 1150 | Notes receivable, net | 6(3) | 41,293 | - | 17,963 | - |
| 1170 | Accounts receivable, net | 6(3) and 8 | 23,567,451 | 14 | 17,219,090 | 14 |
| 1180 | Accounts receivable - related parties | 7 | 30,462 | - | 12,238 | - |
| 1200 | Other receivables | 6(4)(8)(10) and 7 | 2,081,728 | 1 | 1,337,273 | 1 |
| 130X | Inventory | 6(5) | 12,151,603 | 7 | 8,926,459 | 7 |
| 1410 | Prepayments | 6(6) | 2,488,837 | 2 | 1,992,571 | 2 |
| 1470 | Other current assets | 6(1) and 8 | 17,847 | - | 17,799 | - |
| 11XX | Total current assets | | 79,877,132 | 47 | 53,731,376 | 43 |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 8,098,255 | 5 | 5,478,958 | 4 |
| 1517 | Non-current financial assets at fair value through other comprehensive income | | 39,933 | - | - | - |
| 1550 | Investments accounted for using equity method | 6(7) and 7 | 2,572,383 | 2 | 2,302,480 | 2 |
| 1600 | Property, plant and equipment | 6(8), 7 and 8 | 72,020,994 | 42 | 57,980,739 | 46 |
| 1755 | Right-of-use assets | 6(9) and 7 | 3,140,808 | 2 | 2,512,442 | 2 |
| 1760 | Investment property - net | 6(11) | 575,138 | - | 646,433 | 1 |
| 1780 | Intangible assets | 6(12) | 580,124 | - | 368,304 | - |
| 1840 | Deferred income tax assets | 6(33) | 1,298,125 | 1 | 1,010,181 | 1 |
| 1900 | Other non-current assets | 6(1)(10) and 8 | 1,852,361 | 1 | 679,311 | 1 |
| 15XX | Total non-current assets | | 90,178,121 | 53 | 70,978,848 | 57 |
| 1XXX | Total assets | | \$ 170,055,253 | 100 | \$ 124,710,224 | 100 |

(Continued)

UNIMICRON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2021 | | December 31, 2020 | |
|---|--|-------------------------------------|-------------------|-----|-------------------|------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(13) and 8 | \$ 10,176,216 | 6 | \$ 8,580,823 | 7 |
| 2110 | Short-term notes and bills payable | 6(14) | 399,900 | - | 199,972 | - |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2)(15) | - | - | 36,932 | - |
| 2150 | Notes payable | | 149,184 | - | 9,528 | - |
| 2170 | Accounts payable | | 13,139,238 | 8 | 11,819,041 | 10 |
| 2180 | Accounts payable - related parties | 7 | 206,771 | - | 222,484 | - |
| 2200 | Other payables | 6(16) and 7 | 16,432,729 | 10 | 11,787,527 | 9 |
| 2230 | Current tax liabilities | 6(33) | 2,657,472 | 2 | 457,694 | - |
| 2320 | Long-term liabilities, current portion | 6(19) and 8 | 2,594,726 | 1 | 4,526,007 | 4 |
| 2399 | Other current liabilities | 6(17)(26) and 7 | 3,304,091 | 2 | 4,728,792 | 4 |
| 21XX | Total current liabilities | | 49,060,327 | 29 | 42,368,800 | 34 |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(18) | 7,991,923 | 5 | - | - |
| 2540 | Long-term borrowings | 6(19) and 8 | 14,250,576 | 8 | 23,359,354 | 19 |
| 2570 | Deferred income tax liabilities | 6(33) | 239,532 | - | 282,148 | - |
| 2600 | Other non-current liabilities | 6(7)(8)(9)(20)(21) (26), 7 and 9 | 32,996,719 | 19 | 5,599,364 | 4 |
| 25XX | Total non-current liabilities | | 55,478,750 | 32 | 29,240,866 | 23 |
| 2XXX | Total liabilities | | 104,539,077 | 61 | 71,609,666 | 57 |
| Equity attributable to owners of parent | | | | | | |
| | Share capital | 6(23) | | | | |
| 3110 | Common stock | | 14,752,603 | 9 | 15,047,323 | 12 |
| | Capital surplus | 6(24) | | | | |
| 3200 | Capital surplus | | 9,396,676 | 6 | 8,831,415 | 7 |
| | Retained earnings | 6(25) | | | | |
| 3310 | Legal reserve | | 5,537,329 | 3 | 4,994,171 | 4 |
| 3320 | Special reserve | | 550,543 | - | 861,619 | 1 |
| 3350 | Unappropriated retained earnings | | 30,809,266 | 18 | 19,851,219 | 16 |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | (332,855) | - | (550,543) | - |
| | Treasury stocks | 6(23) | | | | |
| 3500 | Treasury stocks | | - | - | (608,194) | (1) |
| 31XX | Equity attributable to owners of the parent | | 60,713,562 | 36 | 48,427,010 | 39 |
| 36XX | Non-controlling interest | | 4,802,614 | 3 | 4,673,548 | 4 |
| 3XXX | Total equity | | 65,516,176 | 39 | 53,100,558 | 43 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| | Significant disaster loss | 10 | | | | |
| | Significant events after the balance sheet date | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 170,055,253 | 100 | \$ 124,710,224 | 100 |

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

UNIMICRON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | | | Year ended December 31 | | | |
|--|--------------------|----|------------------------|-------|---------------|-------|
| | | | 2021 | | 2020 | |
| Items | Notes | | AMOUNT | % | AMOUNT | % |
| 4000 Sales revenue | 6(26) and 7 | \$ | 104,562,747 | 100 | \$ 87,892,821 | 100 |
| 5000 Operating costs | 6(5)(31)(32) and 7 | | (80,899,930) | (77) | (75,064,455) | (85) |
| 5900 Net operating margin | | | 23,662,817 | 23 | 12,828,366 | 15 |
| Operating expenses | 6(31)(32) and 7 | | | | | |
| 6100 Selling expenses | | (| 1,534,399) | (1) | (1,453,543) | (2) |
| 6200 General and administrative expenses | | (| 4,378,759) | (4) | (3,467,469) | (4) |
| 6300 Research and development expenses | | (| 4,715,883) | (5) | (3,938,461) | (4) |
| 6000 Total operating expenses | | (| 10,629,041) | (10) | (8,859,473) | (10) |
| Net operating income | | | 13,033,776 | 13 | 3,968,893 | 5 |
| 6500 Other (losses)/gains - net | 6(27) and 7 | | 136,515 | - | 48,220 | - |
| 6900 Operating profit | | | 13,170,291 | 13 | 4,017,113 | 5 |
| Non-operating income and expenses | | | | | | |
| 7100 Interest income | | | 164,834 | - | 193,893 | - |
| 7010 Other income | 6(28) and 7 | | 1,321,152 | 1 | 1,048,164 | 1 |
| 7020 Other gains and losses | 6(29) and 7 | | 2,108,660 | 2 | 1,450,778 | 2 |
| 7050 Finance costs | 6(30) and 7 | (| 324,762) | - | (476,075) | (1) |
| 7060 Share of profit/(loss) of associates and joint ventures accounted for using equity method | 6(7) | | 188,877 | - | 232 | - |
| 7000 Total non-operating income and expenses | | | 3,458,761 | 3 | 2,216,992 | 2 |
| 7900 Profit before income tax | | | 16,629,052 | 16 | 6,234,105 | 7 |
| 7950 Income tax expense | 6(33) | (| 3,104,494) | (3) | (916,577) | (1) |
| 8200 Profit for the year | | \$ | 13,524,558 | 13 | \$ 5,317,528 | 6 |

(Continued)

UNIMICRON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | Items | Notes | Year ended December 31 | | | |
|------|---|-------|------------------------|-----------|---------------------|----------|
| | | | 2021 | | 2020 | |
| | | | AMOUNT | % | AMOUNT | % |
| | Other comprehensive income | | | | | |
| | Components of other | | | | | |
| | comprehensive income (loss) that | | | | | |
| | will not be reclassified to profit | | | | | |
| | or loss | | | | | |
| 8311 | Actuarial gains (losses) on defined benefit plans | | \$ 67,173 | - | (\$ 42,179) | - |
| 8320 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | | 142,238 | - | (15,028) | - |
| 8310 | Other comprehensive income (loss) that will not be reclassified to profit or loss | | 209,411 | - | (57,207) | - |
| | Components of other | | | | | |
| | comprehensive income (loss) that | | | | | |
| | will be reclassified to profit or | | | | | |
| | loss | | | | | |
| 8361 | Financial statements translation differences of foreign operations | | 230,435 | - | 776,421 | 1 |
| 8370 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | | (1,363) | - | (265) | - |
| 8360 | Other comprehensive income that will be reclassified to profit or loss | | 229,072 | - | 776,156 | 1 |
| 8300 | Total other comprehensive income for the year | | <u>\$ 438,483</u> | <u>-</u> | <u>\$ 718,949</u> | <u>1</u> |
| 8500 | Total comprehensive income for the year | | <u>\$ 13,963,041</u> | <u>13</u> | <u>\$ 6,036,477</u> | <u>7</u> |
| | Profit attributable to: | | | | | |
| 8610 | Owners of the parent | | \$ 13,222,256 | 13 | \$ 5,461,671 | 6 |
| 8620 | Non-controlling interest | | 302,302 | - | (144,143) | - |
| | | | <u>\$ 13,524,558</u> | <u>13</u> | <u>\$ 5,317,528</u> | <u>6</u> |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | \$ 13,508,702 | 13 | \$ 5,742,652 | 7 |
| 8720 | Non-controlling interest | | 454,339 | - | 293,825 | - |
| | | | <u>\$ 13,963,041</u> | <u>13</u> | <u>\$ 6,036,477</u> | <u>7</u> |
| | Earnings per share (in dollars) | | | | | |
| 9750 | Basic earnings per share | 6(34) | <u>\$ 8.98</u> | | <u>\$ 3.74</u> | |
| 9850 | Diluted earnings per share | 6(34) | <u>\$ 8.91</u> | | <u>\$ 3.70</u> | |

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

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

| Equity attributable to owners of the parent | | | | | | | | | | | | |
|--|-----------|---------------------------------|---|---------------|-----------------|-------------------------------------|---|---|-----------------|---------------|-----------------------------|---------------|
| | | Retained Earnings | | | | Other Equity Interest | | | | | | |
| | | | Total capital surplus, additional paid-in capital | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury stocks | Total | Non-controlling interest | Total equity |
| | Notes | Share capital - common stock | | | | | | | | | | |
| Year ended December 31, 2020 | | | | | | | | | | | | |
| Balance at January 1, 2020 | | \$ 15,047,323 | \$ 8,632,597 | \$ 4,674,080 | \$ 463,854 | \$ 16,738,695 | (\$ 721,196) | (\$ 140,423) | (\$ 803,247) | \$ 43,891,683 | \$ 4,459,746 | \$ 48,351,429 |
| Profit for the year | | - | - | - | - | 5,461,671 | - | - | - | 5,461,671 | (144,143) | 5,317,528 |
| Other comprehensive income (loss) for the year | | - | - | - | - | (37,469) | 338,861 | (20,411) | - | 280,981 | 437,968 | 718,949 |
| Total comprehensive income (loss) | | - | - | - | - | 5,424,202 | 338,861 | (20,411) | - | 5,742,652 | 293,825 | 6,036,477 |
| Appropriations of 2019 earnings | 6(25) | | | | | | | | | | | |
| Legal reserve | | - | - | 320,091 | - | (320,091) | - | - | - | - | - | - |
| Special reserve | | - | - | - | 397,765 | (397,765) | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (1,601,196) | - | - | - | (1,601,196) | - | (1,601,196) |
| Changes in ownership interests in subsidiaries | 6(24) | - | (46,537) | - | - | - | - | - | - | (46,537) | - | (46,537) |
| Changes in equity of associates and joint ventures accounted for using equity method | 6(24) | - | 22,513 | - | - | 7,374 | - | (7,374) | - | 22,513 | - | 22,513 |
| Share-based payment | 6(22)(24) | - | 204,771 | - | - | - | - | - | - | 204,771 | - | 204,771 |
| Treasury shares sold to employees | 6(23)(24) | - | 17,427 | - | - | - | - | - | 195,053 | 212,480 | - | 212,480 |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | - | (80,023) | (80,023) |
| Capital surplus - dividends not received by shareholders | 6(24) | - | 415 | - | - | - | - | - | - | 415 | - | 415 |
| Others | 6(24) | - | 229 | - | - | - | - | - | - | 229 | - | 229 |
| Balance at December 31, 2020 | | \$ 15,047,323 | \$ 8,831,415 | \$ 4,994,171 | \$ 861,619 | \$ 19,851,219 | (\$ 382,335) | (\$ 168,208) | (\$ 608,194) | \$ 48,427,010 | \$ 4,673,548 | \$ 53,100,558 |
| Year ended December 31, 2021 | | | | | | | | | | | | |
| Balance at January 1, 2021 | | \$ 15,047,323 | \$ 8,831,415 | \$ 4,994,171 | \$ 861,619 | \$ 19,851,219 | (\$ 382,335) | (\$ 168,208) | (\$ 608,194) | \$ 48,427,010 | \$ 4,673,548 | \$ 53,100,558 |
| Profit for the year | | - | - | - | - | 13,222,256 | - | - | - | 13,222,256 | 302,302 | 13,524,558 |
| Other comprehensive income for the year | | - | - | - | - | 68,758 | 77,533 | 140,155 | - | 286,446 | 152,037 | 438,483 |
| Total comprehensive income | | - | - | - | - | 13,291,014 | 77,533 | 140,155 | - | 13,508,702 | 454,339 | 13,963,041 |
| Appropriations of 2020 earnings | 6(25) | | | | | | | | | | | |
| Legal reserve | | - | - | 543,158 | - | (543,158) | - | - | - | - | - | - |
| Reversal of special reserve | | - | - | - | (311,076) | 311,076 | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | (2,054,577) | - | - | - | (2,054,577) | - | (2,054,577) |
| Changes in ownership interests in subsidiaries | 6(24) | - | 17,086 | - | - | - | - | - | - | 17,086 | - | 17,086 |
| Changes in equity of associates and joint ventures accounted for using equity method | 6(24) | - | 257 | - | - | (1,913) | - | - | - | (1,656) | - | (1,656) |
| Share-based payment | 6(22)(24) | - | 518,562 | - | - | - | - | - | - | 518,562 | - | 518,562 |
| Treasury shares sold to employees | 6(23)(24) | - | 172,524 | - | - | - | - | - | 126,049 | 298,573 | - | 298,573 |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | - | (325,273) | (325,273) |
| Reversal of capital surplus - dividends not received by shareholders | 6(24) | - | (138) | - | - | - | - | - | - | (138) | - | (138) |
| Retirement of treasury shares | 6(23)(24) | (294,720) | (143,030) | - | - | (44,395) | - | - | 482,145 | - | - | - |
| Balance at December 31, 2021 | | \$ 14,752,603 | \$ 9,396,676 | \$ 5,537,329 | \$ 550,543 | \$ 30,809,266 | (\$ 304,802) | (\$ 28,053) | \$ - | \$ 60,713,562 | \$ 4,802,614 | \$ 65,516,176 |

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

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

| | | Year ended December 31 | |
|---|---------------------|------------------------|---------------|
| | Notes | 2021 | 2020 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 16,629,052 | \$ 6,234,105 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation (including investment property and right-of-use asset) | 6(8)(9)(11)(27)(31) | 9,505,548 | 8,713,814 |
| Amortisation | 6(12)(31) | 251,550 | 143,157 |
| Expected impairment gain (including related parties) | 12(2) | (7,404) | (9,676) |
| Net gain on financial assets and liabilities at fair value through profit or loss | 6(2)(29) | (2,889,653) | (2,216,097) |
| Interest expense | 6(30) | 298,266 | 441,542 |
| Interest income | | (164,834) | (193,893) |
| Dividend income | 6(28) | (167,211) | (44,661) |
| Share-based payments | 6(22) | 519,927 | 205,327 |
| Share of profit of associates accounted for using equity method | 6(7) | (188,876) | (232) |
| Cash dividends received from investments accounted for using equity method | | 33,886 | 19,258 |
| Loss on disposal and scrap of property, plant and equipment | 6(29) | 40,593 | 55,838 |
| Impairment loss on property, plant and equipment | 6(8)(29) | 391,274 | - |
| Exchange loss (gains) on valuation of long-term foreign borrowings | 6(36) | 28,418 | (195,412) |
| Deferred credits - realised transfer income | | (17,457) | (15,915) |
| Gain recognised from bargain purchase transaction | 6(35) | - | (1,553) |
| Loss from subleasing right-of-use assets | 6(9)(29) | - | 580 |
| Gain from lease modification | 6(9)(29) | (8) | - |
| Gain from rent concessions | 6(9) | - | (1,382) |
| (Gain) loss by fire | 6(8)(28)(29) | (211,071) | 335,861 |
| Amortization of discount on bonds payable | 6(30)(36) | 1,498 | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | (23,346) | (5,315) |
| Accounts receivable | | (6,335,580) | (865,232) |
| Accounts receivable due from related parties | | (18,202) | (7,690) |
| Other receivables | | 818,973 | (214,686) |
| Inventories | | (3,189,522) | (542,624) |
| Prepayments | | (499,592) | (236,697) |
| Other current assets | | - | 3,933 |
| Other non-current assets | | (1,286) | 25,544 |
| Changes in operating liabilities | | | |
| Notes payable | | 72,656 | (44,929) |
| Accounts payable | | 1,320,197 | (850,508) |
| Accounts payable to related parties | | (15,713) | (14,143) |
| Other payables | | 2,612,888 | 860,432 |
| Other current liabilities | | (3,163,821) | (3,497,501) |
| Accrued pension liabilities | | (40,667) | (27,223) |
| Contract liabilities | | 28,501,688 | 2,722,791 |
| Other non-current liabilities | | (1,601) | (12,417) |
| Cash inflow generated from operations | | 44,090,570 | 19,489,862 |
| Interest received | | 166,469 | 205,225 |
| Dividends received | | 167,211 | 44,661 |
| Interest paid | | (272,750) | (473,178) |
| Income tax paid | | (1,211,921) | (1,102,542) |
| Net cash flows from operating activities | | 42,939,579 | 18,164,028 |

(Continued)

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

| | | Year ended December 31 | |
|---|-----------|------------------------|----------------|
| | Notes | 2021 | 2020 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through profit or loss | | (\$ 260) | (\$ 343,940) |
| Acquisition of financial assets at fair value through other comprehensive income | | (16,250) | - |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 142,348 | 864,269 |
| Proceeds from capital reduction of financial assets mandatorily measured at fair value through profit or loss | | 5,814 | 1,700 |
| Acquisition of investments accounted for using equity method | | - | (75,173) |
| Acquisition of property, plant and equipment | 6(35) | (23,167,189) | (14,550,060) |
| Proceeds from disposal of property, plant and equipment | | 100,338 | 362,198 |
| Acquisition of right-of-use assets | | (97,763) | - |
| Acquisition of intangible assets | 6(12) | (470,357) | (253,648) |
| (Increase) decrease in restricted assets | | (132) | 57,978 |
| Decrease (increase) in refundable deposits | | 4,970 | (86,731) |
| Acquisition of subsidiaries | 6(35) | - | 285,315 |
| Increase in other non-current assets – time deposits | | (1,179,873) | (349,264) |
| Advance receipts for relocation | 9 | 239,321 | - |
| Net cash flows used in investing activities | | (24,439,033) | (14,087,356) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase (decrease) in short-term borrowings | 6(36) | 1,636,916 | (927,730) |
| Increase (decrease) in short-term notes and bills payable | 6(36) | 199,928 | (1,498,464) |
| Proceeds from issuing bonds | 6(18)(36) | 8,000,000 | - |
| Issuance cost of bonds payable | 6(36) | (9,575) | - |
| Proceeds from long-term borrowings | 6(36) | 9,140,061 | 15,467,412 |
| Repayments of long-term borrowings | 6(36) | (20,179,473) | (12,176,232) |
| Decrease in guarantee deposits received | | (9,729) | (2,665) |
| Payments for lease liabilities | 6(36) | (508,547) | (312,683) |
| Treasury shares sold to employees | | 126,049 | 195,053 |
| Change in non-controlling interests | | (325,273) | (289,067) |
| Cash dividends paid | 6(25) | (2,054,577) | (1,601,196) |
| Reversal of capital surplus - dividends not received by shareholders | 6(24) | (138) | - |
| Capital surplus - dividends not received by shareholders, etc.. | 6(24) | - | 644 |
| Net cash flows used in financing activities | | (3,984,358) | (1,144,928) |
| Effect of foreign exchange translations | | 690,958 | 677,173 |
| Net increase in cash and cash equivalents | | 15,207,146 | 3,608,917 |
| Cash and cash equivalents at beginning of year | 6(1) | 24,194,463 | 20,585,546 |
| Cash and cash equivalents at end of year | 6(1) | \$ 39,401,609 | \$ 24,194,463 |

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

UNIMICRON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

Unimicron Technology Corp. (the “Company”) was incorporated on January 25, 1990. The Company and its subsidiaries (the “Group”) are primarily engaged in the manufacturing, processing, and sales of printed circuit boards, electrical equipment, electronic products, and testing and burn-in systems for integrated circuit products. The stock of the Company commenced trading on the Taipei Exchange in December 1998 and was approved for listing on the Taiwan Stock Exchange in August 2002. As of December 31, 2021, the Group had 29,134 employees.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with

the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

(3) Basis of consolidation

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

in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|--------------------------------------|---|--|-------------------|-------------------|-------------|
| | | | December 31, 2021 | December 31, 2020 | |
| The Company | Hemingway Int'l Limited (Hemingway) | Holding company | 100.00 | 100.00 | |
| The Company | UMTC Holdings Limited (UMTC) | Holding company | 100.00 | 100.00 | |
| The Company | Hsin Yang Investment Corp. (Hsin Yang Investment) | Holding company | 100.00 | 99.16 | |
| The Company | UniBest Holding Limited (UniBest) | Holding company | 100.00 | 100.00 | |
| The Company | NEOCONIX, INC. (NEOCONIX) | Design and manufacture of connectors | 92.00 | 92.00 | |
| The Company | Unidisplay Holding Corp. (UniDH) | Holding company | 100.00 | 100.00 | |
| The Company and Hsin Yang Investment | Qun Hong Technology Inc. (Qun Hong Technology) | Manufacture and sale of electronic parts | 94.50 | 94.95 | |
| The Company and Hsin Yang Investment | UniFresh, Inc. (UniFresh) | Food and restaurants | 100.00 | 100.00 | |
| The Company and Hsin Yang Investment | Asia Pacific Microsystems, Inc. (Asia Pacific) | Manufacture and sale of electronic parts | 66.94 | 66.94 | Note 1 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|--------------------------------------|--|--|-------------------|-------------------|-------------|
| | | | December 31, 2021 | December 31, 2020 | |
| The Company and Hsin Yang Investment | Apm Communication, Inc. (Apm Communication) | Manufacture and sale of electronic parts | 72.11 | 72.11 | Note 1 |
| The Company and Apm Communication | PAVIDA Trading Limited (PAVIDA) | Holding company and trading | 76.93 | 76.93 | Note 1 |
| UniFresh, Inc. (UniFresh) | UniCuisine, Inc. (UniCuisine) | Manufacture and sales of food | 69.97 | 69.97 | |
| Hemingway and UMTC | Plato Electronics (Cayman) Limited (Plato-Cayman) | Holding company | 83.53 | 83.53 | |
| Hemingway and UMTC | Smart Idea Holdings Limited (SI) | Holding company | 71.23 | 71.23 | |
| Hemingway, UMTC and UniBest | Best Option Investments Limited (BO) | Holding company | 100.00 | 99.51 | |
| Hemingway, UMTC and UniBest | UniSmart Holding Limited (UniSmart) | Holding company | 100.00 | 100.00 | |
| Hemingway, UMTC and UniBest | Unimicron Holding Limited (UHL) | Holding company | 78.86 | 77.95 | |
| UMTC | UniClover Holding Limited (UniClover) | Holding company | - | 100.00 | Note 2 |
| UniClover | Unimicron JAPAN Co.,Ltd. (Formerly Clover Electronics Co., Ltd.) | Manufacture and sale of electronic parts | - | 100.00 | Note 2 |
| UMTC | U JAPAN | Manufacture and sale of electronic parts | 100.00 | - | Note 2 |
| Plato-Cayman | Unimicron Technology (ShenZhen) Corp. (Unimicron Technology (ShenZhen)) | Manufacture and sale of electronic parts | 83.53 | 83.53 | |
| Plato-Cayman | Unimicron (SZ) Trading Ltd. (USZT) | Trading | 83.53 | 83.53 | |
| SI | Unimicron Technology (KunShan) Corp. (Unimicron Technology (KunShan)) | Manufacture and sale of electronic parts | 71.23 | 71.23 | |
| SI | Kunshan Dingchangxin Electronic Technology Co., Ltd.(Kunshan Dingchangxin) | Manufacture and sale of electronic parts | 71.23 | 71.23 | |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|-----------------------------------|--|--|-------------------|-------------------|-------------|
| | | | December 31, 2021 | December 31, 2020 | |
| SI | UniRuwel Holding Limited (UniRuwel) | Holding company | 71.23 | 71.23 | |
| SI | Unimicron (KS) Trading Ltd. (UKST) | Trading | 71.23 | 71.23 | |
| SI | UniGreat Holding Limited (UniGreat) | Holding Company | 71.23 | 71.23 | |
| UniRuwel | Unimicron Germany GmbH (U Germany) | Manufacture and sale of electronic parts | 71.23 | 71.23 | |
| BO | Unifley Technology (KunShan) Inc. (Unifley Technology (KunShan)) | Manufacture and sale of electronic parts | 100.00 | 99.51 | |
| UHL | Unimicron Technology (SuZhou) Corp. (Unimicron Technology (SuZhou)) | Manufacture and sale of electronic parts | 78.86 | 77.95 | |
| Unimicron Technology (KunShan) | Unimicron Management (KunShan) Corp., Ltd. (Unimicron Management (KunShan)) | Business management consulting and property management | 71.23 | 71.23 | |
| Unimicron Management and UniGreat | Unimicron Technology (Huangshi) Corp. (Unimicron Technology (Huangshi)) | Manufacture and sale of electronic parts | 71.23 | 71.23 | |
| UniDH and Hsin Yang Investment | Unidisplay Trading Corp. (UniDT) | Trading | 98.16 | 98.16 | |
| UniDT | Unimicron Touch (ShenZhen) Corp. (Unimicron Touch) | Manufacture and sale of electronic parts | - | 98.16 | Note 3 |
| Unimicron Management (KunShan) | Hu Se Sn Li Managemnet Corp., Ltd. (Hu Se Sn Li) | Business management consulting | 71.23 | 71.23 | |
| Unimicron Technology (SuZhou) | Unimicron-Carrier Technology (Huangshi) Inc. (Unimicron-Carrier Technology (Huangshi)) | Manufacture and sale of electronic parts | 78.86 | 77.95 | |

The individual financial statements of the Company's consolidated subsidiaries as of December 31, 2021 and 2020 were all audited by auditors appointed by the Company, with the exception of U Germany, whose financial statements were audited by other auditors.

Note 1: In January 2020, the Group increased its investment in Asia Pacific which became the consolidated entity of the Group after the increase. Additionally, the Group's ownership percentage in Apm Communication and Apm Communication's investee, PAVIDA, was adjusted according to the comprehensive shareholding ratio.

Note 2: UniClover was liquidated on March 18, 2021. After the liquidation, U JAPAN was directly held by UMTC.

Note 3: Unimicron Touch completed the liquidation process in January 2022.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2021 and 2020, the non-controlling interest amounted to \$4,802,614 and \$4,673,548, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

| | | Non-controlling interest | | | | |
|--------------------|-----------------------------|--------------------------|---------------|-------------------|---------------|-------------|
| | | December 31, 2021 | | December 31, 2020 | | |
| Name of subsidiary | Principal place of business | Amount | Ownership (%) | Amount | Ownership (%) | Description |
| SI | Cayman | \$ 2,457,389 | 28.77 | \$ 2,538,614 | 28.77 | |
| UHL | Samoa | 1,824,122 | 21.14 | 1,461,656 | 22.05 | |
| | | \$ 4,281,511 | | \$ 4,000,270 | | |

Summarized financial information of the subsidiaries:

Balance sheets

| | SI | |
|-------------------------|---------------------|---------------------|
| | December 31, 2021 | December 31, 2020 |
| Current assets | \$ 10,431,365 | \$ 9,629,525 |
| Non-current assets | 10,078,970 | 9,539,129 |
| Current liabilities | (10,413,036) | (8,876,518) |
| Non-current liabilities | (1,555,800) | (1,468,312) |
| Total net assets | <u>\$ 8,541,499</u> | <u>\$ 8,823,824</u> |

| | UHL | |
|-------------------------|---------------------|---------------------|
| | December 31, 2021 | December 31, 2020 |
| Current assets | \$ 12,348,292 | \$ 3,799,131 |
| Non-current assets | 11,568,267 | 8,419,037 |
| Current liabilities | (6,194,186) | (3,350,613) |
| Non-current liabilities | (9,093,603) | (2,238,728) |
| Total net assets | <u>\$ 8,628,770</u> | <u>\$ 6,628,827</u> |

Statements of comprehensive income

| | SI | |
|--|------------------------|-------------------|
| | Year ended December 31 | |
| | 2021 | 2020 |
| Operating revenue | \$ 19,812,072 | \$ 16,676,634 |
| Loss before income tax | (189,870) | (220,686) |
| Income tax expense | (50,248) | (45,612) |
| Loss for the year | (240,118) | (266,298) |
| Other comprehensive income, net of tax | 208,376 | 779,530 |
| Total comprehensive income (loss) for the year | <u>(\$ 31,742)</u> | <u>\$ 513,232</u> |
| Comprehensive income (loss) attributable to non-controlling interest | <u>(\$ 9,132)</u> | <u>\$ 147,657</u> |

| | UHL | |
|---|------------------------|-------------------|
| | Year ended December 31 | |
| | 2021 | 2020 |
| Operating revenue | \$ 10,087,193 | \$ 6,239,671 |
| Profit before income tax | 2,134,061 | 154,820 |
| Income tax expense | (380,849) | (53,588) |
| Profit for the year | 1,753,212 | 101,232 |
| Other comprehensive income, net of tax | 209,363 | 504,163 |
| Total comprehensive income for the year | <u>\$ 1,962,575</u> | <u>\$ 605,395</u> |
| Comprehensive income attributable to non-controlling interest | <u>\$ 580,530</u> | <u>\$ 133,490</u> |

Statements of cash flows

| | SI | |
|---|------------------------|---------------------|
| | Year ended December 31 | |
| | 2021 | 2020 |
| Net cash provided by operating activities | \$ 157,154 | \$ 736,507 |
| Net cash used in investing activities | (1,591,775) | (1,099,068) |
| Net cash provided by financing activities | 1,095,840 | 464,856 |
| Effect of exchange rates on cash and cash equivalents | 56,723 | 186,860 |
| (Decrease) increase in cash and cash equivalents | (282,058) | 289,155 |
| Cash and cash equivalents, beginning of year | 2,823,944 | 2,534,789 |
| Cash and cash equivalents, end of year | <u>\$ 2,541,886</u> | <u>\$ 2,823,944</u> |

| | UHL | |
|---|------------------------|---------------------|
| | Year ended December 31 | |
| | 2021 | 2020 |
| Net cash provided by operating activities | \$ 9,499,163 | \$ 370,360 |
| Net cash used in investing activities | (3,403,762) | (2,160,090) |
| Net cash provided by financing activities | 1,295,055 | 2,032,812 |
| Effect of exchange rates on cash and cash equivalents | (22,121) | (29,685) |
| Increase in cash and cash equivalents | 7,368,335 | 213,397 |
| Cash and cash equivalents, beginning of year | 1,673,384 | 1,459,987 |
| Cash and cash equivalents, end of year | <u>\$ 9,041,719</u> | <u>\$ 1,673,384</u> |

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

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

(6) Cash equivalents

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

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive

income are recognised and derecognised using trade date accounting

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for accounts receivable that do not contain a significant financing component at each balance sheet date.

(11) Derecognition of financial assets

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

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

(12) Leasing arrangements (lessor) — lease receivables/operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(13) Inventories

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

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the

associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

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

| | |
|--|--------------|
| Buildings and structures | 3 ~ 55 years |
| Machinery and equipment | 2 ~ 15 years |
| Transportation equipment and other equipment | 2 ~ 20 years |

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

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

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

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

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

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

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

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

(17) Investment property

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

(18) Intangible assets

- A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

- B. Goodwill

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

(19) Impairment of non-financial assets

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

- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

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

(20) Borrowings

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

(21) Accounts and notes payable

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

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

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

(23) Bonds payable

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(27) Non-hedging derivatives

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

(28) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

The subsidiary in Mainland China has a defined contribution pension plan, under which the subsidiary makes monthly contributions to the employees' pension funds in accordance with local regulations and recognize such contributions as expenses in the current period.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(29) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if the Company will pay the employees who resign during the vesting period to repurchase the stocks, the Company estimates such payments that will be made and recognizes such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(30) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(31) Share capital

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

(32) Dividends

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

(33) Revenue recognition

- A. The Group researches and develops, manufactures and sells a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit

products. Sales are recognized when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. Sales are recognized at contract price net of expected business tax, returns, rebates and discounts for the sale of a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to right of use of land are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates

concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

Investment property

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

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories.

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

As of December 31, 2021, the carrying amount of inventories was \$12,151,603.

B. Impairment assessment of investments accounted for using equity method

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

As of December 31, 2021, the Group's investments accounted for using the equity method, net of impairment loss, amounted to \$2,572,383.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|--------------------------|
| Cash on hand | \$ 3,472 | \$ 3,811 |
| Checking accounts and demand deposits | 24,142,420 | 8,321,068 |
| Time deposits | 10,523,012 | 10,916,379 |
| Commercial paper | <u>6,349,253</u> | <u>5,389,748</u> |
| | 41,018,157 | 24,631,006 |
| Transferred to other current assets | (17,847) | (17,799) |
| Transferred to other non-current assets | <u>(1,598,701)</u> | <u>(418,744)</u> |
| | <u>\$ 39,401,609</u> | <u>\$ 24,194,463</u> |

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Interest rates on term deposits ranged from 0.07% to 4.02% and 0.07% to 4.18% as of December 31, 2021 and 2020, respectively. Certain time deposits which have been pledged as collateral were classified as long-term time deposits due to capital planning and reclassified as “other current assets” or “other non-current assets”.
- C. Interest rates on commercial paper ranged from 0.25% to 0.26% and 0.27% to 0.35% as of December 31, 2021 and 2020, respectively.
- D. Details of the Group’s cash and cash equivalents through profit or loss pledged to others as collateral are provided in Note 8.

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

| <u>Items</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 10,531 | \$ 11,962 |
| Derivatives | <u>64,377</u> | <u>-</u> |
| | 74,908 | 11,962 |
| Valuation adjustment | <u>21,394</u> | <u>1,558</u> |
| | <u>\$ 96,302</u> | <u>\$ 13,520</u> |

| Items | December 31, 2021 | December 31, 2020 |
|--|---------------------|---------------------|
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 45,499 | \$ 54,907 |
| Unlisted stocks | 3,680,739 | 4,236,263 |
| Foreign closed-end funds | 89,648 | 89,489 |
| Corporate bonds | 87,728 | 87,728 |
| | 3,903,614 | 4,468,387 |
| Valuation adjustment | 4,194,641 | 1,010,571 |
| | <u>\$ 8,098,255</u> | <u>\$ 5,478,958</u> |

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

| | | |
|--|---------------------|---------------------|
| Financial assets mandatorily measured at fair value through profit or loss | 2021 | 2020 |
| Listed stocks | \$ 47,010 | \$ 8,804 |
| Unlisted stocks | 2,643,602 | 2,268,499 |
| Foreign closed-end funds | (28,899) | 27,922 |
| Derivatives | 227,940 | (89,128) |
| | <u>\$ 2,889,653</u> | <u>\$ 2,216,097</u> |

(Remainder of page intentionally left blank)

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

| December 31, 2021 | | |
|------------------------------------|---|------------------------|
| <u>Derivative instruments</u> | <u>Contract amount (notional principal)</u> | <u>Contract period</u> |
| Current items: | | |
| Forward foreign exchange contracts | | |
| - Buy JPY sell CNY | JPY 180,680,000 | 2021.10.28~2022.01.06 |
| - Buy JPY sell CNY | JPY 196,560,000 | 2021.11.26~2022.02.14 |
| - Buy JPY sell CNY | JPY 88,862,600 | 2021.11.26~2022.02.16 |
| - Buy JPY sell CNY | JPY 214,577,400 | 2021.12.13~2022.03.07 |
| - Buy JPY sell CNY | JPY 230,000,000 | 2021.12.27~2022.04.21 |
| - Buy JPY sell CNY | JPY 88,862,600 | 2021.12.28~2022.04.07 |
| - Buy JPY sell CNY | JPY 88,862,600 | 2021.12.28~2022.04.20 |
| Cross currency swap | | |
| - Buy TWD sell EUR | EUR 4,300,000 | 2021.10.14~2022.01.13 |
| - Buy TWD sell EUR | EUR 2,500,000 | 2021.09.24~2022.01.13 |
| - Buy TWD sell EUR | EUR 3,150,000 | 2021.11.05~2022.02.09 |
| - Buy TWD sell EUR | EUR 4,500,000 | 2021.12.08~2022.03.08 |
| - Buy TWD sell EUR | EUR 4,000,000 | 2021.09.08~2022.01.13 |
| - Buy TWD sell EUR | EUR 30,000,000 | 2021.11.04~2022.02.09 |
| - Buy TWD sell EUR | EUR 1,700,000 | 2021.12.22~2022.03.22 |
| - Buy TWD sell USD | USD 20,000,000 | 2021.11.10~2022.02.10 |
| - Buy TWD sell USD | USD 30,000,000 | 2021.12.16~2022.03.15 |
| - Buy TWD sell USD | USD 10,000,000 | 2021.12.07~2022.03.07 |
| - Buy TWD sell USD | USD 6,000,000 | 2021.11.10~2022.02.10 |
| - Buy TWD sell USD | USD 20,000,000 | 2021.11.12~2022.02.14 |
| - Buy TWD sell USD | USD 10,000,000 | 2021.12.13~2022.03.14 |
| - Buy TWD sell USD | USD 15,000,000 | 2021.12.15~2022.03.15 |
| - Buy TWD sell USD | USD 23,000,000 | 2021.10.18~2022.01.18 |

| <u>Derivative instruments</u> | December 31, 2020 | |
|------------------------------------|---|------------------------|
| | <u>Contract amount (notional principal)</u> | <u>Contract period</u> |
| Current items: | | |
| Forward foreign exchange contracts | | |
| - Buy JPY sell CNY | JPY 200,000,000 | 2020.10.21~2021.02.22 |
| | JPY 216,700,000 | 2020.11.04~2021.02.22 |
| | JPY 200,000,000 | 2020.12.30~2021.03.04 |
| | JPY 200,000,000 | 2020.12.30~2021.04.02 |
| Cross currency swap | | |
| - Buy TWD sell EUR | EUR 30,000,000 | 2020.11.16~2021.02.17 |
| - Buy TWD sell USD | USD 15,000,000 | 2020.12.16~2021.03.16 |
| - Buy TWD sell USD | USD 10,000,000 | 2020.11.06~2021.02.08 |
| - Buy TWD sell USD | USD 20,000,000 | 2020.11.12~2021.02.17 |
| - Buy TWD sell USD | USD 10,000,000 | 2020.11.16~2021.02.17 |

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

(3) Notes and accounts receivable

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| Notes receivable | 41,316 | 17,970 |
| Less: Allowance for uncollectible accounts | (23) | (7) |
| | <u>\$ 41,293</u> | <u>\$ 17,963</u> |
| Accounts receivable | 23,680,391 | 17,344,811 |
| Less: Allowance for uncollectible accounts | (112,940) | (125,721) |
| | <u>\$ 23,567,451</u> | <u>\$ 17,219,090</u> |

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

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-----------------------|--------------------------|--------------------------|
| Not past due | \$ 23,640,639 | \$ 17,314,193 |
| 1-30 days past due | 62,492 | 35,233 |
| 31-60 days past due | 4,983 | 4,362 |
| 61-90 days past due | 1,563 | 24 |
| Over 90 days past due | 12,030 | 8,969 |
| | <u>\$ 23,721,707</u> | <u>\$ 17,362,781</u> |

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$18,124,545.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$41,293 and \$17,963, and accounts receivable were \$23,567,451 and \$17,219,090, respectively.

D. Information on guaranteed accounts receivable is provided in Note 8.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(4) Other receivables

| | December 31, 2021 | December 31, 2020 |
|-----------------------------------|---------------------|---------------------|
| Fire insurance claims receivable | \$ 1,522,779 | \$ 833,913 |
| Interest receivable | 62,219 | 43,107 |
| Finance lease receivable (Note 1) | 3,135 | 3,013 |
| Others | 493,595 | 457,240 |
| | <u>\$ 2,081,728</u> | <u>\$ 1,337,273</u> |

Note 1: Please refer to Note 6(8) for the details of fire insurance claims receivable.

(5) Inventories

| | December 31, 2021 | | |
|------------------|----------------------|-----------------------------------|----------------------|
| | Cost | Allowance for valuation losses | Book value |
| Raw materials | \$ 3,337,679 | (\$ 331,672) | \$ 3,006,007 |
| Work in progress | 5,397,326 | (600,520) | 4,796,806 |
| Finished goods | 4,986,844 | (638,054) | 4,348,790 |
| | <u>\$ 13,721,849</u> | <u>(\$ 1,570,246)</u> | <u>\$ 12,151,603</u> |
| | December 31, 2020 | | |
| | Cost | Allowance for valuation losses | Book value |
| Raw materials | \$ 2,662,435 | (\$ 256,957) | \$ 2,405,478 |
| Work in progress | 4,262,529 | (568,119) | 3,694,410 |
| Finished goods | 3,481,861 | (655,290) | 2,826,571 |
| | <u>\$ 10,406,825</u> | <u>(\$ 1,480,366)</u> | <u>\$ 8,926,459</u> |

The cost of inventories recognized as expense for the year:

| | Year ended December 31 | |
|---|------------------------|----------------------|
| | 2021 | 2020 |
| Cost of goods sold | \$ 78,416,275 | \$ 73,615,874 |
| Loss on market value decline and obsolete and slow-moving inventories | 380,607 | 251,989 |
| Loss by fire | (91,892) | (704,589) |
| Others (Note 1) | 2,194,940 | 1,901,181 |
| | <u>\$ 80,899,930</u> | <u>\$ 75,064,455</u> |

Note 1: Primarily includes cost differences resulting from low capacity utilization and revenue from sale of scrap or waste materials.

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

(6) Prepayments

| | December 31, 2021 | December 31, 2020 |
|-----------------------------------|---------------------|---------------------|
| Excess business tax paid | \$ 927,198 | \$ 948,784 |
| Prepaid insurance premiums | 602,227 | 112,068 |
| Prepayments for material purchase | 157,012 | 125,138 |
| Others | 802,400 | 806,581 |
| | <u>\$ 2,488,837</u> | <u>\$ 1,992,571</u> |

(7) Investments accounted for using equity method

| Investees | December 31, 2021 | December 31, 2020 |
|--|---------------------|---------------------|
| Subtron Technology Co., Ltd. (Subtron Technology) | \$ 1,566,498 | \$ 1,302,165 |
| Uniflex Technology Inc. (Uniflex Technology) | 334,658 | 357,559 |
| Advance Materials Corp. (Advance Materials) | 304,859 | 291,019 |
| Unipoint Technology Co., Ltd. (Unipoint Technology) | 258,756 | 250,704 |
| Others | 107,612 | 101,033 |
| | <u>\$ 2,572,383</u> | <u>\$ 2,302,480</u> |
| Credit balance of investments accounted for using equity method transferred to other non-current liabilities | <u>\$ 131,199</u> | <u>\$ 132,710</u> |

A. For the years ended December 31, 2021 and 2020, the share of profit of associates and joint ventures accounted for using equity method recognized was \$188,877 and \$232, respectively. The financial statements of these entities were audited by auditors appointed by the Company, except for the financial statements of Subtron Technology, Maruwa Corporation, Unipoint and Unimax C.P.I Technology Corp.

B. Asia Pacific became the consolidated entity of the Group since January 2020. Please refer to Note 4(3) for details.

C. The basic information of the associate that is material to the Group is as follows:

| Company name | Principal place of business | Shareholding ratio | | Nature of relationship | Method of measurement |
|--------------------|-----------------------------|--------------------|-------------------|--|-----------------------|
| | | December 31, 2021 | December 31, 2020 | | |
| Subtron Technology | Taiwan | 32.18% | 33.00% | Investment accounted for using equity method | Equity method |

D. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

| | Subtron Technology | |
|-----------------------------------|---------------------|---------------------|
| | December 31, 2021 | December 31, 2020 |
| Current assets | \$ 3,166,952 | \$ 2,343,878 |
| Non-current assets | 4,783,176 | 4,614,259 |
| Current liabilities | (1,423,529) | (1,176,984) |
| Non-current liabilities | (1,970,544) | (2,062,954) |
| Total net assets | <u>\$ 4,556,055</u> | <u>\$ 3,718,199</u> |
| Share in associate's net assets | \$ 1,466,138 | \$ 1,227,006 |
| Difference in net value of equity | 100,360 | 75,159 |
| Carrying amount of the associate | <u>\$ 1,566,498</u> | <u>\$ 1,302,165</u> |

Statement of comprehensive income

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

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

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$874,686 and \$867,605, respectively.

| | Year ended December 31 | |
|--|------------------------|---------------------|
| | 2021 | 2020 |
| Loss for the year from continuing operations | (\$ 28,426) | (\$ 271,064) |
| Other comprehensive income, net of tax | 38,143 | 8,729 |
| Total comprehensive income (loss) | <u>\$ 9,717</u> | <u>(\$ 262,335)</u> |

F. The Group is one of the single largest shareholder of Subtron Technology, Advance Materials, Yih Dar Technologies Co., Ltd., UniSense Technology Co., Ltd. and MARUWA CORPORATION with a 32.18%, 24.14%, 26.67%, 30.98% and 45.88% equity interest, respectively. Given that 6

other large shareholders hold more shares than the Group, which indicates that the Group has no current ability to direct the relevant activities of the investees, the Group has no control, but only has significant influence, over the investees.

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

(Remainder of page intentionally left blank)

(8) Property, plant and equipment

2021

| | Land | Land-revaluation increment | Buildings and structures | | | Machinery and equipment | | | Transportation equipment and other equipment | Unfinished construction and equipment under acceptance | Total |
|----------------------------------|---------------------|-------------------------------|--------------------------|-------------------|----------------------|-------------------------|-------------|----------------------|--|---|----------------------|
| | | | Owner-occupied | Lease | Subtotal | Owner-occupied | Lease | Subtotal | | | |
| At January 1 | | | | | | | | | | | |
| Cost | \$ 5,081,885 | \$ 10,162 | \$ 41,605,110 | \$ 190,773 | \$ 41,795,883 | \$ 63,297,606 | \$ 2,234 | \$ 63,299,840 | \$ 2,198,637 | \$ 11,127,742 | \$ 123,514,149 |
| Accumulated depreciation | - | - | (25,098,608) | (69,482) | (25,168,090) | (38,472,680) | (2,234) | (38,474,914) | (1,598,046) | - | (65,241,050) |
| Accumulated impairment | - | - | - | - | - | (292,360) | - | (292,360) | - | - | (292,360) |
| | <u>\$ 5,081,885</u> | <u>\$ 10,162</u> | <u>\$ 16,506,502</u> | <u>\$ 121,291</u> | <u>\$ 16,627,793</u> | <u>\$ 24,532,566</u> | <u>\$ -</u> | <u>\$ 24,532,566</u> | <u>\$ 600,591</u> | <u>\$ 11,127,742</u> | <u>\$ 57,980,739</u> |
| At January 1 | \$ 5,081,885 | \$ 10,162 | \$ 16,506,502 | \$ 121,291 | \$ 16,627,793 | \$ 24,532,566 | \$ - | \$ 24,532,566 | \$ 600,591 | \$ 11,127,742 | \$ 57,980,739 |
| Additions | 13,922 | - | 2,518,448 | - | 2,518,448 | 1,045,733 | - | 1,045,733 | 154,622 | 20,468,449 | 24,201,174 |
| Disposals, net | - | - | (995) | - | (995) | (139,201) | - | (139,201) | (735) | - | (140,931) |
| Derecognition after fire cleanup | - | - | (11,699) | - | (11,699) | (313,372) | - | (313,372) | (724) | (15,938) | (341,733) |
| Reclassifications | 1,100,184 | - | 5,969,470 | 24,687 | 5,994,157 | 12,311,918 | - | 12,311,918 | 384,788 | (19,649,636) | 141,411 |
| Depreciation | - | - | (2,257,051) | (5,708) | (2,262,759) | (6,627,707) | - | (6,627,707) | (238,721) | - | (9,129,187) |
| Impairment loss | - | - | (93,097) | - | (93,097) | (298,177) | - | (298,177) | - | - | (391,274) |
| Net exchange differences | (14,211) | - | (91,142) | - | (91,142) | (156,945) | - | (156,945) | (10,522) | (26,385) | (299,205) |
| At December 31 | <u>\$ 6,181,780</u> | <u>\$ 10,162</u> | <u>\$ 22,540,436</u> | <u>\$ 140,270</u> | <u>\$ 22,680,706</u> | <u>\$ 30,354,815</u> | <u>\$ -</u> | <u>\$ 30,354,815</u> | <u>\$ 889,299</u> | <u>\$ 11,904,232</u> | <u>\$ 72,020,994</u> |
| At December 31 | | | | | | | | | | | |
| Cost | \$ 6,181,780 | \$ 10,162 | \$ 49,789,232 | \$ 229,603 | \$ 50,018,835 | \$ 68,026,407 | \$ 2,234 | \$ 68,028,641 | \$ 2,612,342 | \$ 11,904,232 | \$ 138,755,992 |
| Accumulated depreciation | - | - | (27,160,991) | (89,333) | (27,250,324) | (37,251,944) | (2,234) | (37,254,178) | (1,723,043) | - | (66,227,545) |
| Accumulated impairment | - | - | (87,805) | - | (87,805) | (419,648) | - | (419,648) | - | - | (507,453) |
| | <u>\$ 6,181,780</u> | <u>\$ 10,162</u> | <u>\$ 22,540,436</u> | <u>\$ 140,270</u> | <u>\$ 22,680,706</u> | <u>\$ 30,354,815</u> | <u>\$ -</u> | <u>\$ 30,354,815</u> | <u>\$ 889,299</u> | <u>\$ 11,904,232</u> | <u>\$ 72,020,994</u> |

| | Land-revaluation | | Buildings and structures | | | Machinery and equipment | | | Transportation | Unfinished | |
|--------------------------|---------------------|------------------|--------------------------|-------------------|----------------------|-------------------------|-------------|----------------------|---------------------|----------------------|----------------------|
| | Land | increment | Owner-occupied | Lease | Subtotal | Owner-occupied | Lease | Subtotal | equipment and | construction | Total |
| | | | | | | | | | other equipment | and equipment | |
| | | | | | | | | | | under acceptance | |
| At January 1 | | | | | | | | | | | |
| Cost | \$ 5,076,624 | \$ 10,162 | \$ 34,469,239 | \$ 199,318 | \$ 34,668,557 | \$ 58,146,361 | \$ 2,234 | \$ 58,148,595 | \$ 7,002,494 | \$ 4,672,535 | \$ 109,578,967 |
| Accumulated depreciation | - | - | (20,047,349) | (65,987) | (20,113,336) | (34,874,316) | (2,234) | (34,876,550) | (4,525,405) | - | (59,515,291) |
| Accumulated impairment | - | - | - | - | - | (304,599) | - | (304,599) | - | - | (304,599) |
| | <u>\$ 5,076,624</u> | <u>\$ 10,162</u> | <u>\$ 14,421,890</u> | <u>\$ 133,331</u> | <u>\$ 14,555,221</u> | <u>\$ 22,967,446</u> | <u>\$ -</u> | <u>\$ 22,967,446</u> | <u>\$ 2,477,089</u> | <u>\$ 4,672,535</u> | <u>\$ 49,759,077</u> |
| At January 1 | \$ 5,076,624 | \$ 10,162 | \$ 14,421,890 | \$ 133,331 | \$ 14,555,221 | \$ 22,967,446 | \$ - | \$ 22,967,446 | \$ 2,477,089 | \$ 4,672,535 | \$ 49,759,077 |
| Additions | - | - | 838,876 | - | 838,876 | 706,787 | - | 706,787 | 157,333 | 15,196,855 | 16,899,851 |
| Effect of consolidated | | | | | | | | | | | |
| entity's movement | - | | 84,498 | - | 84,498 | 121,055 | - | 121,055 | 5,507 | 1,530 | 212,590 |
| Disposals, net | - | - | (9,568) | - | (9,568) | (406,065) | - | (406,065) | (2,403) | - | (418,036) |
| Loss by fire | - | - | (85,860) | - | (85,860) | (289,790) | - | (289,790) | (334) | - | (375,984) |
| Reclassifications | - | - | 3,166,818 | (5,716) | 3,161,102 | 7,394,700 | - | 7,394,700 | (1,786,509) | (8,764,083) | 5,210 |
| Depreciation | - | - | (2,033,192) | (6,324) | (2,039,516) | (6,152,709) | - | (6,152,709) | (245,056) | - | (8,437,281) |
| Net exchange differences | 5,261 | - | 123,040 | - | 123,040 | 191,142 | - | 191,142 | (5,036) | 20,905 | 335,312 |
| At December 31 | <u>\$ 5,081,885</u> | <u>\$ 10,162</u> | <u>\$ 16,506,502</u> | <u>\$ 121,291</u> | <u>\$ 16,627,793</u> | <u>\$ 24,532,566</u> | <u>\$ -</u> | <u>\$ 24,532,566</u> | <u>\$ 600,591</u> | <u>\$ 11,127,742</u> | <u>\$ 57,980,739</u> |
| At December 31 | | | | | | | | | | | |
| Cost | \$ 5,081,885 | \$ 10,162 | \$ 41,605,110 | \$ 190,773 | \$ 41,795,883 | \$ 63,297,606 | \$ 2,234 | \$ 63,299,840 | \$ 2,198,637 | \$ 11,127,742 | \$ 123,514,149 |
| Accumulated depreciation | - | - | (25,098,608) | (69,482) | (25,168,090) | (38,472,680) | (2,234) | (38,474,914) | (1,598,046) | - | (65,241,050) |
| Accumulated impairment | - | - | - | - | - | (292,360) | - | (292,360) | - | - | (292,360) |
| | <u>\$ 5,081,885</u> | <u>\$ 10,162</u> | <u>\$ 16,506,502</u> | <u>\$ 121,291</u> | <u>\$ 16,627,793</u> | <u>\$ 24,532,566</u> | <u>\$ -</u> | <u>\$ 24,532,566</u> | <u>\$ 600,591</u> | <u>\$ 11,127,742</u> | <u>\$ 57,980,739</u> |

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

| | Year ended December 31 | |
|--|------------------------|-------------|
| | 2021 | 2020 |
| Amount capitalized | \$ 46,244 | \$ 46,396 |
| Range of the interest rates for capitalization | 0.59%~3.24% | 0.85%~3.69% |

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

| Items | Significant components | Useful life |
|--|--|-------------|
| Buildings and structures | Plants, air conditioning system, and power engineering | 3~55 years |
| Machinery and equipment | Drilling-machine, mask aligner, electroplating and laser machine | 2~15 years |
| Transportation equipment and other equipment | Truck and fork lift | 2~20 years |

- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. The Company owned a land located at Luzhu Dist., Taoyuan City for building a plant and the related facilities, with an area of 883 square meters, and the cost amounted to \$21,360. The land belongs to forest-floor, and the registration for the transfer has not yet been completed as of December 31, 2021. However, the Company has obtained other rights of the land to secure the Company's rights and interests on the land.
- E. In December 2016, certain plants, buildings, equipment and inventory of U Germany, a subsidiary of the Company, were damaged in a fire. However, the damaged assets were covered by sufficient fire and business interruption insurance, so the Company did not incur any significant loss. For the years ended December 31, 2021 and 2020, income from business interruption insurance claims amounted to \$0 and \$49,638, respectively, and income from property damage claims amounted to \$0 and \$99,276, respectively. However, as of December 31, 2021, the insurance claims for fire damage were still being processed.
- F. The second-tier subsidiary of the Company, Unimicron Technology (KunShan) caught fire in September 2020, resulting in losses on certain factory and buildings, equipment and inventory. However, the said factory is covered with property and business interruption insurance and Unimicron Technology (KunShan) is entitled to claim for compensation for its operating costs during the interruption period. As of December 31, 2021, in addition to loss by fire amounting to \$214,748 and insurance claims receivable amounting to \$151,533 (shown as other receivables) recognized for the year ended December 31, 2020, Unimicron Technology (KunShan) reversed previously recognized loss by fire amounting to \$38,548 as certain inventories that were initially considered as damaged were sellable following the subsequent cleanup, and recognized income

from business interruption insurance claims amounting to \$36,703 (shown as other receivables) for the year ended December 31, 2021. As of December 31, 2021, Unimicron Technology (KunShan) has received claims of \$65,631 from the insurance company, and continued negotiating with the insurance company with respect to the final settlement of the claims.

- G. Certain factories of the Company caught fire in October 2020 and February 2021, resulting in losses on certain factories and buildings, equipment and inventory. However, the said factories are covered with property and business interruption insurance and the Company is entitled to claim for compensation for its operating costs during the interruption period. As of December 31, 2021, in addition to loss by fire amounting to \$121,113 and insurance claims receivable amounting to \$682,380 (shown as other receivables) recognized for the year ended December 31, 2020, the Company recognized the net loss by fire amounting to \$51,890 and insurance claims receivable amounting to \$1,533,372 (shown as other receivables, including income from property insurance claims of \$187,710) for the year ended December 31, 2021 after deducting the insurance claims receivable recognized and reversing certain loss on inventories that were initially considered as damaged but were sellable following the subsequent cleanup. As of December 31, 2021, the Company has received claims of \$815,578 from the insurance company, and continued negotiating with the insurance company with respect to the final settlement of the claims.
- H. The second-tier subsidiary of the Company, Unimicron Technology (Huangshi), was eligible to receive development and machinery and equipment bulk purchase subsidies from the respective local government in the amounts of RMB 24,521 thousand and RMB 934 thousand, respectively (included in other non-current liabilities), which will be recognized in profit or loss over the estimated useful lives on a straight-line basis. As of December 31, 2021, the remaining unamortized balances were RMB 13,785 thousand and RMB 555 thousand, respectively.

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, right-of-use of land, buildings, machinery and equipment, transportation equipment and other equipment. Rental contracts are typically made for periods of 1 to 70 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

| | December 31, 2021 | December 31, 2020 |
|--|------------------------|---------------------|
| | Carrying amount | Carrying amount |
| Land and land use rights | \$ 1,913,024 | \$ 1,439,813 |
| Buildings | 928,550 | 812,060 |
| Machinery and equipment | 276,828 | 242,358 |
| Transportation equipment and other equipment | 22,406 | 18,211 |
| | <u>\$ 3,140,808</u> | <u>\$ 2,512,442</u> |
| | Year ended December 31 | |
| | 2021 | 2020 |
| | Depreciation charge | Depreciation charge |
| Land and land use rights | \$ 122,903 | \$ 76,664 |
| Buildings | 171,698 | 161,353 |
| Machinery and equipment | 65,576 | 25,263 |
| Transportation equipment and other equipment | 12,758 | 9,590 |
| | <u>\$ 372,935</u> | <u>\$ 272,870</u> |

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$1,164,856 and \$359,308, respectively.

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

| | Year ended December 31 | |
|--|------------------------|-----------|
| | 2021 | 2020 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 38,599 | \$ 35,645 |
| Expense on short-term lease contracts | 81,381 | 65,480 |
| Expense on leases of low-value assets | 2,265 | 1,979 |
| Expense on variable lease payments | 11,719 | 4,691 |
| Loss from subleasing right-of-use assets | - | 580 |
| Gain from lease modifications | 8 | - |

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$636,478 and \$421,190, respectively.

F. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to the usage amount of machinery and equipment, transportation equipment and other equipment. Lease payments are on the basis of variable payment terms and are accrued based on the usage amount of equipment. Various lease payments that depend on the usage amount of equipment are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

G. Extension options

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

H. Land use rights acquired by the Group have a duration of 27 to 70 years, starting from the acquisition date. For the years ended December 31, 2021 and 2020, depreciation expense and rent expenses were \$26,731 and \$25,095, respectively. In particular, Unimicron Technology (Huangshi) was eligible to receive development subsidies from the local government in the amount of RMB 19,299 thousand (included in other non-current liabilities), which will be recognized in profit or loss over the duration of the land use rights on a straight-line basis. The remaining unamortized balance of Unimicron Technology (Huangshi) was RMB 17,497 thousand.

J. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$1,382 by increasing net other income.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. The Group leases land, buildings, machinery and equipment under a finance lease. For the years ended December 31, 2021 and 2020, the amount of finance income from the net investment in the finance lease related to lease contracts was \$709 and \$792, respectively.
- C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

| | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Less than one year | \$ 3,738 | \$ 3,723 |
| More than one year but not later than five years | 16,411 | 15,980 |
| Over five years | 695 | 4,864 |
| | <u>\$ 20,844</u> | <u>\$ 24,567</u> |

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

| | December 31, 2021 | December 31, 2021 |
|-----------------------------|-------------------|-------------------|
| | Current | Non-current |
| Undiscounted lease payments | \$ 3,738 | \$ 17,106 |
| Unearned finance income | (603) | (1,169) |
| Net investment in the lease | <u>\$ 3,135</u> | <u>\$ 15,937</u> |
| | December 31, 2020 | December 31, 2020 |
| | Current | Non-current |
| Undiscounted lease payments | \$ 3,723 | \$ 20,844 |
| Unearned finance income | (710) | (1,771) |
| Net investment in the lease | <u>\$ 3,013</u> | <u>\$ 19,073</u> |

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

| | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Less than one year | \$ 69,198 | \$ 53,619 |
| More than one year but not later than five years | 136,721 | 93,570 |
| Over five years | - | 6,018 |
| | <u>\$ 205,919</u> | <u>\$ 153,207</u> |

(11) Investment property

| | 2021 | | |
|--------------------------|-------------------|--------------------------|-------------------|
| | Land | Buildings and structures | Total |
| At January 1 | | | |
| Cost | \$ 602,082 | \$ 128,494 | \$ 730,576 |
| Accumulated depreciation | - | (84,143) | (84,143) |
| | <u>\$ 602,082</u> | <u>\$ 44,351</u> | <u>\$ 646,433</u> |
| At January 1 | \$ 602,082 | \$ 44,351 | \$ 646,433 |
| Reclassifications (Note) | (67,869) | - | (67,869) |
| Depreciation | - | (3,426) | (3,426) |
| At December 31 | <u>\$ 534,213</u> | <u>\$ 40,925</u> | <u>\$ 575,138</u> |
| At December 31 | | | |
| Cost | \$ 534,213 | \$ 128,494 | \$ 662,707 |
| Accumulated depreciation | - | (87,569) | (87,569) |
| | <u>\$ 534,213</u> | <u>\$ 40,925</u> | <u>\$ 575,138</u> |

| | 2020 | | |
|--------------------------|-------------------|--------------------------|-------------------|
| | Land | Buildings and structures | Total |
| At January 1 | | | |
| Cost | \$ 579,046 | \$ 128,494 | \$ 707,540 |
| Accumulated depreciation | - | (80,480) | (80,480) |
| | <u>\$ 579,046</u> | <u>\$ 48,014</u> | <u>\$ 627,060</u> |
| At January 1 | \$ 579,046 | \$ 48,014 | \$ 627,060 |
| Additions | 5,726 | - | 5,726 |
| Reclassifications | 17,310 | - | 17,310 |
| Depreciation | - | (3,663) | (3,663) |
| At December 31 | <u>\$ 602,082</u> | <u>\$ 44,351</u> | <u>\$ 646,433</u> |
| At December 31 | | | |
| Cost | \$ 602,082 | \$ 128,494 | \$ 730,576 |
| Accumulated depreciation | - | (84,143) | (84,143) |
| | <u>\$ 602,082</u> | <u>\$ 44,351</u> | <u>\$ 646,433</u> |

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

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

| | Year ended December 31 | |
|---|------------------------|------------------|
| | 2021 | 2020 |
| Rental income from investment property | <u>\$ 11,436</u> | <u>\$ 11,436</u> |
| Direct operating expenses arising from the investment property that generated rental income during the year | <u>\$ 53,728</u> | <u>\$ 48,412</u> |

B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$1,690,381 and \$1,759,156, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

(12) Intangible assets

| | | 2021 | | | |
|------------------------------------|----|--------------------------|------------------|-------------------|-------------------|
| | | <u>Computer software</u> | <u>Goodwill</u> | <u>Others</u> | <u>Total</u> |
| At January 1 | | | | | |
| Cost | \$ | 933,196 | \$ 70,488 | \$ 271,560 | \$ 1,275,244 |
| Accumulated amortization | (| 719,825) | - | (187,115) | (906,940) |
| | \$ | <u>213,371</u> | <u>\$ 70,488</u> | <u>\$ 84,445</u> | <u>\$ 368,304</u> |
| At January 1 | | \$ 213,371 | \$ 70,488 | \$ 84,445 | \$ 368,304 |
| Additions-acquired separately | | 265,712 | - | 221,694 | 487,406 |
| Disposals-cost | (| 36,040) | - | (3,634) | (39,674) |
| Disposals-accumulated amortization | | 36,040 | - | 3,634 | 39,674 |
| Amortization | (| 201,533) | - | (67,066) | (268,599) |
| Net exchange differences | (| 3,594) | (2,595) | (798) | (6,987) |
| At December 31 | \$ | <u>273,956</u> | <u>\$ 67,893</u> | <u>\$ 238,275</u> | <u>\$ 580,124</u> |
| At December 31 | | | | | |
| Cost | \$ | 1,162,868 | \$ 67,893 | \$ 480,216 | \$ 1,710,977 |
| Accumulated amortization | (| 888,912) | - | (241,941) | (1,130,853) |
| | \$ | <u>273,956</u> | <u>\$ 67,893</u> | <u>\$ 238,275</u> | <u>\$ 580,124</u> |

| 2020 | | | | |
|------------------------------------|-------------------|------------------|------------------|-------------------|
| | Computer software | Goodwill | Others | Total |
| At January 1 | | | | |
| Cost | \$ 773,318 | \$ 73,352 | \$ 192,975 | \$ 1,039,645 |
| Accumulated amortization | (603,838) | - | (177,908) | (781,746) |
| | <u>\$ 169,480</u> | <u>\$ 73,352</u> | <u>\$ 15,067</u> | <u>\$ 257,899</u> |
| At January 1 | \$ 169,480 | \$ 73,352 | \$ 15,067 | \$ 257,899 |
| Additions-acquired separately | 172,474 | - | 81,174 | 253,648 |
| Disposals-cost | (12,596) | - | (2,589) | (15,185) |
| Disposals-accumulated amortization | 12,596 | - | 2,589 | 15,185 |
| Amortization | (129,985) | - | (13,172) | (143,157) |
| Net exchange differences | 1,402 | (2,864) | 1,376 | (86) |
| At December 31 | <u>\$ 213,371</u> | <u>\$ 70,488</u> | <u>\$ 84,445</u> | <u>\$ 368,304</u> |
| At December 31 | | | | |
| Cost | \$ 933,196 | \$ 70,488 | \$ 271,560 | \$ 1,275,244 |
| Accumulated amortization | (719,825) | - | (187,115) | (906,940) |
| | <u>\$ 213,371</u> | <u>\$ 70,488</u> | <u>\$ 84,445</u> | <u>\$ 368,304</u> |

Note: The cost and accumulated amortization of other intangible assets acquired due to merger with Asia Pacific in January 2020 both amounted to \$293,136.

A. Details of amortization on intangible assets are as follows:

| | Year ended December 31 | |
|-------------------------------------|------------------------|-------------------|
| | 2021 | 2020 |
| Operating costs | \$ 165,834 | \$ 80,297 |
| Selling expenses | 1,643 | 1,487 |
| General and administrative expenses | 31,721 | 20,369 |
| Research and development expenses | 52,352 | 41,004 |
| | <u>\$ 251,550</u> | <u>\$ 143,157</u> |

B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

| | December 31, 2021 | December 31, 2020 |
|----------------|-------------------|-------------------|
| Mainland China | \$ 62,746 | \$ 65,341 |
| Others | 5,147 | 5,147 |
| | <u>\$ 67,893</u> | <u>\$ 70,488</u> |

(13) Short-term borrowings

| | December 31, 2021 | December 31, 2020 |
|------------------------------|----------------------|----------------------|
| Bank borrowings | \$ 6,973,730 | \$ 6,198,402 |
| L/C borrowings | 3,202,486 | 2,382,421 |
| | <u>\$ 10,176,216</u> | <u>\$ 8,580,823</u> |
| Interest rate range | <u>0.58%~1.92%</u> | <u>0.65%~2.09%</u> |
| Undrawn borrowing facilities | <u>\$ 45,928,171</u> | <u>\$ 30,573,877</u> |

As of December 31, 2021 and 2020, the Group issued guarantee notes in the amount of \$9,660,000 and US\$390,000,000 as well as \$8,455,000 and US\$235,000,000 for the aforementioned borrowings, respectively.

(14) Short-term notes and bills payable

| | December 31, 2021 | December 31, 2020 |
|------------------------------|---------------------|---------------------|
| Commercial paper payable | \$ 400,000 | \$ 200,000 |
| Less: Unamortised discount | (100) | (28) |
| | <u>\$ 399,900</u> | <u>\$ 199,972</u> |
| Issue rate | <u>0.35%~0.52%</u> | <u>0.31%~0.37%</u> |
| Undrawn borrowing facilities | <u>\$ 2,100,000</u> | <u>\$ 2,200,000</u> |

The aforementioned commercial paper payable of the Group is guaranteed by International Bill Finance Corp., China Bills Finance Corp. and The Shanghai Commercial & Savings Bank, Ltd.

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

| Items | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Current items: | | |
| Financial liabilities held for trading | | |
| Valuation adjustment | <u>\$ -</u> | <u>\$ 36,932</u> |

Details of nature and contract information of derivative financial instruments transactions are provided in Note 6(2).

(16) Other payables

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Payable on machinery and equipment | \$ 5,595,376 | \$ 4,634,988 |
| Employees' compensation and directors' payable | 2,726,506 | 1,074,009 |
| Salaries and bonuses payable | 2,716,125 | 2,212,744 |
| Others | <u>5,394,722</u> | <u>3,865,786</u> |
| | <u>\$ 16,432,729</u> | <u>\$ 11,787,527</u> |

(17) Other current liabilities

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|--------------------------|
| Contract liabilities (Note 2) | 2,559,805 | \$ 844,125 |
| Fund collected for purchase of equipment on behalf of others (Note 1) | 319,987 | 3,489,662 |
| Lease liabilities | 294,802 | 271,354 |
| Others | 129,497 | 123,651 |
| | <u>\$ 3,304,091</u> | <u>\$ 4,728,792</u> |

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

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

(18) Bonds payable

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

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

| <u>Name</u> | <u>Issuance date</u> | <u>Period</u> | <u>Coupon rate (%)</u> | <u>Original issue price</u> | <u>December 31, 2021</u> |
|----------------------------------|----------------------|---------------|------------------------|-----------------------------|--------------------------|
| 1 st issuance in 2020 | 2021.01.13 | five years | 0.68% | \$ 3,000,000 | \$ 3,000,000 |
| 1 st issuance in 2021 | 2021.05.04 | five years | 0.75% | 5,000,000 | 5,000,000 |
| | | | | | <u>\$ 8,000,000</u> |

(19) Long-term borrowings

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|----------------------------|--------------------------|--------------------------|
| Bank borrowings | \$ 13,745,698 | \$ 23,886,192 |
| Commercial paper payable | 3,100,000 | 4,000,000 |
| Less: Unamortised discount | (396) | (831) |
| | 16,845,302 | 27,885,361 |
| Less: Current portion | (2,594,726) | (4,526,007) |
| | <u>\$ 14,250,576</u> | <u>\$ 23,359,354</u> |
| Interest rate range | <u>0.38%~2.05%</u> | <u>0.30%~3.46%</u> |

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

B. In 2021, the Company renewed commercial paper issuance agreements with companies including China Bills Finance Corporation. ("Bills Finance Corp."), who agreed to act as underwriters of commercial paper issued by Qun Hong Technology. Under the terms of the agreement, the Company must issue commercial paper with maturity of 90 days or less in the contractual period. If the Company does not issue the full amount during the period the agreement is in effect, it is required to pay a commitment fee to the other party at an annual interest rate of 0.5%~0.7%. These agreements expire in January 2025, June 2025 and August 2025. Except for commercial

paper issued in 2020 for which commitment fee paid to the other party was charged at an annual interest rate of 1%, the remaining terms and conditions were the same as the above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. In February 2020, Qun Hong Technology resigned a medium to long-term loan agreement of \$200,000 with Bank Sinopac. The agreement is set to expire in March 2023. Qun Hong Technology is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual consolidated financial statements of Qun Hong Technology):

- (a) Current ratio of at least 90%;

- (b) Debt ratio not to exceed 185% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Net tangible assets of not lower than \$1,000,000.

Certain financial ratios of Qun Hong Technology, calculated from the financial statements for the year ended December 31, 2021 and 2020 did not meet the requirements in the loan agreement. However, immediate repayment was not required in this instance; therefore, the loan was still included in long-term borrowings as of December 31, 2021 and 2020.

- J. In September 2020, Qun Hong Technology signed a medium term loan agreement of \$300,000 with Chinatrust Commercial Bank. The agreement is set to expire in November 2023. Qun Hong Technology is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual consolidated financial statements of Qun Hong Technology):

- (a) Current ratio of at least 90%;
- (b) Debt ratio not to exceed 200% in 2020, 190% in 2021, 180% in 2022 and 160% in 2023 (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets).
- (c) Net tangible assets of not lower than \$1,900,000.

In addition, the borrowing facility was revised to \$270,000 and financial ratios were revised in October 2021 (calculated based on the annual consolidated financial statements of the Company):

- (a) Cash flow from operating activities of at least \$0;
- (b) Debt ratio not to exceed 350% in 2021, 300% in 2022 and 250% in 2023 (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets).
- (c) Net tangible assets of not lower than \$800,000;
- (d) Earnings before interest, taxes, depreciation and amortization/current portion of long-term financial liabilities plus interest expense of more than 1.2.

Certain financial ratios of Qun Hong Technology, calculated from the financial statements for the year ended December 31, 2021 and 2020 did not meet the requirements in the loan agreement. However, immediate repayment was not required in this instance; therefore, the loan was still included in long-term borrowings as of December 31, 2021 and 2020.

- K. In May 2019, Qun Hong Technology signed a medium term loan agreement of \$200,000 with Chinatrust Commercial Bank. The agreement is set to expire in June 2022. Qun Hong Technology is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual consolidated financial statements of Qun Hong Technology):

- (a) Current ratio of at least 100%;
- (b) Debt ratio not to exceed 350% (calculated as total liabilities divided by net tangible assets).
- (c) Net tangible assets of not lower than \$1,800,000 (net tangible assets equal stockholders' equity less intangible assets).

Certain financial ratios of Qun Hong Technology, calculated from the financial statements for the

year ended December 31, 2020 did not meet the requirements in the loan agreement. However, immediate repayment was not required in this instance; therefore, the loan was still included in long-term borrowings as of December 31, 2020.

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

L. In May 2010, Qun Hong Technology signed a medium term loan agreement of \$200,000 with Taishin international bank. The agreement is set to expire in May 2024. Qun Hong Technology is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual consolidated financial statements of Qun Hong Technology):

- (a) Current ratio of at least 80%;
- (b) Debt ratio not to exceed 300% (calculated as total liabilities divided by net tangible assets).
- (c) Net tangible assets of not lower than \$1,800,000 (net tangible assets equal stockholders' equity less intangible assets).

Certain financial ratios of Qun Hong Technology, calculated from the financial statements for the year ended December 31, 2021 did not meet the requirements in the loan agreement. However, immediate repayment was not required in this instance; therefore, the loan was still included in long-term borrowings as of December 31, 2021.

M. In November 2017, Qun Hong Technology signed a medium term loan agreement of \$300,000 with Chinatrust Commercial Bank. The agreement is set to expire in April 2021. Qun Hong Technology is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual consolidated financial statements of Qun Hong Technology):

- (a) Current ratio of at least 90%;
- (b) Debt ratio not to exceed 160% in 2019, 130% in 2020 and 110% in 2021 (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets).
- (c) Net tangible assets of not lower than \$1,800,000.

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

N. As of December 31, 2021 and 2020, aside from the collateral listed in Note 8, the Company also issued guarantee notes in the amounts of \$19,062,000 and US\$225,000,000 as well as \$28,100,000 and US\$290,000,000 for the aforementioned borrowings, respectively.

(20) Other non-current liabilities

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|--------------------------|
| Contract liabilities (Note 1) | \$ 29,349,607 | \$ 2,563,599 |
| Lease liabilities | 1,481,048 | 1,148,531 |
| Construction payable on behalf of others (Note 2) | 792,059 | 796,000 |
| Accrued pension liabilities | 637,317 | 710,012 |
| Others | 736,688 | 381,222 |
| | <u>\$ 32,996,719</u> | <u>\$ 5,599,364</u> |

Note 1: Details of contract liabilities are provided in Note 6(26).

Note 2: Details of construction payable on behalf of others in Note 9(D).

(21) Pensions

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

(b) For the purpose of labor specialization and boosting competitiveness and operating performance, the shareholders resolved in the 2015 annual meeting to spin off the Company's rigid-flex board business and transfer associated assets and liabilities to Qun Hong Technology. The Company's employees originally working in rigid-flex board business became employees of Qun Hong Technology after the spin-off. On October 18, 2016, the Department of Labor of Taoyuan City approved the measure to determine the share of contribution from each entity's designated labor pension reserve funds account according to the time the employee worked at each entity.

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

The Company, Qun Hong Technology, Asia Pacific and U JAPAN

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 1,452,734 | \$ 1,548,727 |
| Fair value of plan assets | (815,417) | (838,715) |
| Net defined benefit liability | <u>\$ 637,317</u> | <u>\$ 710,012</u> |

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

The Company

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

Qun Hong Technology

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
|-----------------------------------|--|------------------------------|-------------------------------|
| <u>2021</u> | | | |
| Balance at January 1 | \$ 4,297 | (\$ 8,781) | (\$ 4,484) |
| Current service cost | 657 | - | 657 |
| Interest expense (income) | 13 | (27) | (14) |
| | <u>4,967</u> | <u>(8,808)</u> | <u>(3,841)</u> |
| Remeasurements: | | | |
| Change in demographic assumptions | 3 | - | 3 |
| Change in financial assumptions | (98) | - | (98) |
| Experience adjustments | (353) | (118) | (471) |
| | <u>(448)</u> | <u>(118)</u> | <u>(566)</u> |
| Pension fund contribution | - | (1,610) | (1,610) |
| Paid pension | (1,200) | 1,200 | - |
| Balance at December 31 | <u>\$ 3,319</u> | <u>(\$ 9,336)</u> | <u>(\$ 6,017)</u> |
| | | | |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
| <u>2020</u> | | | |
| Balance at January 1 | \$ 3,790 | (\$ 6,852) | (\$ 3,062) |
| Current service cost | 738 | - | 738 |
| Interest expense (income) | 26 | (48) | (22) |
| | <u>4,554</u> | <u>(6,900)</u> | <u>(2,346)</u> |
| Remeasurements: | | | |
| Change in financial assumptions | 174 | - | 174 |
| Experience adjustments | (431) | (205) | (636) |
| | <u>(257)</u> | <u>(205)</u> | <u>(462)</u> |
| Pension fund contribution | - | (1,676) | (1,676) |
| Balance at December 31 | <u>\$ 4,297</u> | <u>(\$ 8,781)</u> | <u>(\$ 4,484)</u> |

Asia Pacific

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
|--|--|------------------------------|-------------------------------|
| <u>2021</u> | | | |
| Balance at January 1 | \$ 29,803 | (\$ 43,629) | (\$ 13,826) |
| Interest expense (income) | 131 | (192) | (61) |
| | <u>29,934</u> | <u>(43,821)</u> | <u>(13,887)</u> |
| Remeasurements: | | | - |
| Return on plan assets | - | (608) | (608) |
| Change in demographic assumptions | (467) | - | (467) |
| Change in financial assumptions | 160 | - | 160 |
| Experience adjustments | (24) | - | (24) |
| | <u>(331)</u> | <u>(608)</u> | <u>(939)</u> |
| Paid pension | (50) | 50 | - |
| Balance at December 31 | <u>\$ 29,553</u> | <u>(\$ 44,379)</u> | <u>(\$ 14,826)</u> |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit assets |
| <u>2020</u> | | | |
| Effect of consolidated entity's movement | \$ 30,911 | (\$ 42,550) | (\$ 11,639) |
| Interest expense (income) | 254 | (349) | (95) |
| | <u>31,165</u> | <u>(42,899)</u> | <u>(11,734)</u> |
| Remeasurements: | | | - |
| Return on plan assets | - | (1,399) | |
| Change in demographic assumptions | 112 | - | |
| Change in financial assumptions | 1,656 | - | 1,656 |
| Experience adjustments | (2,363) | - | (2,363) |
| | <u>(595)</u> | <u>(1,399)</u> | <u>(1,994)</u> |
| Pension fund contribution | - | (98) | (98) |
| Paid pension | (767) | 767 | - |
| Balance at December 31 | <u>\$ 29,803</u> | <u>(\$ 43,629)</u> | <u>(\$ 13,826)</u> |

U JAPAN

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---------------------------------|--|------------------------------|----------------------------------|
| <u>2021</u> | | | |
| Balance at January 1 | \$ 110,285 | (\$ 95,770) | \$ 14,515 |
| Current service cost | 8,090 | - | 8,090 |
| Interest expense | 397 | - | 397 |
| | <u>118,772</u> | <u>(95,770)</u> | <u>23,002</u> |
| Remeasurements: | | | |
| Change in financial assumptions | (10,207) | 3,378 | (6,829) |
| Pension fund contribution | - | (3,997) | (3,997) |
| Paid pension | (15,434) | 13,031 | (2,403) |
| Net exchange differences | (13,414) | 11,789 | (1,625) |
| Balance at December 31 | <u>\$ 79,717</u> | <u>(\$ 71,569)</u> | <u>\$ 8,148</u> |
| | | | |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| <u>2020</u> | | | |
| Balance at January 1 | \$ 117,913 | (\$ 97,016) | \$ 20,897 |
| Current service cost | 10,250 | - | 10,250 |
| Interest expense (income) | 424 | - | 424 |
| | <u>128,587</u> | <u>(97,016)</u> | <u>31,571</u> |
| Remeasurements: | | | |
| Change in financial assumptions | (13,588) | 858 | (12,730) |
| Pension fund contribution | - | (4,300) | (4,300) |
| Paid pension | (4,514) | 4,514 | - |
| Net exchange differences | (200) | 174 | (26) |
| Balance at December 31 | <u>\$ 110,285</u> | <u>(\$ 95,770)</u> | <u>\$ 14,515</u> |

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

Company and Qun Hong Technology have no right to participate in managing and operating that fund and hence the Company and Qun Hong Technology are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

Under Japanese local regulations, a commissioned group of annuity assets of defined benefit pension plan shall use plan assets based on U JAPAN's utilization plan of plan assets and treat the benefit of annuity participants as first priority. If the payment or balance of pension was insufficient, the Company shall aim on the finance balance of annuity assets and periodically review the finance situation to distribute annuity. The annuity assets faces interest risk and inflation risk of general investments, the Group shall assure the performance of defined contribution plan based on the utilization plan of plan assets and take into consideration the risk and reward of investees to set and use investment portfolio within the tolerable risk range to assure the necessary long-term profit.

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

The Company

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

Qun Hong Technology

| | Year ended December 31 | |
|-------------------------|------------------------|-------|
| | 2021 | 2020 |
| Discount rate | 0.60% | 0.30% |
| Future salary increases | 4.50% | 4.50% |

Asia Pacific

| | Year ended December 31 | |
|-------------------------|------------------------|-------|
| | 2021 | 2020 |
| Discount rate | 0.60% | 0.44% |
| Future salary increases | 1.20% | 1.00% |

U JAPAN

| | Year ended December 31 | |
|---------------|------------------------|-------|
| | 2021 | 2020 |
| Discount rate | 0.29% | 0.39% |

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

For the years ended December 31, 2021 and 2020, Clover's future mortality rate was estimated based on the 22th Annuity Table published by Japan Ministry of Health and Welfare.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected.

The analysis was as follows:

The Company

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

Qun Hong Technology

| | Discount rate | | Future salary increases | |
|---|----------------|----------------|-------------------------|----------------|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2021 | | | | |
| Effect on present value of defined benefit obligation | (\$ 76) | \$ 78 | \$ 68 | (\$ 66) |
| December 31, 2020 | | | | |
| Effect on present value of defined benefit obligation | (\$ 110) | \$ 114 | \$ 98 | (\$ 96) |

Asia Pacific

| | Discount rate | | Future salary increases | |
|---|---------------|---------------|-------------------------|---------------|
| | Increase 0.5% | Decrease 0.5% | Increase 0.5% | Decrease 0.5% |
| December 31, 2021 | | | | |
| Effect on present value of defined benefit obligation | (\$ 1,987) | \$ 2,323 | \$ 2,297 | (\$ 1,986) |
| December 31, 2020 | | | | |
| Effect on present value of defined benefit obligation | (\$ 2,162) | \$ 2,482 | \$ 2,454 | (\$ 2,161) |

U JAPAN

| | Discount rate | |
|---|----------------|----------------|
| | Increase 0.25% | Decrease 0.25% |
| December 31, 2021 | | |
| Effect on present value of defined benefit obligation | (\$ 1,319) | \$ 1,354 |
| | | |
| | Discount rate | |
| | Increase 0.25% | Decrease 0.25% |
| December 31, 2020 | | |
| Effect on present value of defined benefit obligation | (\$ 2,187) | \$ 2,256 |

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

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

- (g) Expected contributions to the defined benefit pension plans of the Company, Qun Hong, Asia Pacific and U JAPAN for the year ending December 31, 2022 amount to \$25,226, \$1,527, \$0 and \$6,820, respectively.
- (h) As of December 31, 2021, the weighted average duration of the retirement plan of the Company, Qun Hong Technology, Asia Pacific and U JAPAN is 12, 10, 15 and 7 years, respectively.
- B. (a) The Company, Qun Hong Technology, UniCuisine, Apm and Asia Pacific Communication have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company, Qun Hong Technology, UniCuisine, Apm and Asia Pacific Communication contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Consolidated subsidiaries, Unimicron Technology (ShenZhen), Unimicron Technology (KunShan), Uniflex Technology (KunShan), Unimicron Technology (SuZhou), Unimicron Technology (Huangshi), Unimicron Touchand , Unimicron-Carrier Technology, Hu Se Sn Li Management Crop., Ltd. and U Germany, contribute a fixed percentage of the salaries and wages of its employees to a pension fund every month in accordance with local pension regulations. The contribution ratios range from 13% to 28%. The pension fund of each employee is administered by the government.

- (c) Consolidated subsidiaries, Hemingway, UMTG, Plato-Cayman, SI, UHL, BO, UniSmart, UniRuwei, UniClover, UniDH, UniDT, UniBest, USZT, UKST, UniGreat, NEOCONIX and PAVID, do not have employee retirement plans, nor are they required to have such plans according to local laws and regulations. In addition, Uniclover finished the liquidation process in 2021.
- (d) Hsin Yang Investment, Unimicron Management (KunShan), Kunshan Dingchangxin and UniFresh have no employees and therefore do not have to recognize pension costs.
- (e) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$967,947 and \$826,967, respectively.

(22) Share-based payment

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

(a) The Company:

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

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

(b) Qun Hong Technology:

| <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted</u> (Shares in thousands) | <u>Contract</u> <u>period</u> | <u>Vesting</u> <u>conditions</u> |
|---|-------------------|--|----------------------------------|-------------------------------------|
| Capital increase by cash reserved for employees | 2018.03.08 | 4,500 | 2 years (Note) | Immediately |

Note: Shares acquired through employee stock warrants cannot be transferred for a certain period:

A. Shares cannot be transferred within one year of acquisition.

B. For shares held for one year or more, but less than 18 months, transfer of more than

one third of the shares is prohibited.

- C. For shares held for 18 months or more, but less than two years, transfer of more than two thirds of the shares is prohibited.
- D. Once the shares are held for two years or more, no restrictions are imposed on transfers.
- E. If fewer than 3,000 shares are acquired, up to 1,000 shares can be transferred after holding the stock for more than one year, and the remaining shares can be transferred after holding the stock for 18 months.

(c) Qun Hong Technology:

| <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted (Shares in thousands)</u> | <u>Contract period</u> | <u>Vesting conditions</u> |
|----------------------------|-------------------|---|----------------------------|-------------------------------|
| Employee stock options | 2017.6.20 | 6,000 | 5 years | Note |

Note: Stock warrants can be exercised starting from the first anniversary of the grant date according to the following schedule:

- A. On the first anniversary of the grant date, up to 30% of the stock warrants granted can be exercised.
- B. On the second anniversary of the grant date, up to 60% of the stock warrants granted can be exercised.
- C. On the third anniversary of the grant date, 100% of the stock warrants granted can be exercised.

(d) NEOCONIX:

| <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted (Shares in thousands)</u> | <u>Contract period</u> |
|--|-----------------------|---|----------------------------|
| Stock options A~O | 2003.10.23~2012.09.06 | 5,969 | 10 years |
| Employee stock option certificates A~B | 2012.06.18~2012.06.30 | 277 | 10 years |

Note: Stock options can be exercised starting from the first anniversary of the grant date according to the following schedule:

- A. On the first anniversary of the grant date, up to 25% of the stock options granted can be exercised.
- B. On the second anniversary of the grant date, up to 50% of the stock options granted can be exercised.
- C. On the third anniversary of the grant date, up to 75% of the stock options granted can be exercised.
- D. On the fourth anniversary of the grant date, 100% of the stock options granted can be exercised.
- E. Options must be exercised within ten years of the signing of the contract and can be exercised fully or partially without making cash payments. In the event of a

merger or acquisition, the bank must decide whether to exercise or the options are immediately deemed as expired.

(e) Asia Pacific

| <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted (Shares in thousands)</u> | <u>Contract period</u> | <u>Vesting conditions</u> |
|----------------------------|-------------------|---|----------------------------|-------------------------------|
| Employee stock options | 2021.09.01 | 2,357 | 3.5 years | Note |

Note: Stock warrants can be exercised starting from the first anniversary of the grant date according to the following schedule:

- A. On the first anniversary of the grant date, up to 50% of the stock warrants granted can be exercised.
- B. On the second anniversary of the grant date, up to 80% of the stock warrants granted can be exercised.
- C. On the 30 months of the grant date, 100% of the stock warrants granted can be exercised.

B. Details of above stated stock options and option plans are as follows:

(a) The Company:

i. Employee stock options

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

(b) Qun Hong Technology:

Employee stock options

| | Year ended December 31 | | | |
|---|---|--------------------------------|---|--------------------------------|
| | 2021 | | 2020 | |
| | No. of options (Shares in thousands) | Exercise price (in dollars) | No. of options (Shares in thousands) | Exercise price (in dollars) |
| Options outstanding at beginning of year | 6,000 | \$ 16.89 | 6,000 | \$ 16.89 |
| Options granted | - | - | - | - |
| Options exercised | - | - | - | - |
| Options expired | (1,712) | - | - | - |
| Options outstanding at end of year (Note) | <u>4,288</u> | <u>\$ 16.89</u> | <u>6,000</u> | <u>\$ 16.89</u> |
| Options exercisable at end of year (Note) | <u>4,288</u> | <u>\$ 16.89</u> | <u>6,000</u> | <u>\$ 16.89</u> |

Note: Adjust the exercise price according to the rules of employee stock options since the numbers of options increased.

(c) NEOCONIX:

| | Year ended December 31 | | | |
|--|---|--------------------------------|---|--------------------------------|
| | 2021 | | 2020 | |
| | No. of options (Shares in thousands) | Exercise price (in dollars) | No. of options (Shares in thousands) | Exercise price (in dollars) |
| Options outstanding at beginning of year | 1,065 | \$0.04~\$0.15 | 1,145 | \$0.04~\$0.15 |
| Options granted | - | - | - | - |
| Options exercised | - | - | - | - |
| Options expired | (840) | - | (80) | - |
| Options outstanding at end of year | <u>225</u> | <u>\$0.04~\$0.15</u> | <u>1,065</u> | <u>\$0.04~\$0.15</u> |
| Options exercisable at end of year | <u>225</u> | <u>\$0.04~\$0.15</u> | <u>1,065</u> | <u>\$0.04~\$0.15</u> |

(d) Asia Pacific

| | Year ended December 31 | |
|--|---|--------------------------------|
| | No. of options (shares in thousands) | Exercise price (in dollars) |
| Options outstanding at beginning of year | - | \$ - |
| Options granted | 2,357 | 10.20 |
| Options exercised | - | - |
| Options expired | (30) | - |
| Options outstanding at end of year | <u>2,327</u> | <u>\$ 10.20</u> |
| Options exercisable at end of year | <u>2,327</u> | <u>\$ 10.20</u> |

- C. As of December 31, 2021 and 2020, the exercise price of stock options outstanding was NT\$16.41. The weighted-average remaining contractual period was 0 year. In addition, there was no stock option outstanding as of December 31, 2021.
- D. As of December 31, 2021 and 2020, the exercise prices of stock options outstanding of Qun Hong Technology was NT\$16.89 for both years; the weighted-average remaining contractual period was 0.47 years and 1.47 years, respectively.
- E. As of December 31, 2021 and 2020, the range of exercise prices of stock options outstanding of NEOCONIX was US\$0.04~\$0.15 for both years; the weighted-average remaining contractual period was 0.7 years and 1.7 years, respectively.
- F. As of December 31, 2021, the range of exercise prices of stock options outstanding of Asia Pacific was NT\$10.20 for this years; the weighted-average remaining contractual period was 3.17 years.
- G. The fair value of stock options granted by the Company, Qun Hong Technology, NEOCONIX and Asia Pacific is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

(a) The Company:

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends (in dollars) | Risk-free interest rate | Fair value per unit (in dollars) |
|--|------------|-----------------------------|--------------------------------|------------------------------|-------------------------|------------------------------------|-------------------------|--|
| First phase of the 8 th treasury stocks transferred to employees | 2020.03.27 | \$ 30.25 | \$ 16.41 | 57.16% | 0.01 years | \$ - | 0.3800% | \$ 13.85 |
| Second phase of the 8 th treasury stocks transferred to employees | 2020.10.27 | \$ 81.60 | \$ 32.70 | 55.74% | 0.03 years | \$ - | 0.1600% | \$ 48.90 |
| Third phase of the 8 th treasury stocks transferred to employees | 2021.04.27 | \$ 102.50 | \$ 37.94 | 51.93% | 0.04 years | \$ - | 0.1500% | \$ 64.56 |
| Fourth phase of the 8 th treasury stocks transferred to employees | 2021.05.28 | \$ 104.50 | \$ 38.45 | 54.15% | 0.04 years | \$ - | 0.1300% | \$ 66.05 |
| Fifth phase of the 8 th treasury stocks transferred to employees | 2021.10.26 | \$ 156.00 | \$ 51.33 | 53.68% | 0.03 years | \$ - | 0.2300% | \$ 104.67 |

(b) Qun Hong Technology:

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends (in dollars) | Risk-free interest rate | Fair value per unit (in dollars) |
|---|------------|-----------------------------|--------------------------------|------------------------------|-------------------------|------------------------------------|-------------------------|--|
| Capital increase by cash reserved for employees | 2018.03.08 | \$ 13.43 | \$ 20.00 | 33.17% | - | \$ - | - | \$ - |
| Employee stock options | 2017.06.20 | \$ 13.06 | \$ 20.00 | 31.49% | 3.0 years | \$ - | 0.67% | \$ 1.11 |
| Employee stock options | 2017.06.20 | \$ 13.06 | \$ 20.00 | 31.13% | 3.5 years | \$ - | 0.71% | \$ 1.29 |
| Employee stock options | 2017.06.20 | \$ 13.06 | \$ 20.00 | 31.05% | 4.0 years | \$ - | 0.74% | \$ 1.49 |

(c) NEOCONIX

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends (in dollars) | Risk-free interest rate | Fair value per unit (in dollars) |
|--|-------------------------------|-----------------------------|--------------------------------|------------------------------|-------------------------|------------------------------------|-------------------------|--|
| Stock options A~O | 2005.08.16 ~ 2012.09.06 | \$0.026~ \$0.101 | \$0.05~\$0.15 | 54.48%~ 71.92% | 6.25 years | \$ - | 0.96%~ 4.83% | \$1,548.00~ \$110,828.55 |
| Employee stock option certificates A~B | 2012.06.18 ~ 2012.06.30 | \$ - | \$ - | - | 8.7 years | \$ - | - | \$ - |

(d) Asia Pacific

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Expected price volatility | Expected option life | Expected dividends (in dollars) | Risk-free interest rate | Fair value per unit (in dollars) |
|------------------------|------------|-----------------------------|--------------------------------|------------------------------|-------------------------|------------------------------------|-------------------------|--|
| Employee stock options | 2021.09.01 | \$ 9.76 | \$ 10.20 | 42.77% | 2.55 years | - | 0.24% | \$ 2.47 |

H. Expenses incurred on share-based payment transactions are shown below:

| | Year ended December 31 | |
|----------------|------------------------|------------|
| | 2021 | 2020 |
| Equity-settled | \$ 519,927 | \$ 205,327 |

(23) Share capital

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

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

| | Year ended December 31 | |
|-----------------------------------|-------------------------|-------------------------|
| | 2021 | 2020 |
| At January 1 | 1,467,555,333 | 1,455,632,333 |
| Treasury shares sold to employees | 7,705,000 | 11,923,000 |
| Equity-settled | <u>\$ 1,475,260,333</u> | <u>\$ 1,467,555,333</u> |

C. Treasury shares

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

| | | December 31, 2021 | |
|---|---------------------------------|-------------------|-----------------|
| | | Number of shares | Carrying amount |
| <u>Name of company holding the shares</u> | <u>Reason for reacquisition</u> | | |
| The Company | To be reissued to employees | - | <u>\$ -</u> |

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

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

(24) Capital surplus

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

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

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

(25) Retained earnings

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

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

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

| Year ended December 31, 2021 | | |
|------------------------------|---------------------|----------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 1,324,471 | |
| Special reserve | (217,688) | |
| Cash dividends | 5,015,885 | \$ 3.40 |
| | <u>\$ 6,122,668</u> | |

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

F. The consolidated subsidiaries, Unimicron Technology (ShenZhen), Unimicron Technology (KunShan), Uniflex Technology (KunShan), Unimicron Technology (SuZhou), Unimicron Touch, Unimicron Technology (Huangshi), Unimicron Management (Kunshan), Kunshan Dingchangxin, Unimicron-Carrier Technology (Huangshi) and Hu Se Sn Li, set aside a portion of after-tax profits for the reserve fund and staff bonus welfare fund in accordance with regulations on foreign invested enterprises as set forth in the Company Law of the People's Republic of China. The percentage of after-tax profits allocated to the reserve fund must be 10% or more. Once the amount of the reserve fund reaches 50% of the registered capital, contribution to the fund is no longer required. The percentage of after-tax profits allocated to the staff bonus welfare fund is determined by the company. No profits can be distributed before operating losses from prior years are first covered.

(26) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

| <u>2021</u> | <u>Taiwan</u> | <u>Asia</u> | <u>America</u> | <u>Others</u> | <u>Total</u> |
|--|----------------------|----------------------|---------------------|---------------------|-----------------------|
| Revenue from external customer contracts | <u>\$ 21,188,108</u> | <u>\$ 76,202,891</u> | <u>\$ 2,553,529</u> | <u>\$ 4,618,219</u> | <u>\$ 104,562,747</u> |
| Timing of revenue recognition | | | | | |
| At a point in time | <u>\$ 21,188,108</u> | <u>\$ 76,202,891</u> | <u>\$ 2,553,529</u> | <u>\$ 4,618,219</u> | <u>\$ 104,562,747</u> |
| <u>2020</u> | <u>Taiwan</u> | <u>Asia</u> | <u>America</u> | <u>Others</u> | <u>Total</u> |
| Revenue from external customer contracts | <u>\$ 18,516,445</u> | <u>\$ 62,665,798</u> | <u>\$ 2,094,416</u> | <u>\$ 4,616,162</u> | <u>\$ 87,892,821</u> |
| Timing of revenue recognition | | | | | |
| At a point in time | <u>\$ 18,516,445</u> | <u>\$ 62,665,798</u> | <u>\$ 2,094,416</u> | <u>\$ 4,616,162</u> | <u>\$ 87,892,821</u> |

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

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

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January 1, 2020</u> |
|---|--------------------------|--------------------------|------------------------|
| Contract liabilities - advance sales receipts | <u>\$ 31,909,412</u> | <u>\$ 3,407,724</u> | <u>\$ 684,933</u> |

C. Revenue recognized that was included in the contract liability balance at the beginning of the year

| | <u>2021</u> | <u>2020</u> |
|-------------------|-------------------|------------------|
| Operating revenue | <u>\$ 352,526</u> | <u>\$ 45,797</u> |

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

(27) Other income and expenses-net

| | <u>Year ended December 31</u> | |
|--|-------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Rental income from investment property | \$ 11,436 | \$ 11,436 |
| Depreciation on investment property | (3,426) | (3,663) |
| Other income and expenses, net | <u>128,505</u> | <u>40,447</u> |
| | <u>\$ 136,515</u> | <u>\$ 48,220</u> |

(28) Other income

| | Year ended December 31 | |
|-------------------------------------|------------------------|---------------------|
| | 2021 | 2020 |
| Revenue from sale of scraps | \$ 369,549 | \$ 255,111 |
| Indemnity income due to fire damage | 211,071 | 148,914 |
| Dividend income | 167,211 | 44,661 |
| Rental revenue | 54,875 | 31,712 |
| Miscellaneous income | 518,446 | 567,766 |
| | <u>\$ 1,321,152</u> | <u>\$ 1,048,164</u> |

(29) Other gains and losses

| | Year ended December 31 | |
|---|------------------------|---------------------|
| | 2021 | 2020 |
| Net currency exchange losses | (\$ 226,448) | (\$ 337,827) |
| Losses on disposal of property, plant and equipment | (40,593) | (55,838) |
| Impairment loss on property, plant and equipment | (391,274) | - |
| Net gains on financial assets or liabilities at fair value through profit or loss | 2,889,653 | 2,216,097 |
| Gains arising from lease modifications | 8 | - |
| Loss from subleasing right-of-use assets | - (580) | |
| Loss by fire | - (335,861) | |
| Miscellaneous disbursements | (122,686) | (35,213) |
| | <u>\$ 2,108,660</u> | <u>\$ 1,450,778</u> |

(30) Finance costs

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2021 | 2020 |
| Interest expense-bank borrowings | \$ 257,312 | \$ 452,293 |
| Interest expense-lease transactions | 38,599 | 35,645 |
| Interest expense-bonds payable | 44,532 | - |
| Bill handling fee | 24,977 | 34,505 |
| Amortization of discount on bonds payable | 1,498 | - |
| Others | 4,088 | 28 |
| | <u>371,006</u> | <u>522,471</u> |
| Less: Capitalization of qualifying assets | (46,244) | (46,396) |
| | <u>\$ 324,762</u> | <u>\$ 476,075</u> |

(31) Expenses by nature

| | Year ended December 31 | |
|---|------------------------|----------------------|
| | 2021 | 2020 |
| Employee benefit expense | \$ 24,042,475 | \$ 21,545,576 |
| Depreciation charges on property, plant and equipment (including investment assets and right-of-use assets) | 9,505,548 | 8,713,814 |
| Amortization charges on intangible assets | 251,550 | 143,157 |
| | <u>\$ 33,799,573</u> | <u>\$ 30,402,547</u> |

(32) Employee benefit expense

| | Year ended December 31 | |
|----------------------------------|------------------------|----------------------|
| | 2021 | 2020 |
| Salary expenses | \$ 20,233,897 | \$ 18,002,967 |
| Labour and health insurance fees | 1,674,852 | 1,540,233 |
| Pension and severance pay | 999,242 | 867,056 |
| Other personnel expenses | 1,134,484 | 1,135,320 |
| | <u>\$ 24,042,475</u> | <u>\$ 21,545,576</u> |

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. This ratio shall be between 5% and 15%. Directors' remuneration shall not exceed 0.7% of the distributable profit. Additionally, on June 19, 2020, the shareholders during their meeting resolved to amend the ratio of employees' compensation and directors' remuneration. A ratio of distributable profit of the current year, after covering accumulated losses, shall be between 6% and 16% for employees' compensation and shall not exceed 0.9% for directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$2,490,449 and \$912,711, respectively; while directors' remuneration was accrued at \$29,472 and \$50,386, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were \$2,324,419 and \$29,472, respectively, and the employees' compensation will be distributed in the form of cash.

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

Information about employees' compensation and directors' remuneration of the Company as resolved by the shareholders during their meeting will be posted in the "Market Observation Post

System” at the website of the Taiwan Stock Exchange.

- C. For 2021, employees’ compensation of UniCuisine was accrued at \$4,260; while directors’ and supervisors’ remuneration was accrued at \$120. The aforementioned amounts were recognized in salary expenses. For 2020, UniCuisine did not accrue employees’ compensation and directors’ and supervisors’ remuneration as it had accumulated deficit to be covered.
- D. Qun Hong Technology, Apm Communication and Asia Pacific in 2021 and 2020 did not accrue employees’ compensation and directors’ and supervisors’ remuneration due to the loss before tax.
- E. No employees’ compensation and directors’ and supervisors’ remuneration was accrued by Hsin Yang Investment and UniFresh as they had no employees.

(33) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2021 | 2020 |
| Current tax: | | |
| Current tax on profits for the year | \$ 2,630,962 | \$ 445,440 |
| Provisional withholding tax | 783,380 | 554,521 |
| Prior year income tax overestimation | (1,725) | (22,868) |
| Total current tax | 3,412,617 | 977,093 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (307,402) | (58,253) |
| Effects of foreign exchange | (721) | (2,263) |
| Income tax expense | <u>\$ 3,104,494</u> | <u>\$ 916,577</u> |

B. Reconciliation between income tax expense and accounting profit

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2021 | 2020 |
| Income tax calculated by applying statutory rate to the profit before tax | \$ 3,185,285 | \$ 1,246,988 |
| Effects from items disallowed by tax regulation | 13,373 | (219,346) |
| Prior year income tax over estimation | (1,725) | (22,868) |
| Effect from investment tax credits | (91,718) | (85,934) |
| Effects of foreign exchange | (721) | (2,263) |
| Income tax expense | <u>\$ 3,104,494</u> | <u>\$ 916,577</u> |

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

| 2021 | | | | |
|--|-------------------|---------------------------------|-----------------------------------|---------------------|
| | January 1 | Recognized in profit or loss | Effects of foreign exchange | December 31 |
| Temporary differences: | | | | |
| — Deferred tax assets: | | | | |
| Allowance for inventory valuation losses | \$ 275,331 | \$ 24,822 | (\$ 295) | \$ 299,858 |
| Estimated sales discounts and allowances | 32,187 | (5,200) | - | 26,987 |
| Long-term investment losses | 478,556 | (48,314) | - | 430,242 |
| Others | <u>224,107</u> | <u>317,476</u> | <u>(545)</u> | <u>541,038</u> |
| | 1,010,181 | 288,784 | (840) | 1,298,125 |
| — Deferred tax liabilities: | | | | |
| Others | <u>(282,148)</u> | <u>18,618</u> | <u>23,998</u> | <u>(239,532)</u> |
| | <u>\$ 728,033</u> | <u>\$ 307,402</u> | <u>\$ 23,158</u> | <u>\$ 1,058,593</u> |
| 2020 | | | | |
| | January 1 | Recognized in profit or loss | Effects of foreign exchange | December 31 |
| Temporary differences: | | | | |
| — Deferred tax assets: | | | | |
| Allowance for inventory valuation losses | \$ 280,717 | (\$ 6,309) | \$ 923 | \$ 275,331 |
| Estimated sales discounts and allowances | 32,857 | (670) | - | 32,187 |
| Long-term investment losses | 397,397 | 81,159 | - | 478,556 |
| Others | <u>278,267</u> | <u>(56,010)</u> | <u>1,850</u> | <u>224,107</u> |
| | <u>989,238</u> | <u>18,170</u> | <u>2,773</u> | <u>1,010,181</u> |
| — Deferred tax liabilities: | | | | |
| Others | <u>(313,487)</u> | <u>40,083</u> | <u>(8,744)</u> | <u>(282,148)</u> |
| | <u>\$ 675,751</u> | <u>\$ 58,253</u> | <u>(\$ 5,971)</u> | <u>\$ 728,033</u> |

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets of Qun Hong Technology, Hsin Yang Investment, Apm Communication, UniFresh, UniCuisine and Asia Pacific in 2021 and 2020 are as follows:

| Year ended December 31, 2021 | | | | |
|------------------------------|---------------------------|---------------|-------------------------------------|-------------|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
| 2012 | Assessed | \$ 501,535 | \$ 501,535 | 2022 |
| 2013 | Assessed | 407,216 | 407,216 | 2023 |
| 2014 | Assessed | 473,470 | 473,470 | 2024 |
| 2015 | Assessed | 364,835 | 364,835 | 2025 |
| 2016 | Assessed | 307,527 | 307,527 | 2026 |
| 2017 | Assessed | 375,457 | 375,457 | 2027 |
| 2018 | Assessed | 269,078 | 269,078 | 2028 |
| 2019 | Assessed | 518,230 | 518,230 | 2029 |
| 2020 | Filed | 758,713 | 758,713 | 2030 |
| 2021 | Estimated | 891,314 | 891,314 | 2031 |

| Year ended December 31, 2020 | | | | |
|------------------------------|---------------------------|---------------|-------------------------------------|-------------|
| Year incurred | Amount filed/ assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
| 2011 | Assessed | \$ 421,000 | \$ 421,000 | 2021 |
| 2012 | Assessed | 501,535 | 501,535 | 2022 |
| 2013 | Assessed | 407,216 | 407,216 | 2023 |
| 2014 | Assessed | 473,470 | 473,470 | 2024 |
| 2015 | Assessed | 366,886 | 366,886 | 2025 |
| 2016 | Assessed | 307,527 | 307,527 | 2026 |
| 2017 | Assessed | 376,470 | 376,470 | 2027 |
| 2018 | Assessed | 269,132 | 269,132 | 2028 |
| 2019 | Filed | 518,230 | 518,230 | 2029 |
| 2020 | Estimated | 790,020 | 790,020 | 2030 |

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

| | December 31, 2021 | December 31, 2020 |
|----------------------------------|-------------------|-------------------|
| Deductible temporary differences | \$ 452,473 | \$ 605,758 |

F. The consolidated subsidiaries, Unimicron Technology (ShenZhen), Unimicron Technology (KunShan), Uniflex Technology (KunShan), Unimicron Technology (SuZhou), Unimicron Touch, Unimicron Technology (Huangshi), Kunshan Dingchangxin and Unimicron-Carrier Technology (Huangshi) are production type foreign investment enterprises, Unimicron Management (KunShan) and Hu Se Sn Li Management Corp., Ltd. are domestic-invested enterprises established in the People's Republic of China, and therefore have been subject to the new income tax laws since January 1, 2008.

G.The Company's, Qun Hong Technology's, Hsin Yang Investment's, Apm Communication's, UniFresh's, UniCuisine's and Asia Pacific's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(34) Earnings per share

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

(35) Supplemental cash flow information

A. Investing activities with partial cash payments

| | Year ended December 31 | |
|--|------------------------|----------------------|
| | 2021 | 2020 |
| Acquisition of property, plant and equipment | \$ 24,201,174 | \$ 16,905,577 |
| Add: Opening balance of payable on equipment | 4,634,988 | 2,264,787 |
| Less: Ending balance of payable on equipment | (5,595,376) | (4,634,988) |
| Ending balance of notes payable | (67,000) | - |
| Net exchange differences | (6,597) | 14,684 |
| Cash paid during the year | <u>\$ 23,167,189</u> | <u>\$ 14,550,060</u> |

B. To meet the Group's strategy investment plan, on November 12, 2019, the Board of Directors of the Company resolved to increase investment in Asia Pacific Microsystems, Inc. ("Asia Pacific") in the amount of \$187,641, with the effective date set on January 1, 2020. After the additional investment, the Group's comprehensive shareholding ratio in Asia Pacific increased from 47.00% to 66.94% thereby becoming the Company's subsidiary. Consequently, the following operating assets and liabilities will be consolidated to the Group on January 1, 2020:

| | January 1, 2020 |
|--|---------------------|
| Purchase consideration | |
| Cash | <u>(\$ 187,641)</u> |
| Fair value of equity interest in Asia Pacific held before the business combination | (126,654) |
| Fair value of the non-controlling interest | <u>(155,969)</u> |
| | <u>(282,623)</u> |
| Cash in banks | 285,315 |
| Notes and accounts receivable (including related parties), net | 98,146 |
| Inventories | 127,612 |
| Property, plant and equipment, net | 212,590 |
| Right-of-use assets | 21,679 |
| Others assets | 10,936 |
| Bank borrowings | (146,634) |
| Accounts payable (including related parties) | (32,865) |
| Other payables | (83,076) |
| Lease liabilities | <u>(21,886)</u> |
| Total identifiable net assets | <u>471,817</u> |
| Gain recognized in bargain purchase transaction | <u>\$ 1,533</u> |

E. The fair value of the non-controlling interest in Asia Pacific was estimated by applying a market approach. The fair value estimates are based on:

- (a) assumed financial multiples of companies deemed to be similar to Asia Pacific; and
- (b) assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interest in Asia Pacific.

F. The Group recognized a gain of \$7,777 as a result of measuring at fair value its 47.00% equity interest in Asia Pacific held before the business combination.

(36) Changes in liabilities from financing activities

| | 2021 | | | | | | |
|--|-----------------------|------------------------------------|---------------------|----------------------|---|---------------------|---|
| | Short-term borrowings | Short-term notes and bills payable | Bonds payable | Long-term borrowings | Construction payables on behalf of others | Lease liabilities | Liabilities from financing activities - gross |
| At January 1 | \$ 8,580,823 | \$ 199,972 | \$ - | \$ 27,885,361 | \$ 796,000 | \$ 1,419,885 | \$ 38,882,041 |
| Changes in cash flow from financing activities | 1,636,916 | 199,928 | 7,990,425 | (11,010,994) | - | (508,547) | (1,692,272) |
| Changes in other non-cash items | - | - | 1,498 | - | - | 907,346 | 908,844 |
| Impact of changes in foreign exchange rate | (41,523) | - | - | (29,065) | (3,941) | (42,834) | (117,363) |
| At December 31 | <u>\$ 10,176,216</u> | <u>\$ 399,900</u> | <u>\$ 7,991,923</u> | <u>\$ 16,845,302</u> | <u>\$ 792,059</u> | <u>\$ 1,775,850</u> | <u>\$ 37,981,250</u> |

| | 2020 | | | | | |
|--|-----------------------|------------------------------------|----------------------|---|---------------------|---|
| | Short-term borrowings | Short-term notes and bills payable | Long-term borrowings | Construction payables on behalf of others | Lease liabilities | Liabilities from financing activities - gross |
| At January 1 | \$ 9,451,235 | \$ 1,698,436 | \$ 24,664,591 | \$ 785,105 | \$ 1,335,932 | \$ 37,935,299 |
| Changes in cash flow from financing activities | (927,730) | (1,498,464) | 3,095,768 | - | (312,683) | 356,891 |
| Changes in other non-cash items | - | - | - | - | 373,869 | 373,869 |
| Effect of consolidated entity's movement | 30,000 | - | 116,634 | - | 21,886 | 168,520 |
| Impact of changes in foreign exchange rate | 27,318 | - | 8,368 | 10,895 | 881 | 47,462 |
| At December 31 | <u>\$ 8,580,823</u> | <u>\$ 199,972</u> | <u>\$ 27,885,361</u> | <u>\$ 796,000</u> | <u>\$ 1,419,885</u> | <u>\$ 38,882,041</u> |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|---|---|
| Maruwa Corporation | Investee held by the Company's second-tier subsidiary |
| Yih Dar Technologies Co., Ltd. (Yih Dar) | The Company's investee |
| United Microelectronics Corp. (UMC) | The Company's director |
| 3D Circuit Taiwan Company Ltd. (3D Circuit Taiwan) | The Company is its director (Note 1) |
| Unistars Corp. | The Company is its director (Note 2) |
| Advance Materials Corp. (Advance Materials) | The Company is its director |
| Emax Technology Co., Ltd. | The Company is its director |
| Unisense Technology Co., Ltd. | The Company is its director |
| Faraday Technology Corporation | The Company is its director (Note 3) |
| Yann Yuan Investment Co., Ltd. | The Company is its director |
| Unipoint Technology Co., Ltd. (Unipoint Technology) | The Company is its director |
| Topoint Technology Co., Ltd. (Topoint Technology) | Unipoint Technology's parent company |
| Uniflex Technology Inc. (Uniflex Technology) | Same chairman |
| Subtron Technology Co., Ltd | Same chairman |
| Uniflex Technology (JiangSu) Ltd. | Uniflex Technology's second-tier subsidiary |
| Unted Semiconductor (Xiamen) Co., Ltd. | Within the same group as UMC |
| Shanghai Topoint Precision Technology | Topoint Technology's subsidiary |
| HK3D-Circuit Ltd. | 3D Circuit Taiwan's subsidiary (Note 1) |

Note 1: In the process of liquidation, so there are no related party transactions this period.

Note 2: In the process of bankruptcy and there are no related party transactions since the second quarter of 2020.

Note 3: The Company was the director of this company in the third quarter of 2020, therefore, it was included in related party transactions.

(2) Significant related party transactions and balances

A. Operating revenue and processing transaction:

| | <u>Year ended December 31</u> | |
|--|-------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| - Key management personnel of the entities | \$ 48,361 | \$ 35,260 |
| - Other related parties and its subsidiaries | 26,504 | 2,583 |
| - Key management personnel of the Company | 14,888 | 3,469 |
| | <u>\$ 89,753</u> | <u>\$ 41,312</u> |

Certain sales and processing transaction are purchased based on normal commercial terms and conditions.

B. Purchases and processing expense:

| | Year ended December 31 | |
|--|------------------------|-------------------|
| | 2021 | 2020 |
| Purchases | | |
| -Key management personnel of the entities and its subsidiaries | \$ 213,759 | \$ 235,889 |
| -Other related parties and its subsidiaries | 67,252 | 35,099 |
| -Related parties | 221 | - |
| | <u>\$ 281,232</u> | <u>\$ 270,988</u> |
| Processing cost | | |
| -Key management personnel of the entities and its subsidiaries | \$ 253,350 | \$ 374,204 |
| -Other related parties and its subsidiaries | 1,583 | 19,530 |
| -Related parties | 20 | - |
| | <u>\$ 254,953</u> | <u>\$ 393,734</u> |

Certain goods and processing services are purchased based on normal commercial terms and conditions. Payments are settled in 90 to 150 days and paid monthly.

C. Receivables from related parties, net

| | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Accounts receivable | | |
| - Key management personnel of the entities | \$ 19,595 | \$ 9,974 |
| -Other related parties and its subsidiaries | 10,867 | 2,264 |
| | <u>\$ 30,462</u> | <u>\$ 12,238</u> |
| Other receivables: | | |
| -Key management personnel of the entities and its subsidiaries | \$ 6,475 | \$ 6,960 |
| -Other related parties and its subsidiaries | 1,416 | 1,485 |
| -Related parties | 197 | 224 |
| | <u>\$ 8,088</u> | <u>\$ 8,669</u> |

The above other receivables primarily arise from payments on behalf of others and accounts receivable due from aforementioned related parties transferred to other receivables in accordance with the related regulations.

D. Payables to related parties:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| Accounts payable: | | |
| -Key management personnel of the entities and its subsidiaries | \$ 184,122 | \$ 185,583 |
| -Other related parties and its subsidiaries | <u>22,649</u> | <u>36,901</u> |
| | <u>\$ 206,771</u> | <u>\$ 222,484</u> |
| Other payables: | | |
| -Key management personnel of the entities | \$ 24,469 | \$ 26,244 |
| -Key management personnel of the Company | - | 454 |
| -Other related parties and its subsidiaries | 7,317 | - |
| -Related parties | <u>216</u> | <u>-</u> |
| | <u>\$ 32,002</u> | <u>\$ 26,698</u> |

The above other payables primarily arise from other companies in handling the Group's transactions on behalf of the Company.

E. Property transactions:

Acquisition of property, plant and equipment:

| | <u>Year ended December 31</u> | |
|--|-------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| -Key management personnel of the entities and its subsidiaries | <u>\$ 59,167</u> | <u>\$ 13,054</u> |

Disposal of property, plant and equipment:

| | <u>Year ended December 31</u> | | | |
|---|-------------------------------|-----------------------------|------------------------------|-----------------------------|
| | <u>2021</u> | | <u>2020</u> | |
| | <u>Disposal proceeds</u> | <u>Gain on disposal</u> | <u>Disposal proceeds</u> | <u>Gain on disposal</u> |
| -Key management personnel of the entities | \$ - | \$ - | \$ 77 | \$ 77 |
| -Other related parties | <u>53</u> | <u>13</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 53</u> | <u>\$ 13</u> | <u>\$ 77</u> | <u>\$ 77</u> |

F. Lease transactions - lessee

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

(b) Acquisition of right of use assets

| | <u>2021</u> | <u>2020</u> |
|------------------------|-------------------|-------------|
| -Other related parties | <u>\$ 145,544</u> | <u>\$ -</u> |

(c) Rent expense

| | 2021 | 2020 |
|---|-------|-------|
| Rent expense | | |
| -Key management personnel of the entities | \$ 24 | \$ 22 |

(b) Lease liabilities

A. Outstanding balance

| | December 31, 2021 | December 31, 2020 |
|------------------------|-------------------|-------------------|
| -Other related parties | \$ 139,633 | \$ - |

B. Interest expense

| | 2021 | 2020 |
|------------------------|----------|------|
| -Other related parties | \$ 2,452 | \$ - |

1. Acquisition of financial assets:

For the year ended December 31, 2021, there was no acquisition of financial assets from related parties.

| | Account | No. of shares | 2020 | |
|-------------------------|---|---------------|------------------|---------------|
| | | | Object | Consideration |
| Ultimate parent company | Investments accounted for using equity method | 6,536,817 | Uniflex Technogy | \$ 75,173 |

H. Other income and expenses

| | | Year ended December 31 | |
|--|----|------------------------|-----------|
| | | 2021 | 2020 |
| Rental income - Key management personnel of the entities | | | |
| Advance Materials | \$ | 11,799 | \$ 11,799 |
| Yih Dar | | - | 3,869 |
| Others | | - | 467 |
| -Related parties | | 5,416 | 2,450 |
| Miscellaneous income | | | |
| -Key management personnel of the entities | | 51,235 | 45,168 |
| -Other related parties | | 3,996 | 1,242 |
| -Related parties | | 116 | 62 |
| | \$ | 72,562 | \$ 65,057 |

(a) The rentals are received monthly, and the price is mutually agreed.

(b) Miscellaneous income arise from the services provided to associates, dividend income and other miscellaneous income.

(3) Key management compensation

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2021 | 2020 |
| Salaries and other short-term employee benefits | \$ 409,201 | \$ 295,227 |
| Employee share-based payment | 117,014 | 35,381 |
| | <u>\$ 526,215</u> | <u>\$ 330,608</u> |

8. PLEDGED ASSETS

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

| Pledged asset | Book value | | Purpose |
|--|---------------------|---------------------|--|
| | December 31, 2021 | December 31, 2020 | |
| Time deposit (shown as other current assets) | \$ 17,847 | \$ 17,799 | Guarantee for post-release duty payment |
| Time deposit (shown as other current assets) | 69,564 | 69,480 | Customs duty guarantee, guarantee for bonded factory, guarantee for applying research subsidy and guarantee for gas consumption used in production |
| Accounts receivable | 1,346,094 | 676,379 | Short-term borrowings |
| Land | 713,692 | 713,692 | Long and short-term borrowings |
| Building and structures | 1,618,165 | 1,832,962 | Long and short-term borrowings |
| Machinery and equipment | 1,143,496 | 1,910,504 | Long-term borrowings |
| | <u>\$ 4,908,858</u> | <u>\$ 5,220,816</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the Group has applied for non-cancellable letters of credit. The letters of credit for raw materials and equipment not yet imported amounted to \$4,199,774 and \$3,681,210, respectively.

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

| | December 31, 2021 | December 31, 2020 |
|-------------------------------|---------------------|---------------------|
| Property, plant and equipment | <u>\$ 4,422,889</u> | <u>\$ 2,023,796</u> |

The aforementioned amounts did not include the commitments as described in the following points D and G.

(3) Endorsements and guarantees

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

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

- (4) On April 17, 2017, the Group signed an investment agreement involving the manufacturing of new types of electronic components and all types of printed circuit boards with the Huangshi Municipal People's Government of Hubei Province for the purpose of expanding its geographic footprint in the Mainland China market. On December 8, 2017, the Company's subsidiary Unimicron-Carrier Technology (Huangshi) signed a construction payment agreement with the Administrative Committee of the Economic and Technological Development Zone in Huangshi (the "Committee") and Huangshi CI-HU High-tech Development Company (CI-HU). Under the terms of the agreement, CI-HU will make payments for the construction of a carrier board plant on behalf of Unimicron-Carrier Technology (Huangshi). Once the construction of the plant is completed and accepted by Unimicron-Carrier Technology (Huangshi), CI-HU will be paid back in installments. As of December 31, 2021, construction payables amounted to RMB 36,377 thousand.
- (5) To cooperate with the environmental requirements of the Administrative Committee of Kunshan High-tech Industrial Development Zone, the Company's subsidiary, Unimicron Technology (KunShan), entered into a relocation agreement with Kunshan JIAHANG Asset Management Co., Ltd. on July 2, 2021 and expects to receive relocation compensation totaling RMB 551,026 thousand. As of December 31, 2021, the subsidiary has received the first installment of relocation compensation of RMB 55,103 thousand (shown as other non-current liabilities). Unimicron Technology (KunShan) plans to close a plant by December 31, 2022, close all of the plants by December 31, 2023 and transfer the land by June 30, 2024.
- (6) To meet the needs of business development, the Company's subsidiary, Kunshan Dingchangxin, entered into a project investment agreement on construction of new plant for High Density Interconnection (HDI), substrate-like PCB (SLP) and IC Package Substrate with the Administrative Committee of Kunshan High-tech Industrial Development Zone on June 7, 2021. As of December 31, 2021, the subsidiary has received state-owned construction land use rights and submitted the plant construction plan and design to the local government, and the review has been completed. However, the construction of plant has not yet commenced.
- (7) To increase production capacity, the Company's subsidiary, Unimicron Technology (SuZhou), entered into a land and plant transfer agreement with Suzhou AMC Technology Co., Ltd. on December 17, 2021 for a total price of RMB 136,200 thousand. As of December 31, 2021, the subsidiary has made a down payment of RMB 13,620 thousand as agreed. In addition, Unimicron Technology (SuZhou) entered into a 'Suzhou Industrial Park Industrial Land Renewal Supervision

Agreement' with the Administrative Committee of the High-end Manufacturing and International Trade Zone in Suzhou Industrial Park on January 27, 2022 due to the change of ownership of industrial land.

10. SIGNIFICANT DISASTER LOSS

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

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital management

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

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

| | December 31, 2021 | December 31, 2020 |
|---------------------------------|-------------------|-------------------|
| Total borrowings | \$ 35,413,341 | \$ 36,666,156 |
| Less: Cash and cash equivalents | (39,401,609) | (24,194,463) |
| Net debt | (3,988,268) | 12,471,693 |
| Total equity | 60,713,562 | 48,427,010 |
| Total capital | \$ 56,725,294 | \$ 60,898,703 |
| Gearing ratio | - | 20.48% |

(2) Financial instruments

A. Financial instruments by category

| <u>Financial assets</u> | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Financial assets at fair value through profit or loss | \$ 8,194,557 | \$ 5,492,478 |
| Financial assets at fair value through other comprehensive income | 39,933 | - |
| Financial assets at amortised cost (Note) | 65,122,534 | 42,781,027 |
| | <u>\$ 73,357,024</u> | <u>\$ 48,273,505</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at fair value through profit or loss | \$ - | \$ 36,932 |
| Financial liabilities at amortised cost (Note) | 65,341,263 | 60,504,736 |
| Lease liabilities | 1,775,850 | 1,419,885 |
| | <u>\$ 67,117,113</u> | <u>\$ 61,961,553</u> |

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

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group complies with the policies, procedures and internal control which were built in accordance with the related regulations in order to identify, measure and control the Group's various financial risks, and reduce the unfavorable effects arising from floating financial market.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group hedges foreign exchange rate by using forward exchange contracts, interest rate swaps and futures and hybrid contract does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2)

and 6(15).

- ii. The Group's sales are primarily denominated in USD, and its purchases are denominated in NTD and RMB, as well as USD, JPY, EUR, and other currencies. The fair value changes according to fluctuations in market exchange rates. However, the potential risks of certain positions are avoided by entering into forward foreign exchange, interest rate swaps and commodity future transactions.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, JPY, EUR and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2021 | | |
|--|-------------------|---------------|---------------------|
| (Foreign currency: functional currency) | Foreign currency | | Book value (NTD) |
| | amount | | |
| | (In thousands) | Exchange rate | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 994,220 | 27.67 | \$ 27,510,067 |
| JPY:NTD | 7,344,308 | 0.2406 | 1,767,041 |
| USD:RMB | 191,791 | 6.3695 | 5,306,857 |
| RMB:NTD | 80,554 | 4.3441 | 349,935 |
| RMB:USD | 81,815 | 0.1570 | 355,413 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 221,780 | 27.67 | 6,136,653 |
| JPY:NTD | 12,216,613 | 0.2406 | 2,939,317 |
| USD:RMB | 191,779 | 6.3695 | 5,306,525 |
| EUR:NTD | 8,537 | 31.3300 | 267,464 |
| RMB:USD | 80,708 | 0.1570 | 350,604 |

| | December 31, 2020 | | |
|--|-------------------|---------------|---------------------|
| (Foreign currency: functional currency) | Foreign currency | | Book value (NTD) |
| | amount | Exchange rate | |
| | (In thousands) | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 511,627 | 28.48 | \$ 14,571,137 |
| JPY:NTD | 1,927,288 | 0.2767 | 533,281 |
| USD:RMB | 161,515 | 6.5235 | 4,599,947 |
| EUR:NTD | 3,635 | 35.0600 | 127,443 |
| RMB:NTD | 152,654 | 4.3658 | 666,457 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 292,057 | 28.48 | 8,317,783 |
| JPY:NTD | 9,739,427 | 0.2767 | 2,694,899 |
| USD:RMB | 119,718 | 6.5235 | 3,409,569 |

- iv. The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to (\$226,448) and (\$337,827), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| Year ended December 31, 2021 | | | |
|---|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| (Foreign currency: functional currency) | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 220,081 | \$ - |
| JPY:NTD | 1% | 14,136 | - |
| USD:RMB | 1% | 42,455 | - |
| RMB:NTD | 1% | 2,799 | - |
| RMB:USD | 1% | 2,843 | - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | 49,093 | - |
| JPY:NTD | 1% | 23,515 | - |
| USD:RMB | 1% | 42,452 | - |
| EUR:NTD | 1% | 2,140 | - |
| RMB:USD | 1% | 2,805 | - |

| Year ended December 31, 2020 | | | |
|---|---------------------|--------------------------|--------------------------------------|
| Sensitivity analysis | | | |
| (Foreign currency: functional currency) | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 116,569 | \$ - |
| JPY:NTD | 1% | \$ 4,266 | - |
| USD:RMB | 1% | 36,800 | - |
| EUR:NTD | 1% | 1,020 | - |
| RMB:NTD | 1% | 5,332 | - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | 66,542 | - |
| JPY:NTD | 1% | 21,559 | - |
| USD:RMB | 1% | 27,277 | - |

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and available-for-sale financial assets. To manage its

price risk arising from investments in equity securities, the Group diversifies its portfolio and invests in the familiar industries.

- ii. The Group's investments in equity securities comprise shares and closed-end funds issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased by \$65,041 and \$43,940, respectively as a result of gains/losses on equity securities classified as at fair value through profit or loss; increased by \$319 and, \$0 respectively as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group has short-term borrowings and long-term borrowings (including current portion) with floating rate whose long-term and short-term effective rate would change with market interest, and then affect the future cash flow. Every 1% increase in the market interest rate would result in an increase of \$270,215 in the cash outflow.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for credit investigation and assessment of the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customer's accounts receivable by applying the simplified approach to estimate expected credit loss under the provision matrix basis.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As for December 31, 2021 and 2020, the provision matrix is as follows:

| | Not past due | 1~30 days past due | 31~60 days past due | 61~90 days past due | Over 90 days past due | Total |
|-----------------------------|---------------|-----------------------|------------------------|------------------------|--------------------------|---------------|
| <u>At December 31, 2021</u> | | | | | | |
| Expected loss rate | 0~5% | 20% | 20% | 20% | 100% | |
| Total book value | \$ 23,640,639 | \$ 62,492 | \$ 4,983 | \$ 1,563 | \$ 12,030 | \$ 23,721,707 |
| Loss allowance | 87,125 | 12,498 | 997 | 313 | 12,030 | 112,963 |
| | Not past due | 1~30 days past due | 31~60 days past due | 61~90 days past due | Over 90 days past due | Total |
| <u>At December 31, 2020</u> | | | | | | |
| Expected loss rate | 0~5% | 20% | 20% | 20% | 100% | |
| Total book value | \$ 17,314,193 | \$ 35,233 | \$ 4,362 | \$ 24 | \$ 8,969 | \$ 17,362,781 |
| Loss allowance | 108,835 | 7,047 | 872 | 5 | 8,969 | 125,728 |

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and other receivables are as follows:

| | 2021 | |
|---|---------------------|-------------------|
| | Accounts receivable | Other receivables |
| At January 1 | \$ 125,750 | \$ 36,638 |
| (Reversal of) provision for impairment loss | (10,789) | 3,385 |
| Effect of foreign exchange | (1,998) | (33) |
| At December 31 | \$ 112,963 | \$ 39,990 |
| | 2020 | |
| | Accounts receivable | Other receivables |
| At January 1 | \$ 146,540 | \$ 31,503 |
| (Reversal of) provision for impairment loss | (21,500) | 11,824 |
| Effect of foreign exchange | 710 | (6,689) |
| At December 31 | \$ 125,750 | \$ 36,638 |

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans,

covenant compliance, compliance with internal balance sheet ratio targets.

- ii. Listed stocks invested by the Group all have active market, they can be rapidly sold at the price which is close to fair value, and will not have significant liquidity risk. The Group's investment in emerging stocks and unlisted stocks all have no active market, thus, they are expected having significant liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

| December 31, 2021 | Between 1 year | | |
|---|------------------|-------------|--------------|
| | Less than 1 year | and 3 years | Over 3 years |
| Bonds payable | \$ 57,028 | \$ 115,799 | \$ 8,116,673 |
| Lease liabilities | 308,948 | 650,819 | 1,105,483 |
| Long-term borrowings (including current portion) | 2,608,247 | 7,043,576 | 7,454,107 |

Non-derivative financial liabilities

| December 31, 2020 | Between 1 year | | |
|---|------------------|-------------|--------------|
| | Less than 1 year | and 3 years | Over 3 years |
| Lease liabilities | \$ 336,511 | \$ 450,670 | \$ 769,923 |
| Long-term borrowings (including current portion) | 4,548,408 | 20,178,805 | 3,542,447 |

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

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

C. Financial instruments not measured at fair value.

The carrying amounts of cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables, other financial assets, short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables, bonds payable and long-term borrowings (including current portion) are approximate to their fair values.

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

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|------------------|---------------------|---------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 93,214 | \$ - | \$ 7,995,477 | \$ 8,088,691 |
| Debt securities | - | - | 5,710 | 5,710 |
| Foreign closed-end fund | - | - | 35,779 | 35,779 |
| Forward foreign exchange contracts | - | 64,377 | - | 64,377 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | - | - | 39,933 | 39,933 |
| | <u>\$ 93,214</u> | <u>\$ 64,377</u> | <u>\$ 8,076,899</u> | <u>\$ 8,234,490</u> |

| December 31, 2020 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|------------------|----------------|---------------------|---------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 61,924 | \$ - | \$ 5,359,532 | \$ 5,421,456 |
| Debt securities | - | - | 6,504 | 6,504 |
| Foreign closed-end fund | - | - | 64,518 | 64,518 |
| | <u>\$ 61,924</u> | <u>\$ -</u> | <u>\$ 5,430,554</u> | <u>\$ 5,492,478</u> |
| Liabilities | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Cross currency swap | \$ - | \$ 36,932 | \$ - | \$ 36,932 |

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

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

| | <u>Listed shares</u> |
|---------------------|----------------------|
| Market quoted price | Closing price |

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (c) Forward exchange contracts are usually valued based on the current forward exchange rate.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

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

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

| 2021 | | | | |
|---|-----------------------|---------------------|---------------------|---------------------|
| | Equity instruments | Debt instruments | Fund instruments | Total |
| At January 1 | \$ 5,359,532 | \$ 6,504 | \$ 64,518 | \$ 5,430,554 |
| Acquired during the year | 16,350 | - | 160 | 16,510 |
| Proceeds from capital reduction | (5,814) | - | - | (5,814) |
| Recorded as non-operating income and expenses | 2,643,602 | - | (28,899) | 2,614,703 |
| Recorded as other comprehensive income | 23,683 | - | - | 23,683 |
| Effect of exchange rate changes | (1,943) | (794) | - | (2,737) |
| At December 31 | <u>\$ 8,035,410</u> | <u>\$ 5,710</u> | <u>\$ 35,779</u> | <u>\$ 8,076,899</u> |
| 2020 | | | | |
| | Equity instruments | Debt instruments | Fund instruments | Total |
| At January 1 | \$ 3,095,630 | \$ 6,882 | \$ 59,575 | \$ 3,162,087 |
| Acquired during the year | - | - | 1,459 | 1,459 |
| Proceeds from capital reduction | (1,700) | - | - | (1,700) |
| Recorded as non-operating income and expenses | 2,268,499 | - | 3,484 | 2,271,983 |
| Effect of exchange rate changes | (2,897) | (378) | - | (3,275) |
| At December 31 | <u>\$ 5,359,532</u> | <u>\$ 6,504</u> | <u>\$ 64,518</u> | <u>\$ 5,430,554</u> |

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

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

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

| Non-derivative equity instrument: | Fair value at December 31, 2021 | Debt valuation technique | Funds significant unobservable input | Relationship of inputs to fair value |
|-----------------------------------|------------------------------------|-----------------------------|---|--|
| Unlisted shares | \$ 221,734 | Market comparable companies | Price to book ratio multiple, enterprise value to EBITA multiple | The higher the multiple and control premium, the higher the fair value |
| | 13,602 | Discounted cash flow | Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin | The higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value |
| | 7,800,074 | Net asset value | Discount for lack of marketability | The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value |
| Foreign closed-end fund | 35,779 | Net asset value | N/A | The higher the net asset value, the higher the fair value |
| Non-derivative debt instrument: | | | | |
| Corporate bond | 5,710 | Net asset value | Discount for lack of marketability | The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value |
| Non-derivative equity instrument: | Fair value at December 31, 2020 | Debt valuation technique | Funds significant unobservable input | Relationship of inputs to fair value |
| Unlisted shares | \$ 193,531 | Market comparable companies | Price to book ratio multiple, enterprise value to EBITA multiple | The higher the multiple and control premium, the higher the fair value |
| | 4,029 | Discounted cash flow | Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin | The higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value |
| | 5,161,972 | Net asset value | Discount for lack of marketability | The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value |
| Foreign closed-end fund | 64,518 | Net asset value | N/A | The higher the net asset value, the higher the fair value |
| Non-derivative debt instrument: | | | | |
| Corporate bond | 6,504 | Net asset value | Discount for lack of marketability | The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value |

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

| | | | December 31, 2021 | | | |
|-------------------------|---|--------|------------------------------|---------------------|--|---------------------|
| | Input | Change | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price to book ratio multiple, enterprise value to EBITA multiple | ±1% | \$ 1,818 | (\$ 1,818) | \$ 399 | (\$ 399) |
| Equity instrument | Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin | ±1% | 136 | (136) | - | - |
| Equity instrument | Net asset value | ±1% | 78,001 | (78,001) | - | - |
| Foreign closed-end fund | Net asset value | ±1% | 358 | (358) | - | - |
| | | | <u>\$ 80,313</u> | <u>(\$ 80,313)</u> | <u>\$ 399</u> | <u>(\$ 399)</u> |
| | | | December 31, 2020 | | | |
| | Input | Change | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price to book ratio multiple, enterprise value to EBITA multiple | ±1% | \$ 1,935 | (\$ 1,935) | \$ - | \$ - |
| Equity instrument | Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin | ±1% | 40 | (40) | - | - |
| Equity instrument | Net asset value | ±1% | 51,620 | (51,620) | - | - |
| Foreign closed-end fund | Net asset value | ±1% | 645 | (645) | - | - |
| | | | <u>\$ 54,240</u> | <u>(\$ 54,240)</u> | <u>\$ -</u> | <u>\$ -</u> |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2) (15) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

(1) General information

The Board of Directors considers the business from a geographic perspective, and the reportable operating segments primarily consist of the regions of Taiwan and Mainland China. Other operating segments do not meet reporting requirements, and their operating results are reported in aggregate.

(2) Measurement of segment information

The Board of Directors require each operating segment to use its internal report as a basis to review its operating performance and to allocate corporate resources.

(Remainder of page intentionally left blank)

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2021

| | <u>Taiwan</u> | <u>Mainland China</u> | <u>Others</u> | <u>Subtotal</u> | <u>Write-offs</u> | <u>Total</u> |
|---|----------------------|-----------------------|---------------------|-----------------------|------------------------|-----------------------|
| Segment revenue | | | | | | |
| Revenue from external customers | \$ 73,123,241 | \$ 28,516,787 | \$ 2,922,719 | \$ 104,562,747 | \$ - | \$ 104,562,747 |
| Inter-segment revenue | <u>1,499,607</u> | <u>12,694,167</u> | <u>148,980</u> | \$ 14,342,754 | (14,342,754) | - |
| Total segment revenue | <u>\$ 74,622,848</u> | <u>\$ 41,210,954</u> | <u>\$ 3,071,699</u> | <u>\$ 118,905,501</u> | <u>(\$ 14,342,754)</u> | <u>\$ 104,562,747</u> |
| Segment income (loss) | <u>\$ 14,835,332</u> | <u>\$ 1,621,085</u> | <u>(\$ 113,418)</u> | <u>\$ 16,342,999</u> | <u>\$ 286,053</u> | <u>\$ 16,629,052</u> |
| Segment income (loss), including: | | | | | | |
| Interest income | <u>\$ 143,497</u> | <u>\$ 126,671</u> | <u>\$ 1,348</u> | <u>\$ 271,516</u> | <u>(\$ 106,682)</u> | <u>\$ 164,834</u> |
| Finance cost | <u>(\$ 256,484)</u> | <u>(\$ 152,686)</u> | <u>(\$ 17,638)</u> | <u>(\$ 426,808)</u> | <u>\$ 102,046</u> | <u>(\$ 324,762)</u> |
| Depreciation and amortisation | <u>\$ 6,819,246</u> | <u>\$ 2,560,988</u> | <u>\$ 244,224</u> | <u>\$ 9,624,458</u> | <u>\$ 132,640</u> | <u>\$ 9,757,098</u> |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | <u>(\$ 625,497)</u> | <u>(\$ 188,862)</u> | <u>\$ 227,996</u> | <u>(\$ 586,363)</u> | <u>\$ 775,240</u> | <u>\$ 188,877</u> |

Year ended December 31, 2020

| | <u>Taiwan</u> | <u>Mainland China</u> | <u>Others</u> | <u>Subtotal</u> | <u>Write-offs</u> | <u>Total</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|----------------------|
| Segment revenue | | | | | | |
| Revenue from external customers | \$ 59,259,306 | \$ 25,463,284 | \$ 3,170,231 | \$ 87,892,821 | \$ - | \$ 87,892,821 |
| Inter-segment revenue | <u>2,917,780</u> | <u>7,809,288</u> | <u>94,093</u> | <u>10,821,161</u> | <u>(10,821,161)</u> | <u>-</u> |
| Total segment revenue | <u>\$ 62,177,086</u> | <u>\$ 33,272,572</u> | <u>\$ 3,264,324</u> | <u>\$ 98,713,982</u> | <u>(\$ 10,821,161)</u> | <u>\$ 87,892,821</u> |
| Segment income (loss) | <u>\$ 5,917,684</u> | <u>(\$ 591,605)</u> | <u>(\$ 1,658,250)</u> | <u>\$ 3,667,829</u> | <u>\$ 2,566,276</u> | <u>\$ 6,234,105</u> |
| Segment income (loss), including: | | | | | | |
| Interest income | <u>\$ 230,648</u> | <u>\$ 129,820</u> | <u>\$ 9,625</u> | <u>\$ 370,093</u> | <u>(\$ 176,200)</u> | <u>\$ 193,893</u> |
| Finance cost | <u>(\$ 417,499)</u> | <u>(\$ 206,490)</u> | <u>(\$ 39,373)</u> | <u>(\$ 663,362)</u> | <u>\$ 187,287</u> | <u>(\$ 476,075)</u> |
| Depreciation and amortisation | <u>\$ 6,298,182</u> | <u>\$ 2,165,274</u> | <u>\$ 333,138</u> | <u>\$ 8,796,594</u> | <u>\$ 60,377</u> | <u>\$ 8,856,971</u> |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | <u>(\$ 1,420,372)</u> | <u>(\$ 86,307)</u> | <u>(\$ 1,119,931)</u> | <u>(\$ 2,626,610)</u> | <u>\$ 2,626,842</u> | <u>\$ 232</u> |

(4) Information on products and services

Details of revenue for the years ended December 31, 2021 and 2020 are as follows:

| | Year ended December 31 | |
|-----------------------|------------------------|----------------------|
| | 2021 | 2020 |
| Printed circuit board | \$ 103,273,071 | \$ 86,752,086 |
| Others | 1,289,676 | 1,140,735 |
| | <u>\$ 104,562,747</u> | <u>\$ 87,892,821</u> |

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

| | Year ended December 31 | | | |
|---------|------------------------|--------------------------|----------------------|--------------------------|
| | 2021 | | 2020 | |
| | Revenue | Other non-current assets | Revenue | Other non-current assets |
| Taiwan | \$ 21,188,108 | \$ 53,644,449 | \$ 18,516,445 | \$ 41,423,166 |
| Asia | 76,202,891 | 22,701,432 | 62,665,798 | 18,487,103 |
| America | 2,553,529 | - | 2,094,416 | - |
| Others | 4,618,219 | 1,823,544 | 4,616,162 | 2,276,960 |
| | <u>\$ 104,562,747</u> | <u>\$ 78,169,425</u> | <u>\$ 87,892,821</u> | <u>\$ 62,187,229</u> |

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

| | Year ended December 31, 2021 | | | Year ended December 31, 2020 | |
|----|------------------------------|---------------------------|---------------|------------------------------|---------|
| | Revenue | Segment | | Revenue | Segment |
| B1 | \$ 20,570,946 | Taiwan and mainland China | \$ 17,087,707 | Taiwan and mainland China | |
| F1 | 16,216,238 | Taiwan and mainland China | 8,814,569 | Taiwan and mainland China | |

Unimicron Technology Corp. and subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

(1) The Company is ‘0’.

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

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

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

Note 4: The column of ‘Nature of loan’ shall fill in

(1) Business transaction is 1.

(2) Short-term financing is 2.

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

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

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

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

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

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

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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

Unimicron Technology Corp. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

| Unimicron Technology Corp. and subsidiaries | | | | | | | | | | | | | | |
|--|--|-------------------------------------|--|--|--|-------------------------------|--------------|---------------------|--------------------------|---------------------|---------------|------------|---------------------------------|--------------------------|
| Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital | | | | | | | | | | | | | | |
| Year ended December 31, 2021 | | | | | | | | | | | | | | |
| Investor | | Marketable securities (Note 1) | General ledger account | Counterparty (Note 2) | Relationship with the investor (Note 2) | Balance as at January 1, 2021 | | Addition (Note 3) | | Disposal (Note 3) | | | Balance as at December 31, 2021 | |
| | | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Amount |
| The Company | UMTC Holdings Limited | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | 138,607,740 | \$ 3,812,400 | 18,248,175 | \$ 451,919 (Note 5) | - | \$ - | \$ - | \$ - | 156,855,915 \$ 4,264,319 |
| UMTC Holdings Limited | Unimicron Japan Co., Ltd. | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | - | - | 35,130 | (527,147) (Note 6) | - | - | - | - | 35,130 (527,147) |
| The Company | UniBest Holding Limited | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | 64,400,000 | 1,426,653 | 29,150,000 | 998,311 (Note 7) | - | - | - | - | 93,550,000 2,424,964 |
| UniBest Holding Limited | Best Option Investments Limited | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | 2,222,222,222 | 201,385 | 34,141,688 | 339,621 (Note 8) | - | - | - | - | 2,256,363,910 541,006 |
| Hemingway Int'l Limited | Best Option Investments Limited | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | 627,263,312 | 29,211 | 17,000,000 | 98,423 (Note 9) | - | - | - | - | 644,263,312 127,634 |
| Best Option Investments Limited | Unifley Technology (KunShan) Inc. | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | - | 556,592 | - | (22,541) (Note 10) | - | - | - | - | - 534,051 |
| Unimicron Technology (SuZhou) Corp. | Unimicron-Carrier Technology (Huangshi) Inc. | | Investment accounted for using equity method | Capital increase by cash for stocks subscription | The Company's subsidiary | - | 329,987 | - | 587,065 (Note 11) | - | - | - | - | - 917,052 |

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

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

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

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

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

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

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

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

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

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

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

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Unimicron Technology Corp. and subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

Unimicron Technology Corp. and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

Unimicron Technology Corp. and subsidiaries

Information on investees

Year ended December 31, 2021

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

Unimicron Technology Corp. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021 | | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 | Net income of investee for the year ended December 31, 2021 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2) | Book value of investments in Mainland China as of December 31, 2021 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021 | Footnote |
|---|--|-----------------|--|---|----------------------------------|-------------------------------|--|---|---|--|---|--|----------|
| | | | | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021 | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Unimicron Technology (ShenZhen) Corp. | Manufacture and sale of electronic parts | \$ 3,050,860 | Plato-Cayman | \$ 1,484,856 | \$ - | \$ - | \$ 1,484,856 | (\$ 14,430) | 83.53 | (\$ 12,072) | \$ 1,303,790 | \$ - | |
| Unimicron Technology (KunShan) Corp. | Manufacture and sale of electronic parts | 2,369,600 | SI | 1,372,769 | - | - | 1,372,769 | 400,751 | 71.23 | 284,028 | 6,682,074 | - | |
| Unifley Technology (KunShan) Inc. | Manufacture and sale of electronic parts | 5,646,772 | BO | 4,640,911 | 555,640 | - | 5,196,551 | (572,554) | 100.00 | (572,554) | 534,051 | - | |
| Unimicron Technology (SuZhou) Corp. | Manufacture and sale of electronic parts | 4,971,298 | UHL | 1,837,430 | - | - | 1,837,430 | 2,025,042 | 78.86 | 1,596,948 | 7,504,339 | - | |
| Suzhou AMC Technology Co., Ltd. | Manufacture and sale of electronic parts | 1,263,293 | AMCHOLDING LIMITED | 192,869 | - | - | 192,869 | (7,780) | 6.38 | - | 32,567 | - | |
| Unipoint Technology (KunShan) Corp. | Manufacture and sale of electronic parts | 35,544 | UMT Technology Corp. | 6,813 | - | - | 6,813 | - | 19.01 | - | - | - | |
| Unimicron Touch (ShenZhen) Corp. | Manufacture and sale of electronic parts | - | UniDT | 1,159,920 | - | - | 1,159,920 | (28,334) | - | (27,814) | - | - | Note 6 |
| Kunshan 3D Circuit Technology Co., Ltd. | Manufacture and sale of electronic parts | 125,925 | HK3D-Circuit Ltd. | 31,170 | - | - | 31,170 | - | 18.61 | - | (12,015) | - | |
| Unimicron Technology (Huangshi) Corp. | Manufacture and sale of electronic parts | 4,672,240 | UniGreat and Unimicron Management (KunShan) | - | - | - | - | (200,929) | 71.23 | (143,122) | 2,242,679 | - | |
| Unimicron Management (KunShan) Corp., Ltd. | Business management consulting and property management | 3,515,397 | Unimicron Technology (KunShan) | - | - | - | - | (158,448) | 71.23 | (112,862) | 2,032,434 | - | |
| Unimicron-Carrier Technology (Huangshi) Inc. | Manufacture and sale of electronic parts | 1,319,658 | UHL and Unimicron Technology (SuZhou) | 87,954 | 251,601 | - | 339,555 | 7,707 | 78.86 | 6,078 | 1,033,144 | - | |

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 | Net income of investee for the year ended December 31, 2021 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2) | Book value of investments in Mainland China as of December 31, 2021 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021 | Footnote |
|--|---|-----------------|---------------------------------------|--|---|-------------------------------|--|---|---|--|---|--|----------|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Hu Se Sn Li Managemnet Corp., Ltd. | Business management consulting | \$ 702,068 | Unimicron Management (KunShan) PAVIDA | \$ - | \$ - | \$ - | \$ - | \$ (17,907) | 71.23 | \$ (12,755) | \$ 454,172 | \$ - | |
| Gobo Lighting Technology Ltd. | Manufacture and sale of lighting products | 38,943 | | 17,914 | - | - | 17,914 | 4,060 | 35.39 | 1,891 | 18,203 | - | |
| Kunshan Dingchangxin Electronic Technology Co., Ltd. | Manufacture and sale of electronic parts | - | SI | - | - | - | - | (3,906) | 71.23 | (2,768) | (2,785) | - | |

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 4) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--------------|--|--|---|
| | | | |
| The Company | \$ 11,825,117 | \$ 13,415,914 | \$ - |

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

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

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

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

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

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

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

Unimicron Technology Corp. and subsidiaries

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

Year ended December 31, 2021

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

Table 12

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