

**WT MICROELECTRONICS CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of WT Microelectronics Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of WT Microelectronics Co., Ltd. and subsidiaries (the "Group") as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion of consolidated financial statements for the nine-month period ended September 30, 2020

As explained in Notes 4(3) and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method for the nine-month period ended September 30, 2020 were not reviewed by independent auditors. Total assets (including investments accounted for using equity method) of these subsidiaries amounted to NT\$15,939,452 thousand, constituting 14% of the consolidated total assets as at September 30, 2020, total liabilities amounted to NT\$4,352,848, constituting 6% of the consolidated total liabilities as at September 30, 2020 and total comprehensive income (including share of profit (loss) and other comprehensive income (loss) of associates and joint ventures accounted for using equity method) amounted to NT\$160,629 thousand and NT\$368,577 thousand, constituting 16% and 5% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Unqualified conclusion and qualified conclusion

Except for the adjustments to the consolidated financial statements as of and for the nine-month period



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ended September 30, 2020, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion of the financial statements for the nine-month period ended September 30, 2020* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2021 and 2020, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Hsu, Chieh-Ju
Hsu, Chieh-Ju

Wu, Han-Chi
Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan
November 5, 2021

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 report of independent accountants 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.

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,363,730	3	\$ 3,627,112	3	\$ 4,674,837	4
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		22,691	-	13,135	-	11,876	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		-	-	373,071	-	247,165	-
1170	Accounts receivable, net	6(4)	75,436,632	44	60,850,292	46	49,840,206	42
1200	Other receivables	6(4)(5)	1,389,796	1	1,075,835	1	1,459,606	1
130X	Inventories	6(6)	65,811,060	39	44,314,392	34	41,881,190	36
1410	Prepayments		943,726	-	818,434	1	651,284	1
1470	Other current assets	6(1) and 8	53,500	-	19,386	-	17,481	-
11XX	Total current assets		<u>148,021,135</u>	<u>87</u>	<u>111,091,657</u>	<u>85</u>	<u>98,783,645</u>	<u>84</u>
Non-current assets								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		239,597	-	115,046	-	29,489	-
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		16,873,396	10	14,826,321	11	13,361,773	11
1550	Investments accounted for	6(7)						
	using equity method		121,921	-	122,906	-	127,230	-
1600	Property, plant and equipment	6(8)	977,561	1	1,003,193	1	967,181	1
1755	Right-of-use assets	6(9)	720,326	-	772,852	1	774,266	1
1760	Investment property - net	6(10)	102,704	-	103,314	-	103,518	-
1780	Intangible assets	6(11)	1,959,559	1	1,911,613	1	1,850,622	2
1840	Deferred income tax assets		868,916	1	819,550	1	783,479	1
1900	Other non-current assets		176,899	-	243,146	-	582,300	-
15XX	Total non-current assets		<u>22,040,879</u>	<u>13</u>	<u>19,917,941</u>	<u>15</u>	<u>18,579,858</u>	<u>16</u>
1XXX	Total assets		<u>\$ 170,062,014</u>	<u>100</u>	<u>\$ 131,009,598</u>	<u>100</u>	<u>\$ 117,363,503</u>	<u>100</u>

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WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 34,881,281	21	\$ 23,314,455	18	\$ 27,252,600	23
2110	Short-term notes and bills payable	6(13)	1,947,518	1	747,643	1	637,516	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	6,338	-	-	-	1,821	-
2130	Contract liabilities - current	6(24)	251,058	-	506,379	-	392,509	-
2170	Accounts payable		72,992,552	43	54,945,766	42	45,633,476	39
2200	Other payables	6(14)	2,049,705	1	1,723,279	1	1,548,554	1
2230	Current income tax liabilities		1,168,178	1	684,636	1	389,779	-
2280	Lease liabilities - current		182,262	-	169,023	-	155,958	-
2320	Long-term liabilities, current portion	6(15)	212,662	-	-	-	-	-
2365	Refund liabilities - current	6(24)	360,967	-	459,101	-	419,259	1
2399	Other current liabilities		54,672	-	62,460	-	42,771	-
21XX	Total current liabilities		<u>114,107,193</u>	<u>67</u>	<u>82,612,742</u>	<u>63</u>	<u>76,474,243</u>	<u>65</u>
Non-current liabilities								
2530	Bonds payable	6(15)	-	-	377,194	-	381,734	-
2540	Long-term loans	6(16)	5,003,100	3	800,000	1	800,000	1
2570	Deferred income tax liabilities		710,241	1	604,978	1	579,832	1
2580	Lease liabilities - non-current		272,906	-	330,899	-	351,255	-
2600	Other non-current liabilities		163,964	-	167,404	-	132,354	-
25XX	Total non-current liabilities		<u>6,150,211</u>	<u>4</u>	<u>2,280,475</u>	<u>2</u>	<u>2,245,175</u>	<u>2</u>
2XXX	Total liabilities		<u>120,257,404</u>	<u>71</u>	<u>84,893,217</u>	<u>65</u>	<u>78,719,418</u>	<u>67</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(19)	7,943,919	5	7,880,260	6	7,841,903	7
3120	Preference share		1,350,000	1	1,350,000	1	-	-
3130	Certificates of entitlement to new shares from convertible bonds		58,369	-	2,057	-	38,357	-
3140	Advance receipts for share capital		-	-	-	-	1,308,731	1
Capital surplus								
3200	Capital surplus	6(20)	20,438,137	12	20,094,981	15	14,940,364	13
Retained earnings								
3310	Legal reserve	6(21)	2,677,275	1	2,280,822	2	2,280,822	2
3320	Special reserve		-	-	791,142	1	791,142	-
3350	Unappropriated retained earnings		12,442,855	7	8,070,791	6	6,785,691	6
Other equity interest								
3400	Other equity interest	6(22)	4,909,595	3	5,607,964	4	4,656,305	4
3500	Treasury shares	6(19)	(135,121)	-	-	-	-	-
31XX	Equity attributable to owners of the parent		<u>49,685,029</u>	<u>29</u>	<u>46,078,017</u>	<u>35</u>	<u>38,643,315</u>	<u>33</u>
36XX	Non-controlling interest	6(23)	119,581	-	38,364	-	770	-
3XXX	Total equity		<u>49,804,610</u>	<u>29</u>	<u>46,116,381</u>	<u>35</u>	<u>38,644,085</u>	<u>33</u>
Commitments and contingent liabilities								
3X2X	Total liabilities and equity		<u>\$ 170,062,014</u>	<u>100</u>	<u>\$ 131,009,598</u>	<u>100</u>	<u>\$ 117,363,503</u>	<u>100</u>

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(Reviewed, not audited)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24)	\$ 119,104,670	100	\$ 91,862,039	100	\$ 318,847,437	100	\$ 244,061,884	100
5000	Operating costs	6(6)	(114,492,617)	(96)	(89,101,435)	(97)	(306,566,854)	(96)	(236,318,778)	(97)
5900	Net operating margin		<u>4,612,053</u>	<u>4</u>	<u>2,760,604</u>	<u>3</u>	<u>12,280,583</u>	<u>4</u>	<u>7,743,106</u>	<u>3</u>
	Operating expenses	6(29)								
6100	Selling expenses		(1,204,741)	(1)	(1,021,239)	(1)	(3,323,205)	(1)	(2,958,528)	(1)
6200	General and administrative expenses		(349,029)	-	(237,038)	(1)	(920,102)	(1)	(720,018)	(1)
6300	Research and development expenses		(142,965)	-	(95,520)	-	(417,241)	-	(292,100)	-
6450	(Impairment loss) reversal of impairment loss determined in accordance with IFRS 9	12(2)	<u>636</u>	<u>-</u>	<u>612</u>	<u>-</u>	<u>(2,627)</u>	<u>-</u>	<u>(24,527)</u>	<u>-</u>
6000	Total operating expenses		<u>(1,696,099)</u>	<u>(1)</u>	<u>(1,353,185)</u>	<u>(2)</u>	<u>(4,663,175)</u>	<u>(2)</u>	<u>(3,995,173)</u>	<u>(2)</u>
6900	Operating profit		<u>2,915,954</u>	<u>3</u>	<u>1,407,419</u>	<u>1</u>	<u>7,617,408</u>	<u>2</u>	<u>3,747,933</u>	<u>1</u>
	Non-operating income and expenses									
7100	Interest income	6(25)	1,421	-	2,513	-	4,560	-	13,501	-
7010	Other income	6(26)	270,159	-	121,598	-	315,580	-	153,051	-
7020	Other gains and losses	6(27)	(18,741)	-	99,140	-	4,452	-	163,990	-
7050	Finance costs	6(28)	(187,139)	-	(180,364)	-	(494,393)	-	(833,140)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	<u>(1,198)</u>	<u>-</u>	<u>(3,511)</u>	<u>-</u>	<u>(2,319)</u>	<u>-</u>	<u>(27,197)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>64,502</u>	<u>-</u>	<u>39,376</u>	<u>-</u>	<u>(172,120)</u>	<u>-</u>	<u>(529,795)</u>	<u>-</u>
7900	Profit before income tax		<u>2,980,456</u>	<u>3</u>	<u>1,446,795</u>	<u>1</u>	<u>7,445,288</u>	<u>2</u>	<u>3,218,138</u>	<u>1</u>
7950	Income tax expense	6(31)	<u>(699,803)</u>	<u>(1)</u>	<u>(295,140)</u>	<u>-</u>	<u>(1,670,896)</u>	<u>-</u>	<u>(661,082)</u>	<u>-</u>
8200	Profit for the period		<u>\$ 2,280,653</u>	<u>2</u>	<u>\$ 1,151,655</u>	<u>1</u>	<u>\$ 5,774,392</u>	<u>2</u>	<u>\$ 2,557,056</u>	<u>1</u>

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WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(Reviewed, not audited)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income (loss)										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gain on valuation of equity investment instruments measured at fair value through other comprehensive income	6(22)(23)	\$ 2,726,314	2	\$ 214,141	-	\$ 1,286,463	-	\$ 6,442,288	2
8310	Other comprehensive income that will not be reclassified to profit or loss		2,726,314	2	214,141	-	1,286,463	-	6,442,288	2
Components of other comprehensive income (loss) that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations	6(22)(23)	(197,835)	-	(379,399)	-	(933,450)	-	(872,743)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)	(17)	-	1,068	-	257	-	585	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(197,852)	-	(378,331)	-	(933,193)	-	(872,158)	-
8300	Total other comprehensive income (loss) for the period		\$ 2,528,462	2	(\$ 164,190)	-	\$ 353,270	-	\$ 5,570,130	2
8500	Total comprehensive income for the period		\$ 4,809,115	4	\$ 987,465	1	\$ 6,127,662	2	\$ 8,127,186	3
Profit attributable to:										
8610	Owners of the parent		\$ 2,304,927	2	\$ 1,151,553	1	\$ 5,815,472	2	\$ 2,556,746	1
8620	Non-controlling interest		(24,274)	-	102	-	(41,080)	-	310	-
			\$ 2,280,653	2	\$ 1,151,655	1	\$ 5,774,392	2	\$ 2,557,056	1
Comprehensive income attributable to:										
8710	Owners of the parent		\$ 4,833,512	4	\$ 987,377	1	\$ 6,168,275	2	\$ 8,126,882	3
8720	Non-controlling interest		(24,397)	-	88	-	(40,613)	-	304	-
			\$ 4,809,115	4	\$ 987,465	1	\$ 6,127,662	2	\$ 8,127,186	3
Earnings per share (in dollars)										
9750	Basic earnings per share	6(32)	\$ 2.85		\$ 1.46		\$ 7.30		\$ 3.62	
9850	Diluted earnings per share		\$ 2.80		\$ 1.44		\$ 7.16		\$ 3.49	

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital				Retained Earnings							Total		
	Notes	Share capital - common stock	Preference share	Certificates of bond-to-stock conversion	Advance receipts for share capital	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	Treasury shares			
2020														
Balance at January 1, 2020		\$ 5,903,358	\$ -	\$ 11,011	\$ -	\$ 9,531,836	\$ 2,019,788	\$ 143,568	\$ 6,659,975	(\$ 791,142)	\$ -	\$ 23,478,394	\$ 742	\$ 23,479,136
Consolidated net income		-	-	-	-	-	-	-	2,556,746	-	-	2,556,746	310	2,557,056
Other comprehensive income (loss)	6(22)	-	-	-	-	-	-	-	-	5,570,136	-	5,570,136	(6)	5,570,130
Total comprehensive income		-	-	-	-	-	-	-	2,556,746	5,570,136	-	8,126,882	304	8,127,186
Issuance of shares		1,710,000	-	-	-	4,914,000	-	-	-	-	-	6,624,000	-	6,624,000
Issuance of preference shares		-	-	-	1,308,731	-	-	-	-	-	-	1,308,731	-	1,308,731
Appropriations of 2019 earnings:	6(21)													
Legal reserve		-	-	-	-	-	261,034	(261,034)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	647,574	(647,574)	-	-	-	-	-
Cash dividends for common stock		-	-	-	-	-	-	(1,645,111)	-	-	(1,645,111)	-	(1,645,111)	
Conversion of convertible bonds	6(19)(20)	228,545	-	27,346	-	492,822	-	-	-	-	-	748,713	-	748,713
Compensation cost of share-based payments		-	-	-	-	1,706	-	-	-	-	-	1,706	-	1,706
Changes in non-controlling interest	6(23)	-	-	-	-	-	-	-	-	-	-	-	(276)	(276)
Disposal of financial assets at fair value through other comprehensive income	6(22)	-	-	-	-	-	-	-	122,689	(122,689)	-	-	-	-
Balance at September 30, 2020		\$ 7,841,903	\$ -	\$ 38,357	\$ 1,308,731	\$ 14,940,364	\$ 2,280,822	\$ 791,142	\$ 6,785,691	\$ 4,656,305	\$ -	\$ 38,643,315	\$ 770	\$ 38,644,085
2021														
Balance at January 1, 2021		\$ 7,880,260	\$ 1,350,000	\$ 2,057	\$ -	\$ 20,094,981	\$ 2,280,822	\$ 791,142	\$ 8,070,791	\$ 5,607,964	\$ -	\$ 46,078,017	\$ 38,364	\$ 46,116,381
Consolidated net income (loss)		-	-	-	-	-	-	-	5,815,472	-	-	5,815,472	(41,080)	5,774,392
Other comprehensive income	6(22)	-	-	-	-	-	-	-	-	352,803	-	352,803	467	353,270
Total comprehensive income (loss)		-	-	-	-	-	-	-	5,815,472	352,803	-	6,168,275	(40,613)	6,127,662
Appropriations of 2020 earnings:	6(21)													
Legal reserve		-	-	-	-	-	396,453	(396,453)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	-	(791,142)	791,142	-	-	-	-	-
Cash dividends for common stock		-	-	-	-	-	-	(2,532,086)	-	-	(2,532,086)	-	(2,532,086)	
Cash dividends for preferred stock		-	-	-	-	-	-	(57,541)	-	-	(57,541)	-	(57,541)	
Conversion of convertible bonds	6(19)(20)	6,099	-	56,312	-	105,194	-	-	-	-	-	167,605	-	167,605
Issuance of employee restricted shares	6(19)	57,800	-	-	-	216,366	-	-	-	(274,166)	-	-	-	-
Cancellation of employee restricted shares	6(19)	(240)	-	-	-	240	-	-	-	-	-	-	-	-
Purchase of treasury shares	6(19)	-	-	-	-	-	-	-	-	(135,121)	(135,121)	-	(135,121)	
Changes in equity of associates accounted for using equity method	6(20)	-	-	-	-	3,173	-	-	-	-	-	3,173	-	3,173
Changes in ownership interests in subsidiaries	6(23)	-	-	-	-	-	-	(78,247)	-	-	(78,247)	-	(78,247)	
Compensation cost of share-based payments	6(18)	-	-	-	-	18,183	-	-	-	52,771	-	70,954	-	70,954
Changes in non-controlling interest	6(23)	-	-	-	-	-	-	-	-	-	-	-	121,830	121,830
Disposal of financial assets at fair value through other comprehensive income	6(22)	-	-	-	-	-	-	-	829,777	(829,777)	-	-	-	-
Balance at September 30, 2021		\$ 7,943,919	\$ 1,350,000	\$ 58,369	\$ -	\$ 20,438,137	\$ 2,677,275	\$ -	\$ 12,442,855	\$ 4,909,595	(\$ 135,121)	\$ 49,685,029	\$ 119,581	\$ 49,804,610

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Nine months ended September 30	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 7,445,288	\$ 3,218,138
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(29)	273,812	223,194
Amortisation	6(29)	17,272	9,330
Impairment loss determined in accordance with IFRS 9	12(2)	2,627	24,527
Net loss on financial assets and liabilities at fair value through profit or loss	6(27)	122,325	13,917
Share-based payments	6(18)	70,954	1,706
Share of loss of associates and joint ventures accounted for using equity method	6(7)	2,319	27,197
Loss on disposal of property, plant and equipment, net		313	349
Interest expense	6(28)	317,760	481,667
Interest income	6(25)	(4,560)	(13,501)
Dividend income	6(26)	(276,153)	(115,395)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(16,134,751)	(6,877,680)
Other receivables		(350,734)	242,750
Inventories		(22,654,396)	1,883,040
Prepayments		(130,019)	(242,200)
Other current assets		(19,447)	-
Changes in operating liabilities			
Financial assets and liabilities at fair value through profit or loss		(116,601)	(46,546)
Contract liabilities		(249,061)	201,857
Accounts payable		20,305,974	3,158,598
Other payables		287,930	(257,236)
Other current liabilities (including refund liabilities)		(104,902)	(134,408)
Cash (outflow) inflow generated from operations		(11,194,050)	1,799,304
Interest received		4,560	13,501
Dividends received		276,153	115,395
Interest paid		(293,198)	(480,591)
Income taxes paid		(1,076,090)	(831,765)
Net cash flows (used in) from operating activities		(12,282,625)	615,844

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Nine months ended September 30	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other receivables - related parties		\$ -	(\$ 21,004)
Acquisition of financial assets at fair value through profit or loss		(138,547)	(90,193)
Proceeds from disposal of financial assets at fair value through profit or loss		4,382	56,450
Acquisition of financial assets at fair value through other comprehensive income		(1,338,693)	(3,416)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	940,603	134,262
(Increase) decrease in other financial assets		(14,667)	24,540
Acquisition of property, plant and equipment	6(34)	(108,103)	(47,184)
Proceeds from disposal of property, plant and equipment		99	262
Acquisition of right-of-use assets		(5,182)	-
Acquisition of intangible assets	6(11)	(2,234)	(1,864)
Net cash payments for business combination	6(33)(34)	(55,885)	(466,447)
Decrease in other non-current assets		33,362	66,112
Net cash flows used in investing activities		(684,865)	(348,482)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(35)	11,636,824	1,275,692
Increase in short-term notes and bills payable	6(35)	1,194,636	167,860
Proceeds from long-term borrowings	6(35)	5,023,800	800,000
Payments of long-term loans	6(35)	(800,000)	(120,424)
Payment of lease liabilities	6(35)	(143,949)	(125,989)
Decrease in other non-current liabilities		(3,763)	(3,687)
Payments to acquire treasury shares		(135,121)	-
Issuance of preference shares	6(19)	-	1,308,731
Cash dividends paid	6(21)	(2,589,627)	(1,645,111)
Changes in non-controlling interest	6(23)	(366)	(276)
Net cash flows from financing activities		14,182,434	1,656,796
Effect of exchange rate changes on cash and cash equivalents		(478,326)	(355,952)
Net increase in cash and cash equivalents		736,618	1,568,206
Cash and cash equivalents at beginning of period		3,627,112	3,106,631
Cash and cash equivalents at end of period		\$ 4,363,730	\$ 4,674,837

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

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

(Reviewed, not audited)

1. HISTORY AND ORGANISATION

WT Microelectronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development and sales of electronic and communication components.

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

These consolidated financial statements were reported to the Board of Directors on November 5, 2021.

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 the 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 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 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 significant 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”, and the International Accounting Standards 34, “Interim financial reporting” as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these 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 at fair value through other comprehensive income.
 - (c) Defined benefit assets (liabilities) recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 unrealised 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 recognised 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 recognised in profit or loss. All amounts previously recognised 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 recognised 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 (%)			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
WT Microelectronics Co., Ltd.	Wintech Microelectronics Holding Limited	Investment Company	99.65	99.65	99.65	
WT Microelectronics Co., Ltd.	Morrihan International Corp.	Trading Company	100	100	100	
WT Microelectronics Co., Ltd.	BSI Semiconductor Pte. Ltd.	Trading Company	100	100	100	
WT Microelectronics Co., Ltd.	Nuvision Technology Inc.	Trading Company	99.91	99.91	99.91	
WT Microelectronics Co., Ltd.	Milestone Investment Co., Ltd.	Investment Company	100	100	100	
WT Microelectronics Co., Ltd.	SinYie Investment Co., Ltd.	Investment Company	100	100	100	
WT Microelectronics Co., Ltd.	AboveE Technology Inc.	Software Services	-	-	100	(d)
WT Microelectronics Co., Ltd.	Techmosa International Inc.	Trading Company	100	100	100	
WT Microelectronics Co., Ltd.	MSD Holdings Pte. Ltd.	Trading Company	100	100	100	
WT Microelectronics Co., Ltd.	Maxtek Technology Co., Ltd.	Trading Company	100	100	100	
WT Microelectronics Co., Ltd.	Analog World Co., Ltd.	Trading Company	100	100	-	(c)
Wintech Microelectronics Holding Limited	WT Microelectronics (Shanghai) Co., Ltd.	Trading Company	100	100	100	
Wintech Microelectronics Holding Limited	Promising Investment Limited	Investment Company	100	100	100	
Wintech Microelectronics Holding Limited	Wintech Microelectronics Ltd.	Trading Company	100	100	100	
Wintech Microelectronics Holding Limited	Wintech Microelectronics Limited	Investment Company	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
Wintech Microelectronics Holding Limited	WT Technology Pte. Ltd.	Trading Company	100	100	100	
Wintech Microelectronics Holding Limited	Wintech Investment Co., Ltd.	Investment Company	100	100	100	
Wintech Microelectronics Holding Limited	Anius Enterprise Co., Ltd.	Trading Company	100	100	100	
Wintech Microelectronics Holding Limited	Mega Source Co., Ltd.	Trading Company	100	100	100	
Wintech Microelectronics Holding Limited	Supreme Mega Ltd.	Investment Company	-	-	47.98	(b)
Wintech Microelectronics Holding Limited	Brillnics Inc.	Investment Company	62.14	54.15	-	(b) (f)
BSI Semiconductor Pte. Ltd.	Wonchang Semiconductor Co., Ltd.	Trading Company	100	100	100	
BSI Semiconductor Pte. Ltd.	WT Technology Korea Co., Ltd.	Trading Company	4.53	4.53	4.53	
Morrihan International Corp.	Hotech Electronics Corp.	Trading Company	-	100	100	(e)
Morrihan International Corp.	Asia Latest Technology Limited	Investment Company	100	100	100	
Promising Investment Limited	WT Technology (H.K.) Limited	Trading Company	100	100	100	
Promising Investment Limited	WT Solomon QCE Ltd.	Trading Company	100	100	100	
Promising Investment Limited	WT Microelectronics (Hong Kong) Limited	Trading Company	100	100	100	
Promising Investment Limited	Nino Capital Co., Ltd.	Investment Company	100	100	100	
Promising Investment Limited	Rich Web Ltd.	Investment Company	100	100	100	
Wintech Investment Co., Ltd.	WT Microelectronics Singapore Pte. Ltd.	Trading Company	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
Wintech Investment Co., Ltd.	WT Microelectronics (Malaysia) Sdn. Bhd.	Trading Company	100	100	100	
Wintech Investment Co., Ltd.	WT Technology Korea Co., Ltd.	Trading Company	95.47	95.47	95.47	
Nino Capital Co., Ltd.	Shanghai WT Microelectronics Co., Ltd.	Trading Company	100	100	100	
Rich Web Ltd.	WT Microelectronics (Shenzhen) Co., Ltd.	Trading Company	100	100	100	
WT Microelectronics Singapore Pte. Ltd.	WT Microelectronics (Thailand) Co., Limited.	Trading Company	100	100	100	
WT Microelectronics Singapore Pte. Ltd.	WT Microelectronics India Private Limited	Trading Company	100	100	100	
SinYie Investment Co., Ltd.	Wintech Microelectronics Holding Limited	Investment Company	0.35	0.35	0.35	
Asia Latest Technology Limited	Morrihan International Trading (Shanghai) Co., Ltd.	Trading Company	100	100	100	
Techmosa International Inc.	Techmosa International Holding Ltd.	Investment Company	100	100	100	
Techmosa International Inc.	Morrihan Singapore Pte. Ltd.	Trading Company	100	100	100	
Maxtek Technology Co., Ltd.	HongTech Electronics Co., Ltd.	Trading Company	100	100	100	
Maxtek Technology Co., Ltd.	Lacewood International Corp.	Trading Company	100	100	100	
Maxtek Technology Co., Ltd.	Best Winner International Development Ltd.	Investment Company	100	100	100	
Best Winner International Development Ltd.	Maxtek International (HK) Limited.	Trading Company	100	100	100	
Supreme Mega Ltd.	Brillnics Inc.	Investment Company	-	-	83.42	(b)
Brillnics Inc.	Brillnics (HK) Limited	Selling and Technology Servicing	100	100	100	(b)
Brillnics Inc.	Brillnics Singapore Pte.Ltd.	Trading Company	100	100	100	(b)

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
Brillnics (HK) Limited	Brillnics Japan Inc.	Research and Development Company	100	100	100	(b)
Brillnics (HK) Limited	Brillnics (Taiwan) Inc.	Research and Development Company	100	100	100	(b)

- (a) The financial statements of certain consolidated insignificant subsidiaries for the nine-month periods ended September 30, 2020 were not reviewed by independent auditors. The total assets of these unreviewed subsidiaries as of September 30, 2020 were \$15,812,222, constituting 13% of consolidated total assets, respectively, and the total liabilities were \$4,352,848, constituting 6% of the consolidated total liabilities, respectively. The total comprehensive income was \$163,072 and \$395,189, constituting 17% and 5% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2020.
- (b) Wintech Microelectronics Holding Limited indirectly invested in Brillnics Inc. through Supreme Mega Ltd. In December 2020, Supreme Mega Ltd. implemented its dissolution and liquidation procedures and returned Brillnics Inc.'s shares to the original shareholders proportionately based on their owned shares of Supreme Mega Ltd. Further, Brillnics Inc. increased its capital by issuing preferred shares in December 2020 and accordingly, the shareholder ratio of Wintech Microelectronics Holding Limited in Brillnics Inc. increased to 54.15%, and capital surplus decreased by \$249,010.
- (c) In October 2020, the Company acquired all the equity interest of Analog World Co., Ltd. by cash, which then became a wholly-owned subsidiary and was included in the consolidated financial statements from the acquisition date.
- (d) In December 2020, AboveE Technology Inc. has been dissolved and liquidated.
- (e) In March 2021, Hotech Electronics Corp. has been dissolved and liquidated.
- (f) The Group increased its investment in the newly issued preferred shares of Brillnics Inc. at US\$10,352 thousand on April 8, 2021 and accordingly, the shareholder ratio increased to 62.16%, capital surplus decreased by \$78,247 and non-controlling interest increased by \$122,199. Further, employees of Brillnics Inc. exercised employee stock options in July, 2021 and accordingly, the shareholder ratio decreased to 62.14%.

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: None.

(4) Foreign currency translation

- A. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.
- B. Foreign currency transactions and balances
- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised 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 recognised 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.
 - (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.
- C. Translation of foreign operations
- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
 - (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, 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, if the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, 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 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 realised, 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 realised 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 (liabilities) at fair value through profit or loss

- A. These are financial assets that are not measured at amortised cost or at fair value through other comprehensive income and are held for trading if acquired principally for the purpose of repurchasing in the short term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets and liabilities at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. The Group recognises the dividend income 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.
- 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. 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 relating to 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.

(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.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of receiving contract cash flow and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in other comprehensive income.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises 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) - operating leases

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

(13) Inventories

- A. The cost of inventories includes the purchase price, import duties and other costs directly attributable to the acquisition of goods. The discount, allowance and others alike should be deducted from the cost.
- B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the 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 recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised 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 recognise 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 recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. 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 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 recognised 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.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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 balance sheet date. 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	26 ~ 55 years
Office equipment	2 ~ 9 years
Other assets	2 ~ 12 years

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

- A. Leases are recognised 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 recognised 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 the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.

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 recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(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 50 ~ 55 years.

(18) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 ~ 5 years.
- C. Other intangible assets, mainly customer relationship, are recorded at cost and amortised on a straight-line basis over the estimated useful life of 5 ~ 8 years.

(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 recognised 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 recognising 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 recognised.
- B. The recoverable amount of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised 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) Notes and accounts 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.

(21) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the

fee is deferred until the drawdown occurs.

(22) Convertible bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument ('capital surplus—share options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- B. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- D. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – share options.

(23) 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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit 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 recognised 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.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised 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.

(24) 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 recognised 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-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 recognised 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 recognised 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 recognises 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 do not need to pay to acquire those stocks, if the employees resign during the vesting period, the restricted stocks will be redeemed and retired by the Group without further consideration and recognised as deduction of share capital and additional paid-in capital, in accordance with the terms of restricted stocks.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised 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, unrecognised and recognised 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 recognised 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.

- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(26) Share capital

- A. Ordinary shares are classified as equity. The classification of preference shares is determined according to the special rights attached to the preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preference shares are classified as liabilities when they have the fundamental characteristic of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. 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.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders or Board of Directors. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. Sales of goods

- (a) The Group sells electronic and communication components. Sales are recognised when the control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 90~120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised 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. The customer pays at the time specified in the payment schedule. If the payments exceed the merchandise provided, a contract liability is recognised.

B. Services

- (a) The Group provides semiconductor development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided at the end of the reporting period in a proportion to the total services to be provided. This is determined based on the contract costs incurred for services performed to the estimated total cost for the service contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date

components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the goods or services before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services;

- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group’s subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable 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 realisable value. Such an evaluation of inventories is principally based on the estimated selling price in the ordinary course of business within the specified period before the balance sheet date. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 1,884	\$ 2,830	\$ 2,857
Checking accounts and demand deposits	<u>4,361,846</u>	<u>3,624,282</u>	<u>4,671,980</u>
	<u>\$ 4,363,730</u>	<u>\$ 3,627,112</u>	<u>\$ 4,674,837</u>

- A. The Group transacts with a variety of financial institutions all with good credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group’s deposits with banks that have been pledged as collateral were classified as ‘other current assets’. Please refer to Note 8 for details. As of September 30, 2021, December 31, 2020 and September 30, 2020, the time deposits with maturity date over 3 months of \$14,734, \$0 and \$14,656, respectively, are recorded as ‘other current assets’.

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

<u>Assets</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Beneficiary certificates	\$ 10,122	\$ 13,135	\$ 10,525
Equity instruments	9,623	-	-
Derivatives	2,946	-	1,351
	<u>\$ 22,691</u>	<u>\$ 13,135</u>	<u>\$ 11,876</u>
Non-current items:			
Beneficiary certificates	\$ 239,268	\$ 114,697	\$ 29,120
Redeemable bonds	329	349	369
	<u>\$ 239,597</u>	<u>\$ 115,046</u>	<u>\$ 29,489</u>
<u>Liabilities</u>			
Current items:			
Derivatives	<u>\$ 6,338</u>	<u>\$ -</u>	<u>\$ 1,821</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities mandatorily measured at fair value through profit or loss are as follows:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Derivatives	(\$ 2,063)	(\$ 83,811)
Beneficiary certificates	(7,368)	3,455
Equity instruments	(1,488)	-
Debt instruments	-	9
	<u>(\$ 10,919)</u>	<u>(\$ 80,347)</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Derivatives	(\$ 119,994)	(\$ 20,901)
Beneficiary certificates	(3,395)	6,975
Equity instruments	1,076	-
Debt instruments	(12)	9
	<u>(\$ 122,325)</u>	<u>(\$ 13,917)</u>

B. The non-hedging derivative financial assets and liabilities and contract information are as follows:

	<u>September 30, 2021</u>		
	Contract amount (Notional principal)		Contract period
Derivative financial assets	(In thousands)		<u>Contract period</u>
Current items:			
Forward foreign exchange contracts	USD (BUY)	39,000	2021.6.30~2021.11.2
<u>Derivative financial liabilities</u>			
Current items:			
Forward foreign exchange contracts	USD (BUY)	225,000	2021.7.30~2021.12.2
	<u>September 30, 2020</u>		
	Contract amount (Notional principal)		Contract period
Derivative financial assets	(In thousands)		<u>Contract period</u>
Current items:			
Forward foreign exchange contracts	USD (BUY)	40,000	2020.9.30~2020.10.15
<u>Derivative financial liabilities</u>			
Current items:			
Forward foreign exchange contracts	USD (BUY)	32,000	2020.7.1~2020.10.15

The Group entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting. The Group did not hold any unsettled derivative instruments as of December 31, 2020.

C. For the derivative transactions, the Group deals with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

D. The Group has no financial assets measured at fair value through profit or loss pledged to others.

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

Items	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Equity instruments	\$ <u>-</u>	\$ <u>373,071</u>	\$ <u>247,165</u>
Non-current items:			
Equity instruments	\$ <u>16,873,396</u>	\$ <u>14,826,321</u>	\$ <u>13,361,773</u>

A. The Group has elected to classify certain strategic investments in the aforementioned equity instruments, including publicly listed and privately held companies, as financial assets measured at fair value through other comprehensive income.

B. The Company exchanged shares with ASMedia Technology Inc. on April 21, 2020 and acquired \$6,624,000 of financial assets at fair value through other comprehensive income - non-current. Please refer to Note 6(19) for more details.

- C. Aiming to satisfy its operating capital needs, the Group sold \$940,603 and \$134,262 of listed and unlisted shares at fair value which resulted in a cumulative gain on disposal of \$829,802 and \$122,689 during the nine-month periods ended September 30, 2021 and 2020, respectively.
- D. Please refer to Note 6(22) for information on changes in fair value recognised in other comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020.
- E. The Group has no financial assets measured at fair value through other comprehensive income pledged to others as of September 30, 2021, December 31, 2020 and September 30, 2020.

(4) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 2,632,224	\$ 2,511,120	\$ 2,166,456
Accounts receivable	73,007,100	58,567,256	47,926,131
Less: Allowance for uncollectible accounts	(202,692)	(228,084)	(252,381)
Notes and accounts receivable, net	<u>75,436,632</u>	<u>60,850,292</u>	<u>49,840,206</u>
Overdue receivables	498,371	477,261	457,326
Less: Allowance for uncollectible accounts	(498,371)	(477,261)	(457,326)
Overdue receivables, net (shown as 'other non-current assets')	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 75,436,632</u>	<u>\$ 60,850,292</u>	<u>\$ 49,840,206</u>

- A. As of September 30, 2021, December 31, 2020 and September 30, 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 \$45,921,706.
- B. Transferred financial assets that are derecognised in their entirety
- (a) As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had outstanding discounted notes receivable amounting to \$2,135,971, \$1,424,001 and \$1,722,799, respectively. However, as the notes receivable are bank's acceptance bills and are discounted without right of recourse, those discounted notes receivable were deducted directly from notes receivable.
- (b) The Group entered into a factoring agreement with a domestic financial institution to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable transferred			
(Amount derecognised)	<u>\$ 26,672,980</u>	<u>\$ 24,147,739</u>	<u>\$ 33,339,034</u>
Amount advanced	<u>\$ 26,074,080</u>	<u>\$ 23,727,304</u>	<u>\$ 32,852,921</u>
Amount retained (shown as 'other receivables')	<u>\$ 598,900</u>	<u>\$ 420,435</u>	<u>\$ 486,113</u>

- i. 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.
- ii. As of September 30, 2021, December 31, 2020 and September 30, 2020, the interest rates for amounts advanced ranged between 0.33%~1.29%, 0.392%~1.38% and 0.413%~3.235%, respectively.
- iii. As of September 30, 2021, December 31, 2020 and September 30, 2020, the total limits of the accounts receivable factoring were \$77,378,792, \$79,369,034 and \$81,701,510, respectively.
- iv. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group has issued a promissory note of \$170,348,124, \$177,137,602 and \$182,328,334, respectively, as performance guarantee against any business dispute.
- v. Please refer to Note 6(28) for information on financing charges on accounts receivable factoring for the three-month and nine-month periods ended September 30, 2021 and 2020.

C. Transferred financial assets that are not derecognised in their entirety

The Group entered into a factoring agreement with domestic financial institutions to sell its accounts receivable. Under the agreement, the Group can transfer non-L/C accounts receivable financing to financial institution, and the bank has the right of recourse to the transferred accounts receivable. For accounts receivable that will not be recovered in the specific period, the Group will retain risk and returns of such accounts receivable. Accordingly, the Group did not derecognise the accounts receivable where the bank has the right of recourse.

As of September 30, 2021, December 31, 2020 and September 30, 2020, the total limits of the accounts receivable factoring agreement with recourse were \$911,058, \$933,517 and \$931,840, respectively. The Group has no accounts receivable that are financed and amount advanced.

- D. The Group took out a credit insurance on the accounts receivable from certain main customers, whereby 75%~90% of the receivable amount can be covered when the receivables are uncollectible. As at September 30, 2021, December 31, 2020 and September 30, 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 Group's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

- E. Please refer to Note 8 for details of accounts receivable pledged as security.

F. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's accounts receivable that are expected to be factored were classified as financial assets at fair value through other comprehensive income in the amounts of \$16,324,594, \$14,288,166 and \$14,293,989, respectively, and recorded as 'accounts receivable'.

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

(5) Other receivables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
VAT refund receivable	\$ 769,331	\$ 628,959	\$ 704,497
Amounts retained for accounts receivable factoring	598,900	420,435	486,113
Others	<u>21,565</u>	<u>26,441</u>	<u>268,996</u>
	<u>\$ 1,389,796</u>	<u>\$ 1,075,835</u>	<u>\$ 1,459,606</u>

(6) Inventories

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Merchandise inventory	\$ 66,850,798	\$ 45,337,620	\$ 42,880,017
Less: Allowance for inventory obsolescence and market value decline	(<u>1,039,738</u>)	(<u>1,023,228</u>)	(<u>998,827</u>)
	<u>\$ 65,811,060</u>	<u>\$ 44,314,392</u>	<u>\$ 41,881,190</u>

The cost of inventories recognised as expense for the period:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 114,492,617	\$ 89,089,188
Loss on disposal of inventory	-	47
Loss on decline in market value	-	12,200
	<u>\$ 114,492,617</u>	<u>\$ 89,101,435</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 306,508,785	\$ 236,287,931
Loss on disposal of inventory	28,069	47
Loss on decline in market value	<u>30,000</u>	<u>30,800</u>
	<u>\$ 306,566,854</u>	<u>\$ 236,318,778</u>

(7) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 122,906	\$ 156,858
Share of loss of investments accounted for using equity method	(2,319)	(27,197)
Changes in capital surplus	3,173	-
Changes in other equity items	(1,839)	(2,431)
At September 30	<u>\$ 121,921</u>	<u>\$ 127,230</u>

A. JCD Optical (Cayman) Co., Ltd. increased its capital by \$41,925 in July 2021. The Company did not acquire shares proportionally to its interest. As a result, the shareholder ratio changed to 19.8% and capital surplus increased by \$3,173.

B. 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:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Loss for the period from continuing operations	(\$ 1,198)	(\$ 3,511)
Other comprehensive income (loss) , net of tax	(17)	1,068
Total comprehensive loss	<u>(\$ 1,215)</u>	<u>(\$ 2,443)</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Loss for the period from continuing operations	(\$ 2,319)	(\$ 27,197)
Other comprehensive income, net of tax	257	585
Total comprehensive loss	<u>(\$ 2,062)</u>	<u>(\$ 26,612)</u>

C. Investments accounted for using equity method as of September 30, 2020 were based on unreviewed financial statements for the corresponding period.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>					
Cost	\$ 225,459	\$ 652,172	\$ 438,688	\$ 432,193	\$ 1,748,512
Accumulated depreciation and impairment	<u>-</u>	<u>(127,635)</u>	<u>(308,044)</u>	<u>(309,640)</u>	<u>(745,319)</u>
	<u>\$ 225,459</u>	<u>\$ 524,537</u>	<u>\$ 130,644</u>	<u>\$ 122,553</u>	<u>\$ 1,003,193</u>
<u>2021</u>					
Opening net book amount	\$ 225,459	\$ 524,537	\$ 130,644	\$ 122,553	\$ 1,003,193
Additions	-	5,165	42,426	63,672	111,263
Disposals	-	-	(391)	(21)	(412)
Depreciation charge	-	(15,794)	(55,217)	(48,949)	(119,960)
Net exchange differences	<u>-</u>	<u>(6,205)</u>	<u>(7,844)</u>	<u>(2,474)</u>	<u>(16,523)</u>
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 507,703</u>	<u>\$ 109,618</u>	<u>\$ 134,781</u>	<u>\$ 977,561</u>
<u>At September 30, 2021</u>					
Cost	\$ 225,459	\$ 646,287	\$ 440,722	\$ 487,028	\$ 1,799,496
Accumulated depreciation and impairment	<u>-</u>	<u>(138,584)</u>	<u>(331,104)</u>	<u>(352,247)</u>	<u>(821,935)</u>
	<u>\$ 225,459</u>	<u>\$ 507,703</u>	<u>\$ 109,618</u>	<u>\$ 134,781</u>	<u>\$ 977,561</u>
	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>					
Cost	\$ 225,459	\$ 641,873	\$ 389,030	\$ 354,743	\$ 1,611,105
Accumulated depreciation and impairment	<u>-</u>	<u>(112,299)</u>	<u>(249,171)</u>	<u>(239,225)</u>	<u>(600,695)</u>
	<u>\$ 225,459</u>	<u>\$ 529,574</u>	<u>\$ 139,859</u>	<u>\$ 115,518</u>	<u>\$ 1,010,410</u>
<u>2020</u>					
Opening net book amount	\$ 225,459	\$ 529,574	\$ 139,859	\$ 115,518	\$ 1,010,410
Additions	-	3,786	18,684	27,852	50,322
Disposals	-	-	(611)	-	(611)
Depreciation charge	-	(11,177)	(37,657)	(41,079)	(89,913)
Net exchange differences	<u>-</u>	<u>(1,665)</u>	<u>(946)</u>	<u>(416)</u>	<u>(3,027)</u>
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 520,518</u>	<u>\$ 119,329</u>	<u>\$ 101,875</u>	<u>\$ 967,181</u>
<u>At September 30, 2020</u>					
Cost	\$ 225,459	\$ 643,898	\$ 391,686	\$ 381,341	\$ 1,642,384
Accumulated depreciation and impairment	<u>-</u>	<u>(123,380)</u>	<u>(272,357)</u>	<u>(279,466)</u>	<u>(675,203)</u>
	<u>\$ 225,459</u>	<u>\$ 520,518</u>	<u>\$ 119,329</u>	<u>\$ 101,875</u>	<u>\$ 967,181</u>

Office and other equipment at September 30, 2021 and 2020 were for the Group's own use and not for lease.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land, office and warehouse. Except for right-of-use of land for periods of 20 to 50 years, the rental contracts are typically made for periods of 1 to 10 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. Short-term leases with a lease term of 12 months or less comprise certain offices, business vehicles and printers.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 280,617	\$ 283,739	\$ 278,016
Buildings and structures	439,709	489,113	496,250
	<u>\$ 720,326</u>	<u>\$ 772,852</u>	<u>\$ 774,266</u>

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,485	\$ 1,423
Buildings and structures	51,490	43,409
	<u>\$ 52,975</u>	<u>\$ 44,832</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,438	\$ 4,310
Buildings and structures	148,804	128,361
	<u>\$ 153,242</u>	<u>\$ 132,671</u>

D. For the three-month and nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets were \$15,940, \$31,860, \$113,106 and \$68,093, respectively.

E. The information on income or expense accounts relating to lease contracts is as follows:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,369	\$ 4,008
Expense on short-term lease contracts	27,591	19,098

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 11,300	\$ 12,618
Expense on short-term lease contracts	59,871	55,429

F. For the nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$215,120 and \$194,036, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(1,897)	(16,624)	(18,521)
	<u>\$ 82,839</u>	<u>\$ 20,475</u>	<u>\$ 103,314</u>
<u>2021</u>			
Opening net book amount	\$ 82,839	\$ 20,475	\$ 103,314
Depreciation charge	-	(610)	(610)
Closing net book amount	<u>\$ 82,839</u>	<u>\$ 19,865</u>	<u>\$ 102,704</u>
<u>At September 30, 2021</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(1,897)	(17,234)	(19,131)
	<u>\$ 82,839</u>	<u>\$ 19,865</u>	<u>\$ 102,704</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2020</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(1,897)	(15,810)	(17,707)
	<u>\$ 82,839</u>	<u>\$ 21,289</u>	<u>\$ 104,128</u>
<u>2020</u>			
Opening net book amount	\$ 82,839	\$ 21,289	\$ 104,128
Depreciation charge	-	(610)	(610)
Closing net book amount	<u>\$ 82,839</u>	<u>\$ 20,679</u>	<u>\$ 103,518</u>
<u>At September 30, 2020</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	(1,897)	(16,420)	(18,317)
	<u>\$ 82,839</u>	<u>\$ 20,679</u>	<u>\$ 103,518</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from the lease of the investment property	\$ <u>661</u>	\$ <u>661</u>
Direct operating expenses arising from the investment property that generated rental income during the period	\$ <u>203</u>	\$ <u>203</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from the lease of the investment property	\$ <u>1,983</u>	\$ <u>1,983</u>
Direct operating expenses arising from the investment property that generated rental income during the period	\$ <u>610</u>	\$ <u>610</u>

B. The fair values of the investment property held by the Group as at September 30, 2021, December 31, 2020 and September 30, 2020 were \$185,433, \$184,376 and \$192,219, respectively, which were based on the valuation of market prices estimated using comparison approach and is categorized within Level 2 in the fair value hierarchy.

(11) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 2,046,410	\$ 107,496	\$ 69,152	\$ 2,223,058
Accumulated amortisation and impairment	(<u>220,132</u>)	(<u>88,076</u>)	(<u>3,237</u>)	(<u>311,445</u>)
	<u>\$ 1,826,278</u>	<u>\$ 19,420</u>	<u>\$ 65,915</u>	<u>\$ 1,911,613</u>
<u>2021</u>				
Opening net book amount	\$ 1,826,278	\$ 19,420	\$ 65,915	\$ 1,911,613
Additions	-	2,234	85,370	87,604
Amortisation charge (shown as 'general and administrative expenses')	-	(5,996)	(11,276)	(17,272)
Net exchange differences	(<u>22,845</u>)	-	459	(<u>22,386</u>)
Closing net book amount	<u>\$ 1,803,433</u>	<u>\$ 15,658</u>	<u>\$ 140,468</u>	<u>\$ 1,959,559</u>
<u>At September 30, 2021</u>				
Cost	\$ 2,023,565	\$ 109,730	\$ 154,981	\$ 2,288,276
Accumulated amortisation and impairment	(<u>220,132</u>)	(<u>94,072</u>)	(<u>14,513</u>)	(<u>328,717</u>)
	<u>\$ 1,803,433</u>	<u>\$ 15,658</u>	<u>\$ 140,468</u>	<u>\$ 1,959,559</u>

	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>				
Cost	\$ 2,028,000	\$ 102,488	\$ 5,381	\$ 2,135,869
Accumulated amortisation and impairment	(174,119)	(77,891)	-	(252,010)
	<u>\$ 1,853,881</u>	<u>\$ 24,597</u>	<u>\$ 5,381</u>	<u>\$ 1,883,859</u>
<u>2020</u>				
Opening net book amount	\$ 1,853,881	\$ 24,597	\$ 5,381	\$ 1,883,859
Additions	-	1,864	-	1,864
Amortisation charge (shown as 'general and administrative expenses')	-	(7,985)	(1,345)	(9,330)
Net exchange differences	(25,771)	-	-	(25,771)
Closing net book amount	<u>\$ 1,828,110</u>	<u>\$ 18,476</u>	<u>\$ 4,036</u>	<u>\$ 1,850,622</u>
<u>At September 30, 2020</u>				
Cost	\$ 2,002,229	\$ 104,351	\$ 5,381	\$ 2,111,961
Accumulated amortisation and impairment	(174,119)	(85,875)	(1,345)	(261,339)
	<u>\$ 1,828,110</u>	<u>\$ 18,476</u>	<u>\$ 4,036</u>	<u>\$ 1,850,622</u>

A. Other intangible assets mainly pertain to customer relationship.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>Retail</u>	<u>Retail</u>	<u>Retail</u>
Greater China Region	\$ 1,166,179	\$ 1,171,171	\$ 1,221,846
All other segments	637,254	655,107	606,264
	<u>\$ 1,803,433</u>	<u>\$ 1,826,278</u>	<u>\$ 1,828,110</u>

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management.

Management determined budgeted gross margin based on past performance and their expectations of market development. The assumptions used for weighted average growth rates are based on past historical experience and expectations of industry; the assumption used for discount rate is the weighted average capital cost of the Group. As of September 30, 2021, December 31, 2020 and September 30, 2020, the key valuations used for pre-tax discount rate were 4.58%~10.33%, 4.57%~10.3% and 6.27%~9.83%, respectively.

D. There were no intangible assets that were pledged to others.

(12) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Credit loans	<u>\$ 34,881,281</u>	<u>\$ 23,314,455</u>	<u>\$ 27,252,600</u>
Interest rates per annum	<u>0.5186%~3.6%</u>	<u>0.5186%~3.65%</u>	<u>0.5187%~3.52%</u>

(13) Short-term notes and bills payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Commercial paper	\$ 1,948,000	\$ 748,000	\$ 638,000
Amortisation of discount	(482)	(357)	(484)
	<u>\$ 1,947,518</u>	<u>\$ 747,643</u>	<u>\$ 637,516</u>
Coupon rate	<u>0.202%~0.7%</u>	<u>0.331%~0.572%</u>	<u>0.369%~0.792%</u>

The notes and bills were issued under securities and acceptance offered by the financial institutions to fund short-term capital. The issuance period is within 90 days.

(14) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Salaries and bonuses payable	\$ 1,136,460	\$ 1,041,708	\$ 871,397
Accrued VAT payable	332,660	112,611	187,703
Freight payable	151,273	166,243	138,302
Insurance expense payable	76,040	55,590	51,742
Others	353,272	347,127	299,410
	<u>\$ 2,049,705</u>	<u>\$ 1,723,279</u>	<u>\$ 1,548,554</u>

(15) Bonds payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Bonds payable	\$ 214,600	\$ 384,100	\$ 389,900
Less: Discount on bonds payable	(1,938)	(6,906)	(8,166)
	212,662	377,194	381,734
Less: Bonds payable, current portion (Shown as 'Long-term liabilities, current portion')	(212,662)	-	-
	<u>\$ -</u>	<u>\$ 377,194</u>	<u>\$ 381,734</u>

A. Sixth unsecured convertible bonds of 2019

(a) The terms of the sixth domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$1,200,000, 0%, sixth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 1, 2019 ~July 1, 2022) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 1, 2019.

- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - iii. The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds (with the conversion price at NT\$40 per share), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. On September 30, 2021, the conversion price was NT\$26.7 per share.
 - iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from securities trading markets), matured and converted are retired and not to be resold or re-issued; the convertible rights attached to the bonds are also extinguished.
- (b) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$37,762 were separated from the liability component and were recognised in ‘capital surplus share options’ amounting to \$6,753 as of September 30, 2021, in accordance with IAS 32.
- (c) As of September 30, 2021, the convertible bonds converted into 33,137 thousand common shares totaled \$985,400 at par value.

B. For the three-month and nine-month periods ended September 30, 2021 and 2020, the amortised discount of bonds payable was \$808, \$1,173, \$3,073 and \$6,356, respectively.

(16) Long-term loans

Type of loans	Period	September 30, 2021	
		Credit line	Amount
Mid-term syndicated loans (note A)	2021.7.29~2026.7.29	\$ 12,000,000	\$ 5,003,100
Interest rate			0.95%
		December 31, 2020	
Type of loans	Period	Credit line	Amount
Mid-term borrowings (Bank of Taiwan) (note B)	2020.9.14~2022.9.14	\$ 800,000	\$ 800,000
Interest rate			1.2%
		September 30, 2020	
Type of loans	Period	Credit line	Amount
Mid-term borrowings (Bank of Taiwan) (note B)	2020.9.14~2022.9.14	\$ 800,000	\$ 800,000
Interest rate			1.2%

- A. As stipulated in the syndicated loan agreement:
- (a) Credit line: NT\$12,000,000.
 - (b) Credit period: 5 years after the date of first drawdown of any credit line.
 - (c) Drawdown period: The day before 5 years after the date of first drawdown. However, maturity date of each borrowing shall not exceed the credit period. The borrower may apply for re-utilisation within the credit period 5 years after the date of first drawdown according to the capital situation. However, each drawdown must be fully repaid before the expiry of the credit period.
 - (d) Financial commitment: The borrower shall maintain the following financial ratios and regulations:
 - i. Liquidity ratio: Shall be at least 100%.
 - ii. Net debt ratio: Shall be no more than 250%.
 - iii. Interest coverage ratio shall be at least 200%.The abovementioned financial ratios are reviewed semi-annually.
- B. Under the Bank of Taiwan borrowing contract, the Group shall review the average balance of demand deposits every six months during the contract period in order to maintain the interest rate markup.
- C. The Group's liquidity risk is provided in Note 12.

(17) Pensions

- A. Defined benefit pension plan
- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 its domestic subsidiaries 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 Group 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 qualify for retirement in the following year, the Group will make contributions for the deficit by next March.
 - (b) For the aforementioned pension plan, the Group recognised pension costs of \$367, \$424, \$1,085 and \$1,240 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2022 amount to \$4,154.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries 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 and its domestic subsidiaries 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) The Company’s subsidiaries in Mainland China have a defined contribution plan in accordance with the pension regulations in the People’s Republic of China (PRC). These companies contribute monthly an amount based on 1%~21% of the employees’ monthly salaries based on the employees’ domiciles to their independent funds administered by the government. For the subsidiaries in Hong Kong, these companies and its employees each contribute monthly an amount equal to 5% of the employees’ monthly salaries pursuant to the legislation in Hong Kong. Each fund is managed by the government. Except for the monthly contribution, these companies have no other obligation.
- (c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$59,543, \$35,665, \$176,154 and \$106,052, respectively.

(18) Share-based payment

- A. For the nine-month periods ended September 30, 2021 and 2020, the Group’s share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Cash capital increase reserved for employee preemption	2020.8.17	520 thousand shares	Vested immediately
Restricted stocks to employees	2021.1.13	2,992 thousand shares	(a) and (b)
Employee stock options	2021.3.18	12,000 thousand shares	(c)
Restricted stocks to employees	2021.7.28	2,788 thousand shares	(a) and (b)

- (a) The vesting percentage for the employee who has rendered service to the Company since the grant date and achieves the performance condition is 25% each year.
- (b) The issued employee restricted shares before meeting the vesting conditions are subject to certain restrictions as follows:
- i. Employee restricted shares cannot be sold, pledged, transferred, donated to others, set

purposes or disposed in any other ways, except for inheritance.

ii. The rights to attend, propose, speak and vote at the shareholders meeting are the same as the issued ordinary shares of the Company and are implemented in accordance with the trust custody contract.

iii. Other rights including but not limited to dividends, distribution rights of legal reserve and capital surplus and share options of cash capital increase, etc. are the same as the Company's issued ordinary shares, do not need to be kept in trust and are not restricted by the vesting period. Employees are required to return the unvested stocks but not required to return the dividends received if they resign during the vesting period.

(c) Employees can exercise 50%, 25% and 25% of their option after 2 years, 3 years and 4 years from the grant date of employee stock options, respectively.

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (years)	Expected dividends	Risk-free interest rate (%)	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2020.8.17	\$ 53.25	\$ 50.00	9.09	0.137	-	0.13	\$ 3.28
Restricted stocks to employees	2021.1.13	\$ 42.05	\$ -	-	4	-	-	\$ 42.05
Employee stock options	2021.3.18	\$ 46.80	\$ 46.80	18.44~ 18.46	4~5	-	0.31~ 0.34	\$7.0985~ \$8.1307
Restricted stocks to employees	2021.7.28	\$ 61.20	\$ -	-	4	-	-	\$ 58.0011

C. Details of the stock options for the nine-month period ended September 30, 2021 are disclosed as follows:

	2021		
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	Weighted-average remaining contractual period
Options outstanding at January 1	-	\$ -	
Options granted	12,000	46.8	
Options outstanding at September 30	<u>12,000</u>	<u>\$ 46.8</u>	5.46 years

D. Compensation cost of share-based payment of \$45,730, \$1,706, \$70,954 and \$1,706 was recognised for cash capital increase reserved for employee preemption for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

(19) Share capital

As of September 30, 2021, the Company's authorized capital was \$20,000,000, including partial preferred shares, consisting of 2 billion shares (including 300 million shares reserved for employee stock options), and the paid-in capital was \$9,293,919 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Common stock

A. Movements in the number of the Company's ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	2021	2020
	Shares (in thousands)	Shares (in thousands)
At January 1	788,232	591,437
Shares issued	-	171,000
Issuance of employee restricted shares	5,780	-
Cancellation of employee restricted shares	(24)	-
Shares converted from bonds	6,241	25,589
Purchase of treasury shares	(2,494)	-
At September 30	<u>797,735</u>	<u>788,026</u>

B. On February 21, 2020, the Company's Board of Directors resolved to increase capital of \$1,710,000 by issuing 171 million ordinary shares in the amount of \$6,624,000 with a par value of NT\$10 (in dollars) per share to exchange for 9 million shares of ASMedia Technology Inc. The transaction was approved by the Financial Supervisory Committee on April 17, 2020, and the effective date was set on April 21, 2020.

C. There were 6,241 thousand ordinary shares converted from the Company's convertible bonds in the nine-month period ended September 30, 2021. Convertible bonds amounting to \$158,100 in total par value had been requested for conversion into 5,837 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds'

because the change in registration has not yet been completed.

- D. On March 27, 2020, the stockholders resolved the issuance of 3,000 thousand employee restricted shares with a par value of \$10 (in dollars) per share. The issuance can be granted several times within a year. A total of 2,992 thousand shares were issued for the first time and the effective date was set on January 18, 2021.
- E. On July 12, 2021, the stockholders resolved the issuance of 3,000 thousand employee restricted shares with a par value of \$10 (in dollars) per share. The issuance can be granted several times within a year. A total of 2,788 thousand shares were issued for the first time and the effective date was set on July 28, 2021.
- F. Treasury shares
- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		<u>September 30, 2021</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>
The Company	To enhance the Company's credit rating and the stockholders' equity	2,494	<u>\$ 135,121</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 realised 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 to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

Preference stock

On July 2, 2020, the Board of Directors resolved to increase the Company's capital in the amount of \$6,750,000 by issuing 135 million shares of Class A preference shares with a par value of \$10 (in dollars) per share issued at \$50 (in dollars) per share. The capital injection was approved by the FSC on July 29, 2020, and the effective date was set on October 15, 2020. The rights and obligations of these outstanding preference shares are as follows:

- A. Expiration date: The Company's Class A preference shares are perpetual. The stockholders of Class A preferred stocks cannot request the Company to retire the preferred stocks they hold but all or certain parts are callable at any time from the next day of five years after issuance at the actual issue price. The outstanding Class A preference shares sustained all the rights and

obligations specified in the issuance terms. Dividends payable as of the redemption date shall be calculated based on the actual outstanding days if the Board of Directors resolved to distribute the current year's dividends.

- B. Dividends: Dividends are calculated at 4% per annum, consisting of five-year IRS rate of 0.6125% on pricing effective date (August 17, 2020) and specific markup of 3.3875%, based on the issue price per share. The five-year IRS rate will be reset on the next business day of five years since issuance and every subsequent five years and the pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.
- C. Dividend distribution: Dividends of Class A preference shares are distributed once per year in the form of cash. The effective date for distributing previous year's distributable dividends will be set by the Board of Directors or the chairman who is authorised by the Board of Directors. Dividend distributions in the issuance and redemption years are calculated based on the actual outstanding days. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating deficit and then set aside as legal reserve. Special reserve shall be set aside or reversed as required by regulations or the Competent Authority when necessary. The remainder, if any in the current year, can be distributed as dividends of preferred shares in first priority.
- The Company has discretion in dividend distribution of Class A preference shares. The Company could choose not to distribute dividends of preferred shares when resolved by the Board of Directors, which would not lead to default if the Company has no or has insufficient current year's earnings for distribution or has other necessary considerations. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not become deferred payments in future years when the Company has earnings.
- D. Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class A preference shares could not participate in the distribution of cash and capitalised assets for common shares derived from earnings and capital surplus.
- E. Residual property distribution: The shareholders of Class A preference shares have priority over shareholders of common stocks in distributing the Company's residual properties and have the same priority with other preferred shareholders of the Company, but behind the general creditor. In addition, the limit is the amount calculated by shares of outstanding preference shares issued and the issue price when distributing.
- F. Right to vote and be elected: The shareholders of Class A preference shares have no right to vote and be elected in the ordinary shareholders' meeting of the Company but have the right to vote in the shareholders' meeting for shareholders of Class A preference shares only and shareholders'

meeting regarding unfavourable matters to rights and obligations of shareholders of Class A preference shares.

G. Conversion to common shares: Class A preference shares could not be converted to common shares.

H. The preemptive rights for shareholders of Class A preference shares are the same as of common shareholders when the Company increases its capital by issuing new shares.

I. Capital surplus arising from premium issuance of Class A preference shares can be used to offset against accumulated deficit but cannot be capitalised during the issuance period.

(20) Capital surplus

A. Pursuant to the R.O.C. Company Law, 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. Further to the above considerations, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Changes in capital surplus are as follows:

	2021					Net change in equity of associates	Total
	Share premium	Treasury share transactions	Stock options	Restricted stocks to employees			
At January 1	\$20,033,915	\$40,742	\$12,087	\$-	\$8,237	\$20,094,981	
Issuance of employee restricted shares	-	-	-	216,366	-	216,366	
Cancellation of employee restricted shares	-	-	-	240	-	240	
Compensation cost of share-based payments	-	-	18,183	-	-	18,183	
Conversion of convertible bonds	110,528	-	(5,334)	-	-	105,194	
Changes in equity of associates accounted for using the equity method	-	-	-	-	3,173	3,173	
At September 30	<u>\$20,144,443</u>	<u>\$40,742</u>	<u>\$24,936</u>	<u>\$216,606</u>	<u>\$11,410</u>	<u>\$20,438,137</u>	

2020

	Share premium	Treasury share transactions	Stock options	Net change in equity of associates	Total
At January 1	\$ 9,446,398	\$ 40,742	\$ 36,459	\$ 8,237	\$ 9,531,836
Issuance of shares	4,914,000	-	-	-	4,914,000
Compensation cost of share-based payments	1,706	-	-	-	1,706
Conversion of convertible bonds	517,011	-	(24,189)	-	492,822
At September 30	<u>\$ 14,879,115</u>	<u>\$ 40,742</u>	<u>\$ 12,270</u>	<u>\$ 8,237</u>	<u>\$14,940,364</u>

B. For the information relating to capital surplus-share options, please refer to Note 6(15).

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first pay taxes and offset accumulated losses; and set aside a legal reserve at 10% of such remaining earnings, until the accumulated legal reserve has equaled the total paid-in capital of the Company; then, set aside a special reserve in accordance with applicable laws or regulations of the competent authority. Residual earnings (distributable earnings in the current year) plus undistributed earnings at the beginning of the period is the accumulated retained earnings, which shall first be distributed as dividends to holders of Preferred Share, and distribution of such earnings shall submitted by the Board of Directors to the shareholders' meeting for approval.
- B. In accordance with Article 240 of the Company Act, the Board of Directors is authorised, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, to distribute dividends and bonus of all or part of the legal reserve and capital surplus in the form of cash based on the regulations specified in Article 241 of the Company Act which shall be reported to the shareholders during their meeting. Said distribution is not subject to the regulation which requires that the distribution shall be resolved by the shareholders during their meeting.
- C. The Company's dividend policy is regulated by the Board of Directors taking into consideration the Company's operations, future investment plans, capital budget and internal/external situations. As the Company is in the growth stage, most of retained earnings will be used to support business development and investment requirements and consequently, the minimum cash dividend and extra dividend policy is adopted by the Company. The Company's dividend policy is summarized below:

At least 40% of the Company's earnings shall be appropriated as stock dividends and cash dividends, taking into account profits in the future and capital needs, and cash dividends shall account for at least 10% of the total dividends distributed. In the event the total earnings appropriation exceeds 30% of the Company's paid-in capital before appropriation, cash dividends shall account for at least 20% of the total dividends distributed.

- D. 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 balance of the reserve exceeds 25% of the Company's paid-in capital.
- E. 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.
- F. According to the resolutions adopted by the stockholders during their meetings in July 2021 and March 2020, the distribution information of the Company's 2020 and 2019 earnings, respectively, is as follows:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 396,453		\$ 261,034	
Special reserve	(791,142)		647,574	
Dividends on preference share	57,541	\$ 0.426	-	
Cash dividends of ordinary shareholders	<u>2,532,086</u>	3.200	<u>1,645,111</u>	\$ 2.776
	<u>\$ 2,194,938</u>		<u>\$ 2,553,719</u>	

Information on the appropriation of the Company's earnings as approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Other equity items

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Unearned compensation</u>	<u>Total</u>
At January 1, 2021	\$ 8,208,070	(\$ 2,600,106)	\$ -	\$ 5,607,964
Valuation adjustment on equity instruments	1,286,449	-	-	1,286,449
Disposals reclassified as retained earnings	(829,777)	-	-	(829,777)
Currency translation differences:				
– Group	-	(933,903)	-	(933,903)
– Associates	-	257	-	257
Issuance of employee restricted shares	-	-	(274,166)	(274,166)
Compensation cost of share-based payments	-	-	52,771	52,771
At September 30, 2021	<u>\$ 8,664,742</u>	<u>(\$ 3,533,752)</u>	<u>(\$ 221,395)</u>	<u>\$ 4,909,595</u>

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2020	\$ 368,652	(\$ 1,159,794)	(791,142)
Valuation adjustment on equity instruments	6,442,265	-	6,442,265
Disposals reclassified as retained earnings	(122,689)	-	(122,689)
Currency translation differences:			
– Group	-	(872,714)	(872,714)
– Associates	-	585	585
At September 30, 2020	<u>\$ 6,688,228</u>	<u>(\$ 2,031,923)</u>	<u>\$ 4,656,305</u>

(23) Non-controlling interests

	<u>2021</u>	<u>2020</u>
At January 1	\$ 38,364	\$ 742
Share attributable to non-controlling interest:		
(Loss) profit for the period	(41,080)	310
Comprehensive income (loss) for the period:		
Exchange differences on translation of foreign financial statements	453	(29)
Unrealized financial assets at fair value through other comprehensive (loss) income	(11)	16
Disposal of financial assets at fair value through other comprehensive income reclassified as retained earnings	25	7
Increase in non-controlling interests	122,196	-
Cash dividends paid	(366)	(276)
At September 30	<u>\$ 119,581</u>	<u>\$ 770</u>

The Company's subsidiary, Brillnics Inc., increased its capital in April 2021 which resulted to an increase in the non-controlling interest. Please refer to Note 4(3) for details.

(24) Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Contract revenue		
Sale of electronic components	\$ 118,993,064	\$ 91,830,141
Services revenue	62,760	-
Other operating revenue	48,846	31,898
	<u>\$ 119,104,670</u>	<u>\$ 91,862,039</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Contract revenue		
Sale of electronic components	\$ 318,410,239	\$ 243,967,655
Services revenue	288,476	-
Other operating revenue	148,722	94,229
	<u>\$ 318,847,437</u>	<u>\$ 244,061,884</u>

A. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Timing of revenue		
At a point of time		
Analog IC	\$ 42,589,086	\$ 38,070,440
IC Memory	12,084,750	7,187,199
Microcontroller	15,641,979	7,169,709
Discrete Devices	7,520,237	6,119,138
Microprocessor	7,567,739	5,724,365
Mixed-Signal IC	6,036,011	4,540,126
Application-Specific IC	4,257,626	3,182,228
Others	23,344,482	19,868,834
Over time		
Services	62,760	-
	<u>\$ 119,104,670</u>	<u>\$ 91,862,039</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Timing of revenue		
At a point of time		
Analog IC	\$ 110,010,576	\$ 101,183,489
Microcontroller	35,285,546	18,842,462
IC Memory	32,873,536	19,597,878
Discrete Devices	22,964,283	14,632,932
Microprocessor	20,720,830	17,182,274
Mixed-Signal IC	16,426,647	11,358,648
Application-Specific IC	10,920,225	12,294,692
Others	69,357,318	48,969,509
Over time		
Services	288,476	-
	<u>\$ 318,847,437</u>	<u>\$ 244,061,884</u>

B. The Group has recognised the following revenue-related contract liabilities provisions for estimated sales discounts:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>January 1, 2020</u>
Refund liabilities				
-sales discounts and returns	<u>\$ 360,967</u>	<u>\$ 459,101</u>	<u>\$ 419,259</u>	<u>\$ 552,019</u>
Contract liabilities				
-advance sales receipts	<u>\$ 251,058</u>	<u>\$ 506,379</u>	<u>\$ 392,509</u>	<u>\$ 195,597</u>

(25) Interest income

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 1,375	\$ 1,392
Other interest income	46	1,121
	<u>\$ 1,421</u>	<u>\$ 2,513</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 4,328	\$ 10,189
Other interest income	232	3,312
	<u>\$ 4,560</u>	<u>\$ 13,501</u>

(26) Other income

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Dividend income	\$ 265,957	\$ 115,395
Grant revenue	-	4,073
Other income	4,202	2,130
	<u>\$ 270,159</u>	<u>\$ 121,598</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Dividend income	\$ 276,153	\$ 115,395
Grant revenue	5,003	16,591
Other income	34,424	21,065
	<u>\$ 315,580</u>	<u>\$ 153,051</u>

(27) Other gains and losses

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Foreign exchange gain (loss), net	(\$ 4,984)	\$ 182,173
Loss on financial assets and liabilities at fair value through profit or loss	(10,919)	(80,347)
Other losses	(2,838)	(2,686)
	<u>(\$ 18,741)</u>	<u>\$ 99,140</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Foreign exchange gain, net	\$ 135,721	\$ 185,842
Loss on financial assets and liabilities at fair value through profit or loss	(122,325)	(13,917)
Other losses	(8,944)	(7,935)
	<u>\$ 4,452</u>	<u>\$ 163,990</u>

(28) Finance costs

	Three-month periods ended September 30,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 113,812	\$ 99,785
Others	6,429	6,926
Financing charges on accounts receivable factoring	58,970	66,949
Other finance costs	7,928	6,704
	<u>\$ 187,139</u>	<u>\$ 180,364</u>
	Nine-month periods ended September 30,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 298,148	\$ 456,877
Others	19,612	24,790
Financing charges on accounts receivable factoring	153,570	329,894
Other finance costs	23,063	21,579
	<u>\$ 494,393</u>	<u>\$ 833,140</u>

(29) Expenses by nature

	Three-month periods ended September 30,	
	2021	2020
Employee benefit expense	\$ 1,047,449	\$ 850,806
Depreciation	97,901	75,156
Amortisation	8,621	3,771
Total (shown as 'Operating expenses')	<u>\$ 1,153,971</u>	<u>\$ 929,733</u>
	Nine-month periods ended September 30,	
	2021	2020
Employee benefit expense	\$ 2,939,606	\$ 2,539,048
Depreciation	273,812	223,194
Amortisation	17,272	9,330
Total (shown as 'Operating expenses')	<u>\$ 3,230,690</u>	<u>\$ 2,771,572</u>

(30) Employee benefit expense

	Three-month periods ended September 30,	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 890,123	\$ 725,669
Labour and health insurance fees	31,219	25,420
Pension costs	59,910	36,089
Other personnel expenses	66,197	63,628
Total (shown as ‘Operating expenses’)	<u>\$ 1,047,449</u>	<u>\$ 850,806</u>
	Nine-month periods ended September 30,	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 2,495,586	\$ 2,141,446
Labour and health insurance fees	97,372	81,874
Pension costs	177,239	107,292
Other personnel expenses	169,409	208,436
Total (shown as ‘Operating expenses’)	<u>\$ 2,939,606</u>	<u>\$ 2,539,048</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 and directors’ remuneration. The ratio shall not be lower than 1% for employees’ compensation and shall not be higher than 3% for directors’ remuneration.
- B. For the three-month and nine-month periods ended September 30, 2021 and 2020, employees’ compensation was accrued at \$23,200, \$12,300, \$66,800 and \$28,600, respectively; while directors’ remuneration was accrued at \$13,765, \$3,150, \$19,015 and \$9,450, respectively. The aforementioned amounts were recognised in salary expenses. The employees’ compensation and directors’ remuneration were estimated and accrued based on distributable profit of current year for the nine-month periods ended September 30, 2021 and 2020. Employees’ compensation and directors’ remuneration for 2020 as resolved by the directors during its meeting were in agreement with those amounts recognised in profit or loss for 2020. Information about employees’ compensation and directors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.
- C. The Group’s mainland China subsidiaries were affected by the COVID-19 pandemic and were entitled to an exemption of social insurance premiums in accordance with the No. 11 (2020) of the Ministry of Human Resources and Social Security, “Notice of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises”. The exemption was recognised as a deduction item to employee benefit expense for the three-month and nine-month periods ended September 30, 2020.

(31) Income tax

A. Income tax expense

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profit for the period	\$ 560,651	\$ 262,476
Tax on undistributed surplus earnings	88,480	-
Prior year income tax under estimation	<u>-</u>	<u>637</u>
Total current tax	<u>649,131</u>	<u>263,113</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>50,672</u>	<u>32,027</u>
Total deferred tax	<u>50,672</u>	<u>32,027</u>
Income tax expense	<u>\$ 699,803</u>	<u>\$ 295,140</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profit for the period	\$ 1,478,250	\$ 607,860
Tax on undistributed surplus earnings	88,480	2,831
Prior year income tax under (over) estimation	<u>5,400</u>	<u>(1,129)</u>
Total current tax	<u>1,572,130</u>	<u>609,562</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>98,766</u>	<u>51,520</u>
Total deferred tax	<u>98,766</u>	<u>51,520</u>
Income tax expense	<u>\$ 1,670,896</u>	<u>\$ 661,082</u>

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

(32) Earnings per share

	<u>Three-month period ended September 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 2,304,927		
Less: Dividends of preference stock	(57,541)		
Profit used to calculate basic earnings per share	<u>\$ 2,247,386</u>	<u>789,281</u>	<u>\$ 2.85</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 2,304,927		
Less: Dividends of preference stock	(57,541)		
Profit used to calculate diluted earnings per share	2,247,386	789,281	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	808	10,735	
Restricted stocks to employees	-	1,781	
Employees' compensation	-	383	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,248,194</u>	<u>802,180</u>	<u>\$ 2.80</u>

	<u>Three-month period ended September 30, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 1,151,553	787,109	\$ 1.46
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	1,151,553	787,109	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	1,172	14,744	
Employees' compensation	-	377	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,152,725</u>	<u>802,230</u>	<u>\$ 1.44</u>

	Nine-month period ended September 30, 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 shareholders of the parent	\$ 5,815,472		
Less: Dividends of preference stock	(57,541)		
Profit used to calculate basic earnings per share	<u>\$ 5,757,931</u>	<u>788,531</u>	<u>\$ 7.30</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	5,815,472		
Less: Dividends of preference stock	(57,541)		
Profit used to calculate diluted earnings per share	5,757,931	788,531	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	3,073	13,017	
Restricted stocks to employees	-	1,359	
Employees' compensation	-	<u>1,302</u>	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,761,004</u>	<u>804,209</u>	<u>\$ 7.16</u>

	Nine-month period ended September 30, 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 shareholders of the parent	\$ 2,556,746	<u>705,832</u>	<u>\$ 3.62</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	2,556,746	705,832	
Assumed conversion of all dilutive potential ordinary shares			
Conversion of convertible bonds	6,356	26,747	
Employees' compensation	-	<u>939</u>	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,563,102</u>	<u>733,518</u>	<u>\$ 3.49</u>

(33) Business combination

As of September 30, 2021 and 2020, the Group's mergers are as follows:

A. The Company acquired part of the electronic component distribution business of Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED:

(a) In August 2020, the Group signed a business transfer agreement with Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED, acquiring part of the company's electronic component distribution business amounting to \$42,673 and \$42,697 (\$14,743 and \$14,742 of the aforementioned amounts have been paid in August 2020 and shown as 'other non-current assets'), respectively. The record date of the transfer was April 30, 2021 and May 31, 2021, respectively.

(b) Shenzhen Anfuhua Technology Co., Ltd. and LIONEX TECHNOLOGY (HK) LIMITED are distributors of electronic components with the China region as its primary market.

(c) Information on the acquisition of the distribution business is as follows:

As of September 30, 2021, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

	<u>April 30, 2021</u>
Purchase consideration - cash	\$ 42,673
Less: Fair value of the identifiable net assets	(42,673)
Goodwill	<u>\$ -</u>
	<u>May 31, 2021</u>
Purchase consideration - cash	\$ 42,697
Less: Fair value of the identifiable net assets	(42,697)
Goodwill	<u>\$ -</u>

As of September 30, 2021, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

B. The Group acquired all the equity interest of Analog World Co., Ltd. ("AWC Company") and part of electronic component distribution business of Analog Tech Systems, Inc. ("ATS Company") and Analogtechsys Limited ("ATL Company").

(a) The Company and the Company's subsidiary, Morrihan International Corp., acquired all the equity interest of AWC Company in cash and part of the electronic component distribution business of ATS Company and ATL Company in the amount of \$397,230 (US\$13,539 thousand) and \$38,149 (US\$1,300 thousand) as resolved by the Board of Directors on July 2, 2020, respectively, and the effective date for the share conversion was set on October 5, 2020. AWC Company, ATS Company and ATL Company are primarily engaged in the distribution and sale of various electronic components. The purpose of the combination is to improve and enhance the Company's ADI product line targeting the Korean market in order to increase the Group's operating performance.

(b) The following table summarizes the consideration paid for AWC Company, ATS Company and ATL Company, and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>October 5, 2020</u>
Purchase consideration	
Cash paid	\$ 435,379
Contingent consideration	<u>6,100</u>
	441,479
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	181,396
Accounts receivable	117,659
Inventories	52,610
Prepayments	1,040
Property, plant and equipment	2,100
Deferred tax assets	1,280
Other non-current assets	10,991
Accounts payable	(43,695)
Other payables	(15,400)
Current income tax liabilities	(2,016)
Other current liabilities	(2,038)
Deferred income tax liabilities	<u>(19,122)</u>
Total identifiable net assets	284,805
Fair value of the identifiable intangible assets acquired - customer relationship	<u>76,780</u>
Goodwill	<u>\$ 79,894</u>

(c) The operating revenue and profit before income tax included in the consolidated statement of comprehensive income since October 5, 2020 contributed by AWC Company was \$251,874 and \$4,490, respectively. Had AWC Company been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of \$353,887,965 and profit before income tax of \$4,822,937.

(34) Supplemental cash flow information

A. Cash paid for property, plant and equipment:

	Nine-month periods ended September 30,	
	2021	2020
Purchase of property, plant and equipment	\$ 111,263	\$ 50,322
Add: Opening balance of payable on equipment	3,456	4,879
Less: Ending balance of payable on equipment	(6,616)	(6,405)
Opening balance of prepayments for business facilities	-	(1,609)
Effect of foreign exchange	-	(3)
Cash paid during the period	<u>\$ 108,103</u>	<u>\$ 47,184</u>

B. Cash paid for business combinations:

	Nine-month periods ended September 30,	
	2021	2020
Purchase of intangible assets	\$ 85,370	\$ -
Less: Opening balance of prepayments	(29,485)	-
Add: Ending balance of prepayments	-	466,477
Cash paid during the period	<u>\$ 55,885</u>	<u>\$ 466,477</u>

C. Financing activities with no cash flow effects

	Nine-month periods ended September 30,	
	2021	2020
Issuance of shares	\$ -	\$ 6,624,000
Acquisition of financial assets at fair value through other comprehensive income	-	(6,624,000)
Conversion of bonds payable	62,411	255,891
Capital surplus of bonds payable conversion	105,194	492,822
Conversion of convertible bonds payable	(167,605)	(748,713)
Cash paid during the period	<u>\$ -</u>	<u>\$ -</u>

On April 21, 2020, the Company issued new shares to exchange shares with ASMedia Technology Inc. Please refer to Note 6(19) for more details.

(35) Changes in liabilities from financing activities

	Short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable (Note)	Lease liability	Liabilities from financing activities-gross
At January 1, 2021	\$ 24,114,455	\$ 747,643	\$ 377,194	\$ 499,922	\$ 25,739,214
Changes in cash flow from financing activities	15,860,624	1,194,636	-	(143,949)	16,911,311
Impact of changes in foreign exchange rate	(90,698)	-	-	(13,911)	(104,609)
Interest expense from amortisation	-	5,239	3,073	-	8,312
Conversion of convertible bonds	-	-	(167,605)	-	(167,605)
Increase in lease liability for the period	-	-	-	113,106	113,106
At September 30, 2021	<u>\$ 39,884,381</u>	<u>\$ 1,947,518</u>	<u>\$ 212,662</u>	<u>\$ 455,168</u>	<u>\$ 42,499,729</u>

	Short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable	Lease liability	Liabilities from financing activities-gross
At January 1, 2020	\$ 26,116,068	\$ 463,840	\$ 1,124,091	\$ 572,573	\$ 28,276,572
Changes in cash flow from financing activities	1,955,268	167,860	-	(125,989)	1,997,139
Impact of changes in foreign exchange rate	(18,736)	-	-	(7,464)	(26,200)
Interest expense from amortisation	-	5,816	6,356	-	12,172
Conversion of convertible bonds	-	-	(748,713)	-	(748,713)
Increase in lease liability for the period	-	-	-	68,093	68,093
At September 30, 2020	<u>\$ 28,052,600</u>	<u>\$ 637,516</u>	<u>\$ 381,734</u>	<u>\$ 507,213</u>	<u>\$ 29,579,063</u>

Note: Including long-term loans, current portion and bonds payable

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
JCD Optical Corporation Limited	Indirectly reinvested associate of the Company
JCD Optical Corporation	Indirectly reinvested associate of the Company
Qwave Technology Co., Ltd.	Indirectly reinvested associate of the Company
Brillnics (HK) Limited	Indirectly reinvested associate of the Company
WPG Holding Co., Ltd. and Subsidiaries (Note 1)	Entity with significant influence over the Group
ASUSTeK Computer Inc. and Subsidiaries (Note 2)	Entity with significant influence over the Group
Note 1: On January 30, 2020, WPG Holdings Limited acquired 177,110 thousand shares of the Company and became the related party who has significant influence over the Group.	
Note 2: On April 21, 2020, ASUSTeK Computer Inc.'s subsidiary, ASMedia Technology Inc., became a related party with significant influence over the Group by exchanging shares with the Company and acquiring 171,000 thousand shares of the Company.	

(2) Significant related party transactions

A. Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
- Entity with significant influence over the Group	\$ 1,384,272	\$ 626,111
- Associates	(13)	-
	<u>\$ 1,384,259</u>	<u>\$ 626,111</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
- Entity with significant influence over the Group	\$ 3,107,587	\$ 1,191,730
- Associates	839	822
	<u>\$ 3,108,426</u>	<u>\$ 1,192,552</u>

The collection terms with related parties were 45 to 120 days and the products were categorised and priced after referring to the inventory cost, market and other transaction conditions.

B. Purchases

	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
- Entity with significant influence over the Group	\$ 435,996	\$ 294,013
- Associates	<u>6,586</u>	<u>9,177</u>
	<u>\$ 442,582</u>	<u>\$ 303,190</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
- Entity with significant influence over the Group	\$ 938,831	\$ 517,721
- Associates	<u>19,227</u>	<u>25,734</u>
	<u>\$ 958,058</u>	<u>\$ 543,455</u>

The credit term to related parties is 30 to 45 days and the purchase prices were categorised and priced after referring to market prices and other transaction conditions.

C. Receivables from related parties

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable:			
- Entity with significant influence over the Group	\$ 634,390	\$ 193,079	\$ 192,612
- Associates	<u>-</u>	<u>723</u>	<u>-</u>
	<u>\$ 634,390</u>	<u>\$ 193,802</u>	<u>\$ 192,612</u>

D. Payables to related parties

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable:			
- Entity with significant influence over the Group	\$ 117,291	\$ 75,937	\$ 119,046
- Associates	<u>1,860</u>	<u>2,139</u>	<u>3,249</u>
	<u>\$ 119,151</u>	<u>\$ 78,076</u>	<u>\$ 122,295</u>

E. Loans to others

Loans to related parties:

(a) Outstanding balance (shown as 'other receivables'):

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
- Associate			
Brillnics (HK) Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,984</u>

The above loan was collected during the year ended December 31, 2020. For the nine-month period ended September 30, 2020, the interest rate for the above loan to related party was 2.1%~2.6%.

(b) Interest income

	Three-month periods ended September 30,	
	2021	2020
- Associate	\$ -	\$ 1,066
	Nine-month periods ended September 30,	
	2021	2020
- Associate	\$ -	\$ 3,150

(3) Key management compensation

	Three-month periods ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 33,213	\$ 18,705
Post-employment benefits	171	157
Share-based payment	5,010	-
	\$ 38,394	\$ 18,862
	Nine-month periods ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 58,824	\$ 45,315
Post-employment benefits	400	291
Share-based payment	8,223	-
	\$ 67,447	\$ 45,606

8. PLEDGED ASSETS

The details of the Group's assets pledged as collateral are as follows:

Pledged asset	Purpose	Book value		
		September 30, 2021	December 31, 2020	September 30, 2020
Other current assets:				
Bank deposits	Bid bond	\$ 2,696	\$ 2,763	\$ 2,825

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Outstanding letters of credit

The amounts of outstanding letters of credit for the purchase of inventories by the Group are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Outstanding letters of credit	\$ 9,872,058	\$ 8,096,213	\$ 7,333,680

B. Guarantee for customs duties

The total guarantee for customs duties is as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Customs duties guarantee	\$ 37,000	\$ 41,000	\$ 31,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the financial debt ratio. This ratio is calculated as total liabilities with interests divided by total net assets. Total liabilities with interest is calculated as total amount of long-term and short-term borrowings, short-term bills payable and corporate bonds payable in the consolidated balance sheet. Total equity is calculated as the 'equity' in the consolidated balance sheet.

In the third half of 2021 and 2020, the Group's strategy was to maintain the financial debt ratio below 250%.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss (Note 1)	\$ 262,288	\$ 128,181	\$ 41,365
Financial assets at fair value through other comprehensive income (Note 2)	33,197,990	29,487,558	27,902,927
Financial assets at amortised cost (Note 3)	<u>65,005,148</u>	<u>51,386,108</u>	<u>41,791,482</u>
	<u>\$ 98,465,426</u>	<u>\$ 81,001,847</u>	<u>\$ 69,735,774</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss (Note 4)	\$ 6,338	\$ -	\$ 1,821
Financial liabilities at amortised cost (Note 5)	<u>117,087,970</u>	<u>81,912,793</u>	<u>76,266,744</u>
	<u>\$ 117,094,308</u>	<u>\$ 81,912,793</u>	<u>\$ 76,268,565</u>
Lease liability	<u>\$ 455,168</u>	<u>\$ 499,922</u>	<u>\$ 507,213</u>

Note 1: Financial assets mandatorily measured at fair value through profit or loss.

Note 2: Including notes receivable and accounts receivable that are expected to be factored (net) and equity instrument.

Note 3: Including cash and cash equivalents, notes receivable and accounts receivable that are not expected to be factored (net), other receivables, guarantee deposits paid and other current assets.

Note 4: Held for trading.

Note 5: Including short-term borrowings, short-term notes and bills payable, accounts payable, other payables, long-term liabilities - current portion, bonds payable, long-term borrowings and guarantee deposits received.

B. Risk management policies

- (a) 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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk. In addition, foreign exchange risk is managed by matching the payment periods of foreign currency assets and liabilities.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk is provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at

fair value through profit or loss are provided in Note 6(2).

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: RMB and KRW). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2021					
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 2,669,775	27.795	\$ 74,206,396	1%	\$ 742,064
USD:RMB	743	6.4655	20,652	1%	207
USD:KRW	13,092	1,181.8	363,892	1%	3,639
<u>Non-monetary items</u>					
USD:NTD	3,315	27.795	92,138		
<u>Foreign operations</u>					
USD:NTD	422,922	27.795	11,736,990		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,717,882	27.795	75,543,530	1%	755,435
USD:RMB	138,600	6.4655	3,852,387	1%	38,524
USD:KRW	19,695	1,181.8	547,423	1%	5,474

December 31, 2020

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 2,419,167	28.480	\$ 68,897,876	1%	\$ 688,979
USD:RMB	534	6.5351	15,208	1%	152
USD:KRW	15,112	1,093.2	430,390	1%	4,304
<u>Non-monetary items</u>					
USD:NTD	15,612	28.480	444,620		
<u>Foreign operations</u>					
USD:NTD	411,874	28.480	11,717,189		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,643,970	28.480	75,300,266	1%	753,003
USD:RMB	91,026	6.5351	2,592,420	1%	25,924
USD:KRW	11,715	1,093.2	333,643	1%	3,336

September 30, 2020

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 1,771,157	29.120	\$ 51,576,092	1%	\$ 515,761
USD:RMB	817	6.8206	23,791	1%	238
USD:KRW	9,605	1,173.5	279,698	1%	2,797
<u>Non-monetary items</u>					
USD:NTD	10,500	29.120	305,774		
<u>Foreign operations</u>					
USD:NTD	387,964	29.120	11,291,128		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,045,868	29.120	59,575,676	1%	595,757
USD:RMB	54,112	6.8206	1,575,741	1%	15,757
USD:KRW	10,390	1,173.5	302,557	1%	3,026

- v. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 amounted to \$(4,984), \$182,173, \$135,721 and \$185,842, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares, beneficiary certificates and bonds issued by the domestic and 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 nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$1,556 and \$240, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$101,240 and \$81,654, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates and advance receipt of factoring accounts receivable, which expose the Group to cash flow interest rate risk. During the nine-month periods ended September 30, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in US Dollars.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 25 basis point with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2021 and 2020 would have decreased/increased by \$68,121 and \$54,800, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(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.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only approved by FSC are accepted. According to

the credit policy, each local entity in the Group is responsible for managing and analysing 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 or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 180 days.
- iv. The ageing analysis of accounts receivable (including overdue receivables) and notes receivable is as follows:

	Notes and accounts receivable		
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not past due	\$ 70,971,567	\$ 58,328,103	\$ 46,777,080
Up to 90 days	4,545,056	2,622,629	3,068,242
91 to 180 days	33,412	15,279	100,950
Over 180 days	<u>587,660</u>	<u>589,626</u>	<u>603,641</u>
	<u>\$ 76,137,695</u>	<u>\$ 61,555,637</u>	<u>\$ 50,549,913</u>

- (i) The above ageing analysis was based on days past due.
- (ii) Abovementioned notes receivable are not past due.
- v. The Group assesses the expected credit losses of its accounts receivable as follows:
 - (i) Accounts receivable that are significantly past due are assessed individually for their expected credit losses;
 - (ii) The remaining receivables are segmented according to the Group's credit ratings of its customers. Different loss rates or provision matrices are applied to the different segments when estimating expected credit losses;
 - (iii) Loss rates, calculated from historical and current information, are adjusted according to forward-looking information such as the business indicators published by the National Development Council.
 - (iv) As of September 30, 2021, December 31, 2020 and September 30, 2020, loss allowances of accounts receivable and notes receivable calculated from individual assessment or using the loss rate methodology and provision matrix are as follows:

<u>September 30, 2021</u>	<u>Individual</u>	<u>Group A & B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	99.45%	0.03%	0.10%~51.02%	2.98%~30.18%	
Total book value	\$ 580,432	\$ 49,083,366	\$ 24,635,501	\$ 1,838,396	\$ 76,137,695
Loss allowance	\$ 577,220	\$ 14,725	\$ 50,330	\$ 58,788	\$ 701,063
<u>December 31, 2020</u>					
Expected loss rate	97.29%	0.03%	0.14%~49.58%	3.37%~29.89%	
Total book value	\$ 590,297	\$ 39,190,397	\$ 20,354,263	\$ 1,420,680	\$ 61,555,637
Loss allowance	\$ 574,301	\$ 11,757	\$ 71,481	\$ 47,806	\$ 705,345
<u>September 30, 2020</u>					
Expected loss rate	95.74%	0.03%	0.15%~52.8%	6.67%~24.89%	
Total book value	\$ 610,269	\$ 30,714,434	\$ 18,213,904	\$ 1,011,306	\$ 50,549,913
Loss allowance	\$ 584,274	\$ 9,214	\$ 43,309	\$ 72,910	\$ 709,707

Group A: Customers with excellent credit rating

Group B: Customers with fine credit rating

Group C: Customers with normal credit rating

Group D: Rated as other than A, B and C

- vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including overdue receivables) are as follows:

	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 705,345	\$ 1,256,198
Provision for impairment	2,627	24,527
Write-off	-	(555,281)
Effect of exchange rate changes	(6,909)	(15,737)
At September 30	<u>\$ 701,063</u>	<u>\$ 709,707</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(16)) at all times 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 internally assessed financial ratio targets and, if applicable, external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. The Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts,

and expects to readily generate cash inflows for managing 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2021

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Lease liability	\$ 192,830	\$ 253,838	\$ 34,021	\$ 480,689
Long-term borrowings	-	5,003,100	-	5,003,100
Bonds payable	214,600	-	-	214,600
	<u>\$ 407,430</u>	<u>\$ 5,256,938</u>	<u>\$ 34,021</u>	<u>\$ 5,698,389</u>

December 31, 2020

Lease liability	\$ 184,803	\$ 294,799	\$ 58,364	\$ 537,966
Long-term borrowings	-	800,000	-	800,000
Bonds payable	-	384,100	-	384,100
	<u>\$ 184,803</u>	<u>\$ 1,478,899</u>	<u>\$ 58,364</u>	<u>\$ 1,722,066</u>

September 30, 2020

Lease liability	\$ 169,231	\$ 312,618	\$ 64,974	\$ 546,823
Bonds payable	-	389,900	-	389,900
	<u>\$ 169,231</u>	<u>\$ 702,518</u>	<u>\$ 64,974</u>	<u>\$ 936,723</u>

Except for the above, the Group's non-derivative financial liabilities are due in one year.

Derivative financial liabilities

As of September 30, 2021, December 31, 2020 and September 30, 2020, all derivative financial liabilities of the Group are due in one year.

- iv. 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, open-end funds and debt instrument are 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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10).
- C. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, accounts payable, other payables, corporate bonds payable and long-term borrowings, are approximate to their fair values.
- D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks are as follows:
- (a) The related information on the nature of the assets and liabilities is as follows:

September 30, 2021

	<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				
Beneficiary certificates	\$ 42,582	\$ -	\$ 206,808	\$ 249,390
Equity securities	9,623	-	-	9,623
Overseas bonds	329	-	-	329
Derivative instrument	-	2,946	-	2,946
Financial assets at fair value through other comprehensive income				
Equity securities	16,752,341	-	121,055	16,873,396
Accounts receivable that are expected to be factored	-	16,324,594	-	16,324,594
	<u>\$ 16,804,875</u>	<u>\$ 16,327,540</u>	<u>\$ 327,863</u>	<u>\$ 33,460,278</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instrument	<u>\$ -</u>	<u>\$ 6,338</u>	<u>\$ -</u>	<u>\$ 6,338</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				
Beneficiary certificates	\$ 13,135	\$ -	\$114,697	\$ 127,832
Overseas bonds	349	-	-	349
Financial assets at fair value through other comprehensive income				
Equity securities	15,115,709	-	83,683	15,199,392
Accounts receivable that are expected to be factored	-	14,288,166	-	14,288,166
	<u>\$15,129,193</u>	<u>\$14,288,166</u>	<u>\$198,380</u>	<u>\$ 29,615,739</u>

September 30, 2020

Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instrument	\$ -	\$ 1,351	\$ -	\$ 1,351
Beneficiary certificates	10,525	-	29,120	39,645
Overseas bonds	369	-	-	369
Financial assets at fair value through other comprehensive income				
Equity securities	13,553,855	-	55,083	13,608,938
Accounts receivable that are expected to be factored	-	14,293,989	-	14,293,989
	<u>\$13,564,749</u>	<u>\$14,295,340</u>	<u>\$ 84,203</u>	<u>\$ 27,944,292</u>

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through profit or loss

Derivative instrument	<u>\$ -</u>	<u>\$ 1,821</u>	<u>\$ -</u>	<u>\$ 1,821</u>
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(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. 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>	<u>Open-end fund</u>	<u>Corporate bonds</u>
Market quoted price	Closing price	Net asset value	Weighted average quoted price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. 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.
- iii. When assessing non-standard and low-complexity financial instruments, for example, cross currency swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. 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, model risk or liquidity risk and 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.
- vi. 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 Group's credit quality.

E. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2021 and 2020:

	<u>Equity securities and beneficiary certificates</u>	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 198,380	\$ 55,983
Acquired in the period	128,071	29,822
Losses recognised in profit or loss	(7,223)	-
Gains recognised in other comprehensive income	10,570	-
Effect of exchange rate changes	(1,935)	(1,602)
At September 30	<u>\$ 327,863</u>	<u>\$ 84,203</u>

For the nine-month periods ended September 30, 2021 and 2020, there was no transfer into or out from Level 3.

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

	<u>Fair value at</u>		<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>September</u>	<u>Valuation</u>	<u>unobservable</u>	<u>(weighted</u>	<u>of inputs</u>
	<u>30, 2021</u>	<u>technique</u>	<u>input</u>	<u>average)</u>	<u>to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 19,881	Market comparable companies	Price to earnings ratio multiple	1.32 ~2.69 (2.13)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
	24,339	Discounted cash flow method	Weighted average cost of capital	11.01%	The higher the weighted average cost of capital, discount for lack of control and discount for lack of marketability, the lower the fair value; the higher the long-term revenue growth rate, the higher the fair value
			Discount for lack of control	37.38%	
			Discount for lack of marketability	30%	
			Long-term revenue growth rate	2.13%	
	41,693	Most recent non-active market price	Not applicable	-	Not applicable
Venture capital shares	35,142	Net asset value	Not applicable	-	Not applicable
Private equity fund	206,808	Most recent non-active market price	Not applicable	-	Not applicable

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 5,963	Market comparable companies	Price to earnings ratio multiple	1.32 ~2.69 (2.13)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
	28,480	Discounted cash flow method	Weighted average cost of capital	8.22% ~12.51%	The higher the weighted average cost of capital, discount for lack of control and discount for lack of marketability, the lower the fair value; the higher the long-term revenue growth rate, the higher the fair value
			Discount for lack of control	10%	
			Discount for lack of marketability	5%~8%	
			Long-term revenue growth rate	6.1% ~219.3%	
	14,240	Most recent non- active market price	Not applicable	-	Not applicable
Venture capital shares	35,000	Net asset value	Not applicable	-	Not applicable
Private equity fund	114,697	Most recent non- active market price	Not applicable	-	Not applicable
	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 55,083	Discounted cash flow method	Weighted average cost of capital	8.22% ~12.51%	The higher the weighted average cost of capital, discount for lack of control and discount for lack of marketability, the lower the fair value; the higher the long-term revenue growth rate, the higher the fair value
			Discount for lack of control	10%	
			Discount for lack of marketability	5%~8%	
			Long-term revenue growth rate	6.1% ~219.3%	
Private equity fund	29,120	Net asset value	Not applicable	-	Not applicable

(4) Other matter

The Group has adopted relevant prevention measures in response to the Covid-19 pandemic and the government's multiple pandemic prevention programs. The pandemic had no significant impact on the Group's operations and business as of and for the nine-month period ended September 30, 2021.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- 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: None.
- 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 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the development and sales of electronic and communication components. The chief operating decision maker considered the business and determined to separate segments from a perspective of sales region, which are mainly divided into Greater China, South Asia and North Asia. The Group has identified the Greater China shall be a reportable operating segment, and for other segments which have not met the quantitative threshold are not disclosed individually.

The Group's operating segment information is prepared in accordance with the Group's accounting policies. The chief operating decision maker allocates resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax of individual operating segment.

(2) Financial information of reportable segment

The financial information on reportable segment provided to the chief operating decision maker is as follows:

	<u>Greater China Region</u>	
	<u>Three-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue from external customers	<u>\$ 105,796,675</u>	<u>\$ 86,858,510</u>
Segment income	<u>\$ 2,734,575</u>	<u>\$ 1,395,625</u>
Segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>

	<u>Greater China Region</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Revenue from external customers	<u>\$ 288,109,454</u>	<u>\$ 226,516,912</u>
Segment income	<u>\$ 6,795,103</u>	<u>\$ 3,091,134</u>
Segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>

Note: The chief operating decision maker does not use the measured amount of the assets as a measurement indicator; therefore, the measured amount of the Group's assets shall be disclosed as zero.

(3) Reconciliation information on reportable segment revenue and profit (loss)

A reconciliation of reportable segment income or loss to the income / (loss) before tax from continuing operations is as follows:

	Three-month periods ended September 30,	
Operating revenue	2021	2020
Total reported segment revenue	\$ 105,796,675	\$ 86,858,510
Other operating segment revenue	13,307,995	5,003,529
Total operating revenue	<u>\$ 119,104,670</u>	<u>\$ 91,862,039</u>

	Nine-month periods ended September 30,	
Operating revenue	2021	2020
Total reported segment revenue	\$ 288,109,454	\$ 226,516,912
Other operating segment revenue	30,737,983	17,544,972
Total operating revenue	<u>\$ 318,847,437</u>	<u>\$ 244,061,884</u>

	Three-month periods ended September 30,	
Profit and loss	2021	2020
Income of reported segment	\$ 2,734,575	\$ 1,395,625
Income of other operating segments	245,881	51,170
Income before income tax from continuing operations	<u>\$ 2,980,456</u>	<u>\$ 1,446,795</u>

	Nine-month periods ended September 30,	
Profit and loss	2021	2020
Income of reported segment	\$ 6,795,103	\$ 3,091,134
Income of other operating segments	650,185	127,004
Income before income tax from continuing operations	<u>\$ 7,445,288</u>	<u>\$ 3,218,138</u>

WT Microelectronics Co., Ltd. and subsidiaries
Loans to others
Nine-month period ended September 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the period ended September 30, 2021	Balance at September 30, 2021	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party		Ceiling on total loans granted	Footnote
												Item	Value				
1	WT TECHNOLOGY (H.K.) LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	\$ 85,530	\$ 83,385	\$ 83,385	0.75%	Short-term financing	\$ -	Business Operation	\$ -	-	\$ -	\$ 102,934	\$ 102,934	Note 2
2	LACEWOOD INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	199,570	-	-	0.80%	Short-term financing	-	Business Operation	-	-	-	82,436	82,436	Note 2
3	WINTech MICROELECTRONICS HOLDING LIMITED	BRILLNICS (HK) LIMITED	Other receivables - related parties	Y	107,882	-	-	0.80%	Short-term financing	-	Business Operation	-	-	-	971,617	3,886,470	Note 3
3	WINTech MICROELECTRONICS HOLDING LIMITED	WINTech MICROELECTRONICS LTD.	Other receivables - related parties	Y	741,260	722,670	625,388	0.80%	Short-term financing	-	Business Operation	-	-	-	9,716,174	9,716,174	Note 2
4	BSI SEMICONDUCTOR PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	282,249	275,171	275,171	1.10%~1.30%	Short-term financing	-	Business Operation	-	-	-	510,361	510,361	Note 2
5	MSD HOLDING PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	79,828	77,826	77,826	1.20%	Short-term financing	-	Business Operation	-	-	-	86,834	86,834	Note 2

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: The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries and limit on loans granted by an overseas subsidiary to a single overseas subsidiary are the Creditor's net assets.

Note 3: The policy for loans between the Company and subsidiaries is as follows: limit on loans granted by subsidiary to a single party is 10% of the subsidiary's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an subsidiary is 40% of the subsidiary's net assets.

Note 4: The policy for loans between the Company and subsidiaries and companies with short-term capital needs is as follows: limit on loans granted by the Company and subsidiaries to a single party is 30% of the company's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an company is 40% of the company's net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

WT Microelectronics Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
Nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser / guarantor (Note 2)	Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of September 30, 2021	Outstanding endorsement / guarantee amount at September 30, 2021	Actual amount drawn down	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)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	2	\$ 39,748,023	\$ 800,000	\$ 800,000	\$ 800,000	-	1.61%	\$ 39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	2	39,748,023	142,550	138,975	121,865	-	0.28%	39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	2	39,748,023	1,140,400	1,111,800	-	-	2.24%	39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	2	39,748,023	2,138,250	2,084,625	1,389,750	-	4.20%	39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	2	39,748,023	59,871	58,370	25,897	-	0.12%	39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	2	39,748,023	1,426	1,390	150	-	0.00%	39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN SINGAPORE PTE. LTD.	2	39,748,023	285,100	277,950	-	-	0.56%	39,748,023	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	2	39,748,023	4,681,432	4,681,432	2,179,593	-	9.42%	39,748,023	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	2	39,748,023	1,558,510	1,545,968	644,850	-	3.11%	39,748,023	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	2	39,748,023	1,473,135	1,473,135	1,323,433	-	2.96%	39,748,023	Y	N	N	
1	TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL INC.	1	1,474,433	2,000	1,000	1,000	-	0.05%	1,474,433	N	N	N	Note 4
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN INTERNATIONAL CORP.	1	3,236,485	25,000	25,000	25,000	-	0.62%	3,236,485	N	N	N	Note 4
3	MAXTEK TECHNOLOGY CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	1	1,568,223	6,000	2,000	2,000	-	0.10%	1,568,223	N	N	N	Note 4
4	HONGTECH ELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	1	315,286	9,000	9,000	9,000	-	2.28%	315,286	N	N	N	Note 4

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 three categories:

- (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 endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: The total endorsements and guarantees of the Company to others or mutually between subsidiaries should not be in excess of 80% of the endorser/ guarantor's net assets, and for a single party the Company and its subsidiaries hold more than 50% of common shares should not be in excess of 80% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

Note 4: The Company's subsidiaries' guarantee for customs duties to itself.

WT Microelectronics Co., Ltd. and subsidiaries
Holding of marketable securities (not including subsidiaries, associates and joint ventures)
Nine-month period ended September 30, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note 1)	As of September 30, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
WT MICROELECTRONICS CO., LTD.	Common stock	TERAWINS, INC.	None	2	666,248	\$ 19,881	2.19	\$ 19,881	
WT MICROELECTRONICS CO., LTD.	Common stock	AIPTEK INTERNATIONAL INC.	None	2	106,638	-	0.26	-	
WT MICROELECTRONICS CO., LTD.	Common stock	SANJET TECHNOLOGY CORP.	None	2	43,588	-	0.14	-	
WT MICROELECTRONICS CO., LTD.	Common stock	CORERIVER SEMICONDUCTOR CO., LTD.	None	2	28,570	-	0.73	-	
WT MICROELECTRONICS CO., LTD.	Limited Partnership	FORYOU VENTURE CAPITAL LIMITED PARTNERSHIP	None	2	-	35,142	9.62	35,142	
WT MICROELECTRONICS CO., LTD.	Common stock	ASMEDIA TECHNOLOGY INC.	None	2	9,000,000	15,030,000	13.00	15,030,000	
WT MICROELECTRONICS CO., LTD.	Funds	YUANTA GLOBAL NEXGEN COMMUNICATION INNOVATIVE TECHNOLOGY ETF	None	3	350,000	10,122	-	10,122	
WT MICROELECTRONICS CO., LTD.	Private equity	FUH HWA ENERGY - EFFICIENT FUND	None	4	8,700,000	83,433	-	83,433	
WT MICROELECTRONICS CO., LTD.	Funds	FUH HWA TAIWAN GOOD INCOME FUND TWD	None	4	3,000,000	32,460	-	32,460	
WT MICROELECTRONICS CO., LTD.	Common stock	SINO-AMERICAN SILICON PRODUCTS INC.	None	2	7,889,000	1,431,853	1.35	1,431,853	
WT MICROELECTRONICS CO., LTD.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	1,043,000	35,671	0.85	35,671	
WT MICROELECTRONICS CO., LTD.	Private equity	FUH HWA AIOT VISION FUND	None	4	10,010,010	97,598	-	97,598	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	LIFEMAX HEALTHCARE INTERNATIONAL CORPORATION	None	2	2,702,703	24,339	0.79	24,339	
WINTech MICROELECTRONICS HOLDING LTD.	Bonds	EXXON MOBIL CORPORATION	None	4	100	329	-	329	
WINTech MICROELECTRONICS HOLDING LTD.	Private equity	CATHAY PRIVATE EQUITY ECOLOGY LIMITED PARTNERSHIP	None	4	-	25,777	-	25,777	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	AVIVA TECHNOLOGY HOLDING	None	2	329,517	41,693	4.26	41,693	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	3	668,226	9,623	0.22	9,623	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	2	5,950,369	85,685	1.98	85,685	
MAXTEK TECHNOLOGY CO., LTD.	Common stock	FITIPower INTEGRATED TECHNOLOGY INC.	None	2	865,125	169,132	0.46	169,132	

Note 1 : Code of general ledger accounts: 1- Financial assets at fair value through other comprehensive income - current

2- Financial assets at fair value through other comprehensive income - non-current

3- Financial assets at fair value through profit or loss - current

4- Financial assets at fair value through profit or loss - non-current

WT Microelectronics Co., Ltd. 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
Nine-month period ended September 30, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2021 (Note 1)		Addition		Disposal			Balance as at September 30, 2021 (Note 2)		
					No. of shares	Amount	No. of shares	Amount	No. of shares	Selling price	Book value	Gain (loss) on disposal	No. of shares	Amount
WT MICROELECTRONICS CO., LTD.	SINO-AMERICAN SILICON PRODUCTS INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	403,000	\$ 65,729	7,486,000	\$1,255,525	-	-	-	-	7,889,000	\$ 1,431,853
MAXTEK TECHNOLOGY CO., LTD.	FITIPOWER INTEGRATED TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	2,967,505	10,179	71,620	18,263	2,174,000	368,137	7,457	360,680	865,125	169,132
HONGTECH ELECTRONICS CO., LTD.	FITIPOWER INTEGRATED TECHNOLOGY INC.	Financial assets at fair value through other comprehensive income - non-current	-	-	759,652	2,606	-	-	759,652	102,553	2,606	99,947	-	-
WINTECH MICROELECTRONICS HOLDING LTD.	AMBARELLA INC.	Financial assets at fair value through other comprehensive income - current	-	-	142,664	9,997	-	-	142,664	429,425	9,997	419,428	-	-

Note 1 : The balance as at January 1, 2021 and addition amount are presented in initial investment amount.

Note 2 : The balance as at September 30, 2021 includes the unrealised gain (loss) from financial assets measured at fair value.

WT Microelectronics Co., Ltd. and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Nine-month period ended September 30, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	\$ 59,447,966	24	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 7,807,943	18
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	26,428,124	11	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	4,265,574	10
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	11,620,788	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	5,614,094	13
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	9,906,710	4	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	2,437,824	6
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	7,613,360	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	1,457,507	3
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	3,701,199	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	607,974	1
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	1,854,839	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	271,145	1
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	790,978	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	441,790	1
WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	447,350	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	4,706	-
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	212,997	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	5,078,387	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	4,107,255	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(602,982)	1
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	718,651	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(88,723)	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	390,202	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-
WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Purchases	156,622	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(53,241)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	\$ 2,680,990	16	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	\$ 700,002	17
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	2,416,004	14	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	853,553	21
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	1,109,873	6	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	64,163	2
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	232,612	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	187,599	5
NUVISION TECHNOLOGY INC.	WINTech MICROELECTRONICS LTD.	Affiliates	Sales	224,513	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	148,855	4
NUVISION TECHNOLOGY INC.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	106,796	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	50,737	1
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	16,512,133	15	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	3,817,839	19
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,041,401	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	389,928	2
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	705,458	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	136,853	1
MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	665,547	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	38,952	-
MORRIHAN INTERNATIONAL CORP.	WINTech MICROELECTRONICS LTD.	Affiliates	Sales	538,640	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	235,082	1
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	342,027	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	86,454	-
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	741,142	12	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	232,094	12
TECHMOSA INTERNATIONAL INC.	WINTech MICROELECTRONICS LTD.	Affiliates	Sales	324,139	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	49,900	3
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	1,862,845	43	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	337,553	25
WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	8,188,808	73	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	3,059,006	80
WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	2,987,226	27	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	777,849	20

WT Microelectronics Co., Ltd. and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	\$ 7,807,943	6.03	\$ -		\$ 6,178,605	\$ -
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	4,265,574	12.55	-		402,749	-
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	5,614,094	5.16	-		-	-
WT MICROELECTRONICS CO., LTD.	WINTech MICROELECTRONICS LTD.	Affiliates	2,437,824	7.47	-		431,087	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	1,457,507	7.72	-		674,863	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	607,974	9.76	-		261,323	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	271,145	16.11	-		124,638	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	441,790	4.77	-		-	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	602,982	9.48	-		-	-
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	700,002	7.45	-		-	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	853,553	3.91	-		-	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	187,599	2.97	-		-	-
NUVISION TECHNOLOGY INC.	WINTech MICROELECTRONICS LTD.	Affiliates	148,855	3.43	-		-	-
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	3,817,839	8.12	-		-	-
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	389,928	3.43	-		-	-
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	136,853	7.98	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	\$ 235,082	3.44	\$ -		\$ -	\$ -
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	232,094	3.91	-		-	-
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	337,553	11.94	-		337,553	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	3,059,006	4.64	-		519,656	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	777,849	4.93	-		-	-

Note: For information on loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
Nine-month period ended September 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)		Transaction terms	Percentage of total operating revenues or total assets (Note 5)
				General ledger account	Amount		
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	\$ 59,447,966	(Note 3)	19
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Accounts receivable	7,807,943	(Note 3)	5
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	26,428,124	(Note 3)	8
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	4,265,574	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	11,620,788	(Note 3)	4
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Accounts receivable	5,614,094	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	9,906,710	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	2,437,824	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	7,613,360	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	1,457,507	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	3,701,199	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	607,974	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	1,854,839	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Accounts receivable	271,145	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	790,978	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Accounts receivable	441,790	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	447,350	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	212,997	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	5,078,387	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	4,107,255	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Accounts payable	602,982	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	718,651	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	390,202	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Purchases	156,622	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	2,680,990	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	700,002	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	2,416,004	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	853,553	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	1,109,873	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	232,612	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	187,599	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	224,513	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	148,855	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	106,796	(Note 3)	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4)			Percentage of total operating revenues or total assets (Note 5)
				General ledger account	Amount	Transaction terms	
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	\$ 16,512,133	(Note 3)	5
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	3,817,839	(Note 3)	2
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,041,401	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	389,928	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	705,458	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Accounts receivable	136,853	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	665,547	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	538,640	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	235,082	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	342,027	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	741,142	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	232,094	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	324,139	(Note 3)	-
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	1,862,845	(Note 3)	1
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Accounts receivable	337,553	(Note 3)	-
5	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	8,188,808	(Note 3)	3
5	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Accounts receivable	3,059,006	(Note 3)	2
5	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	2,987,226	(Note 3)	1
5	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Accounts receivable	777,849	(Note 3)	-

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: The prices and terms to related parties were similar to third parties. The credit term is 90 days after the end of each month.

Note 4: For sales, purchases and account receivables, transactions reaching NT\$100 million or 20% of paid-in capital or more should be disclosed.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd. and subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

Nine-month period ended September 30, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance at September 30, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	\$ 3,644,147	\$ 3,644,147	115,323,691	99.65	\$ 9,669,291	\$ 557,406	\$ 557,406	Subsidiary
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Taiwan	Sale of electronic components	1,781,829	1,781,829	73,949,070	100.00	2,412,284	640,447	640,447	Subsidiary
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Taiwan	Sale of electronic components	3,106,620	3,106,620	283,760,000	100.00	4,045,547	1,039,013	1,039,013	Subsidiary
WT MICROELECTRONICS CO., LTD.	BSI SEMICONDUCTOR PTE. LTD.	Singapore	Sale of electronic components	486,289	486,289	7,544,002	100.00	731,343	14,566	14,566	Subsidiary
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Taiwan	Sale of electronic components	323,030	323,030	28,216,904	99.91	1,019,216	533,700	533,220	Subsidiary
WT MICROELECTRONICS CO., LTD.	MILESTONE INVESTMENT CO., LTD.	Taiwan	General investment	61,985	61,985	4,500,000	100.00	103,548	1,962	1,962	Subsidiary
WT MICROELECTRONICS CO., LTD.	SINYIE INVESTMENT CO., LTD.	Taiwan	General investment	52,000	52,000	2,900,000	100.00	44,818	-	-	Subsidiary
WT MICROELECTRONICS CO., LTD.	MSD HOLDINGS PTE. LTD.	Singapore	Sale of electronic components	215,559	215,559	200,001	100.00	204,758	2,737	2,737	Subsidiary
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	1,895,949	1,895,949	70,220,331	100.00	2,206,581	91,547	91,547	Subsidiary
WT MICROELECTRONICS CO., LTD.	ANALOG WORLD CO., LTD.	South Korea	Sale of electronic components	397,230	397,230	120,000	100.00	396,265	22,649	8,484	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	PROMISING INVESTMENT LIMITED	Mauritius	General investment	1,732,532	1,732,532	62,332,506	100.00	4,296,744	531,023	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH INVESTMENT CO., LTD.	Belize	General investment	584,277	584,277	21,020,957	100.00	1,078,147	51,776	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Belize	Sale of electronic components	83,388	83,388	3,000,100	100.00	53,919	(3,829)	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LIMITED	British Virgin Islands	Holding company	139	139	5,000	100.00	5	-	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance at September 30, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
WINTECH MICROELECTRONICS HOLDING LIMITED	WT TECHNOLOGY PTE. LTD.	Singapore	Sale of electronic components	\$ 138,975	\$ 138,975	5,000,000	100.00	\$ 1,977,181	\$ 85	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	JCD OPTICAL (CAYMAN) CO., LTD.	Cayman Islands	Holding company	65,983	65,983	5,869,093	19.80	38,493	(8,493)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	ANIUS ENTERPRISE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	MEGA SOURCE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	JOY CAPITAL LTD.	Seychelles	General investment	33,354	33,354	1,200,000	17.65	20,779	(2,452)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	RAINBOW STAR GROUP LIMITED	British Virgin Islands	General investment	27,795	27,795	18,924	24.65	26,833	(1,775)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	BRILLNICS INC.	Cayman Islands	Holding company	1,083,004	795,271	49,336,630	62.14	195,534	(103,229)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Hong Kong	Sale of electronic components	348,206	348,206	12,527,632	100.00	2,358,450	333,990	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	NINO CAPITAL CO., LTD.	Samoa	Holding company	8,644	8,644	311,000	100.00	30,762	(3,494)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	RICH WEB LTD.	British Virgin Islands	Holding company	638,574	638,574	22,974,430	100.00	798,337	33,916	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT TECHNOLOGY (H.K.) LIMITED	Hong Kong	Sale of electronic components	3,571	3,571	1,000,000	100.00	102,934	517	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT SOLOMON QCE LIMITED	Hong Kong	Sale of electronic components	737,575	737,575	110,000,000	100.00	1,006,259	166,094	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	30,720	30,720	1,500,000	100.00	291,471	39,470	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT MICROELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Sale of electronic components	3,320	3,320	500,000	100.00	2,536	(163)	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	506,061	506,061	3,800,000	95.47	783,524	11,683	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS (THAILAND) LIMITED.	Thailand	Sale of electronic components	2,468	2,468	300,000	100.00	2,003	236	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS INDIA PRIVATE LIMITED	India	Sale of electronic components	2,678	2,678	700,000	100.00	1,545	(2,289)	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance at September 30, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
SINYIE INVESTMENT CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	\$ 69,042	\$ 69,042	407,469	0.35	\$ 46,882	\$ 557,406	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	HOTECH ELECTRONICS CORP.	Taiwan	Sale of electronic components	-	14,770	-	-	-	-	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	ASIA LATEST TECHNOLOGY LIMITED	Mauritius	Holding company	37,771	37,771	1,120,000	100.00	43,243	(448)	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	48,211	48,211	180,472	4.53	25,919	11,683	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	South Korea	Sale of electronic components	21,799	21,799	53,505	100.00	200,014	12,961	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	MORRIHAN SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	210,451	210,451	9,500,000	100.00	544,052	209,789	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL HOLDING LTD.	Anguilla	Holding company	-	-	1	100.00	10	(19)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Taiwan	Sale of electronic components	115,000	115,000	11,500,000	100.00	394,108	107,471	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	British Virgin Islands	Sale of electronic components	194,366	194,366	29,500	100.00	82,436	15,469	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	British Virgin Islands	Holding company	5,701	5,701	6,000	100.00	18,710	(84)	Note 1	Subsidiary
BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	MAXTEK INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of electronic components	21,426	21,426	6,000,000	100.00	16,528	(38)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	QWAVE TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components, IC design	40,000	40,000	4,000,000	40.00	35,816	1,420	Note 1	Associates
BRILLNICS INC.	BRILLNICS (HK) LIMITED	Hong Kong	Sale and services of technology	1,723,651	1,473,497	62,013,000	100.00	250,865	(98,057)	Note 1	Subsidiary
BRILLNICS INC.	BRILLNICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	-	-	2	100.00	-	(1,006)	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS JAPAN INC.	Japan	Research and development of electronic components	24,980	24,980	100,000	100.00	-	(197,426)	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS (TAIWAN) INC.	Taiwan	Research and development of electronic components	16,694	16,694	1,669,410	100.00	-	(99,117)	Note 1	Subsidiary

Note 1: Profit (loss) of investee has been included in the investor, and will not be disclosed separately.

WT Microelectronics Co., Ltd. and subsidiaries
Information on investments in Mainland China
Nine-month period ended September 30, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

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 nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee for the nine- month period ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021 (Note 2)	Book value of investment in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI WT MICROELECTRONICS CO., LTD.	International trade, entrepot trade and etc.	\$ 8,339	2	\$ 8,339	\$ -	\$ -	\$ 8,339	(\$ 3,492)	100.00	(\$ 3,492)	\$ 30,692	\$ -	Note 5
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	International trade, entrepot trade and etc.	635,638	2	584,468	-	-	584,468	33,915	100.00	33,915	798,240	-	Note 6
WT MICROELECTRONICS (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	976,994	2	532,274	-	-	532,274	44,439	100.00	44,439	1,251,496	-	Note 7
MORRIHAN INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	36,967	3	27,795	-	-	27,795	(448)	100.00	(448)	43,235	-	Note 4
JCD OPTICAL CORPORATION	Production and sale of optoelectronic material and components	141,755	2	18,456	-	-	18,456	(1,652)	19.80	(327)	28,304	-	Note 8
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	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										
WT MICROELECTRONICS CO., LTD.	\$ 1,171,332	\$ 1,833,266	\$ 29,882,766										

Note 1: The investment methods are classified into the following three categories:

- (1) Directly investing in Mainland China.
- (2) Through investing in companies in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: Investment gains or losses were recognised based on reviewed financial statements.

Note 3: The amount disclosed was 60% of net assets and based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: This is a China subsidiary which was reinvested through the company in the third area when Morrihan International Corp. was acquired in September 2009.

Note 5: This is a China company which was invested through the company, NINO CAPITAL CO., LTD., in the third area.

Note 6: This is a China company which was invested through the company, RICH WEB LTD., in the third area.

Note 7: This is a China company which was reinvested through the company, WINTECH MICROELECTRONICS HOLDING LIMITED, in the third area.

Note 8: This is a China company which was reinvested through the company, JCD OPTICAL (CAYMAN) CO., LTD., in the third area.

WT Microelectronics Co., Ltd. and subsidiaries

Major shareholders information

September 30, 2021

Table 10

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
WPG HOLDING CO., LTD.	201,393,867	21.53%
ASMEDIA TECHNOLOGY INC.	179,000,000	19.13%
SHAO YANG INVESTMENT CO., LTD.	74,739,426	7.99%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Note 3: As of September 30, 2021, the number of shares held by the chairman under his own name and under the names of others was 116,043,962 shares, and the shareholding ratio was 12.48%.

The abovementioned information is provided in the "Market Observation Post System".