

**WT MICROELECTRONICS CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2022 AND 2021**

---

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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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 three-month period ended March 31, 2021***

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 three-month period ended March 31, 2021 were not reviewed by independent auditors. Total assets (including investments accounted for using equity method) of these subsidiaries amounted to NT\$20,287,538 thousand, constituting 15% of the consolidated total assets as at March 31, 2021, total liabilities amounted to NT\$5,789,204 thousand, constituting 7% of the consolidated total liabilities as at March 31, 2021, and total comprehensive income (including share of profit (loss) and other comprehensive income (loss) of associates and joint

~2~

ventures accounted for using equity method) amounted to NT\$90,389 thousand, constituting 8% of the consolidated total comprehensive income for the three-month period then ended.

***Unqualified conclusion and qualified conclusion***

Except for the adjustments to the consolidated financial statements for the three-month period ended March 31, 2021, 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 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-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.

*Chieh-Ju Hsu*

Chieh-Ju, Hsu

*Hsu, Yung-Chien*

Hsu, Yung-Chien

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 9, 2022

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 5,164,911	3	\$ 4,679,576	3	\$ 5,296,595	4
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		17,768	-	22,004	-	22,065	-
1170	Accounts receivable, net	6(4) and 8	77,041,866	42	75,462,083	44	58,935,581	43
1200	Other receivables	6(4)(5)	1,985,915	1	1,531,897	1	1,185,186	1
130X	Inventories	6(6)	71,837,230	39	66,524,304	38	49,477,206	37
1410	Prepayments		928,379	1	880,827	-	692,929	-
1470	Other current assets	6(1) and 8	48,232	-	35,564	-	60,226	-
11XX	<b>Total current assets</b>		<u>157,024,301</u>	<u>86</u>	<u>149,136,255</u>	<u>86</u>	<u>115,669,788</u>	<u>85</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-current		318,366	-	321,726	-	148,144	-
1517	Financial assets at fair value	6(3)						
	through other comprehensive income - non-current		19,697,761	11	18,989,224	11	14,767,274	11
1550	Investments accounted for	6(7)						
	using equity method		108,247	-	118,457	-	121,401	-
1600	Property, plant and equipment	6(8)	1,005,843	1	1,004,215	1	987,476	1
1755	Right-of-use assets	6(9)	670,080	-	699,563	-	726,117	1
1760	Investment property - net	6(10)	102,297	-	102,500	-	103,111	-
1780	Intangible assets	6(11)	1,994,178	1	1,972,777	1	1,907,972	1
1840	Deferred income tax assets		752,188	1	801,911	1	784,599	1
1900	Other non-current assets		229,749	-	202,659	-	224,634	-
15XX	<b>Total non-current assets</b>		<u>24,878,709</u>	<u>14</u>	<u>24,213,032</u>	<u>14</u>	<u>19,770,728</u>	<u>15</u>
1XXX	<b>Total assets</b>		<u>\$ 181,903,010</u>	<u>100</u>	<u>\$ 173,349,287</u>	<u>100</u>	<u>\$ 135,440,516</u>	<u>100</u>

(Continued)

**WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(12)	\$ 32,569,602	18	\$ 33,497,708	20	\$ 30,053,513	22
2110	Short-term notes and bills payable	6(13)	449,863	-	2,049,454	1	1,207,534	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	26,967	-	14,838	-	7,559	-
2130	Contract liabilities - current	6(24)	555,582	1	373,803	-	494,136	-
2170	Accounts payable		74,432,898	41	69,808,936	40	51,017,497	38
2200	Other payables	6(14)	2,108,682	1	2,184,132	1	1,417,231	1
2230	Current income tax liabilities		1,985,271	1	1,674,704	1	943,311	1
2280	Lease liabilities - current		171,157	-	181,312	-	164,198	-
2320	Long-term liabilities, current portion	6(15)	-	-	76,635	-	400,000	-
2365	Refund liabilities - current	6(24)	500,432	-	658,325	1	517,769	1
2399	Other current liabilities		52,282	-	62,466	-	63,067	-
21XX	<b>Total current liabilities</b>		<u>112,852,736</u>	<u>62</u>	<u>110,582,313</u>	<u>64</u>	<u>86,285,815</u>	<u>64</u>
	<b>Non-current liabilities</b>							
2530	Bonds payable	6(15)	-	-	-	-	376,859	-
2540	Long-term loans	6(16)	9,710,400	5	7,750,400	5	400,000	-
2570	Deferred income tax liabilities		923,615	1	741,999	-	656,247	1
2580	Lease liabilities - non-current		232,408	-	258,807	-	294,189	-
2600	Other non-current liabilities		153,388	-	155,460	-	167,124	-
25XX	<b>Total non-current liabilities</b>		<u>11,019,811</u>	<u>6</u>	<u>8,906,666</u>	<u>5</u>	<u>1,894,419</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>123,872,547</u>	<u>68</u>	<u>119,488,979</u>	<u>69</u>	<u>88,180,234</u>	<u>65</u>
	<b>Equity attributable to owners of parent</b>							
	Share capital	6(19)						
3110	Common stock		8,027,946	4	7,977,068	5	7,912,237	6
3120	Preferred share		1,350,000	1	1,350,000	1	1,350,000	1
3130	Certificates of entitlement to new shares from convertible bonds		28,876	-	51,498	-	532	-
	Capital surplus	6(20)						
3200	Capital surplus		20,528,161	11	20,444,778	12	20,185,725	15
	Retained earnings	6(21)						
3310	Legal reserve		2,677,275	2	2,677,275	1	2,280,822	2
3320	Special reserve		-	-	-	-	791,142	-
3350	Unappropriated retained earnings		16,749,060	9	14,531,008	8	10,341,980	8
	Other equity interest	6(22)						
3400	Other equity interest		8,598,998	5	6,736,238	4	4,372,724	3
31XX	<b>Equity attributable to owners of the parent</b>		<u>57,960,316</u>	<u>32</u>	<u>53,767,865</u>	<u>31</u>	<u>47,235,162</u>	<u>35</u>
36XX	Non-controlling interest	6(23)	70,147	-	92,443	-	25,120	-
3XXX	<b>Total equity</b>		<u>58,030,463</u>	<u>32</u>	<u>53,860,308</u>	<u>31</u>	<u>47,260,282</u>	<u>35</u>
	Commitments and contingent liabilities	9						
	Significant subsequent events	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 181,903,010</u>	<u>100</u>	<u>\$ 173,349,287</u>	<u>100</u>	<u>\$ 135,440,516</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 PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)  
(Reviewed, not audited)

Items	Notes	Three months ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(24)	\$ 127,943,059	100	\$ 97,646,378	100
5000 Operating costs	6(6)	( 123,075,686)	( 96)	( 94,180,873)	( 96)
5900 Gross profit		<u>4,867,373</u>	<u>4</u>	<u>3,465,505</u>	<u>4</u>
Operating expenses	6(29)				
6100 Selling expenses		( 1,226,064)	( 1)	( 1,026,587)	( 1)
6200 General and administrative expenses		( 464,837)	( 1)	( 280,561)	( 1)
6300 Research and development expenses		( 160,892)	-	( 140,067)	-
6450 Impairment loss determined in accordance with IFRS 9	12(2)	( 13)	-	( 2,936)	-
6000 Total operating expenses		<u>( 1,851,806)</u>	<u>( 2)</u>	<u>( 1,450,151)</u>	<u>( 2)</u>
6900 Operating profit		<u>3,015,567</u>	<u>2</u>	<u>2,015,354</u>	<u>2</u>
Non-operating income and expenses					
7100 Interest income	6(25)	1,626	-	1,390	-
7010 Other income	6(26)	33,898	-	21,315	-
7020 Other gains and losses	6(27)	( 13,008)	-	10,784	-
7050 Finance costs	6(28)	( 237,068)	-	( 149,379)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	( 855)	-	( 1,303)	-
7000 Total non-operating income and expenses		<u>( 215,407)</u>	<u>-</u>	<u>( 117,193)</u>	<u>-</u>
7900 Profit before income tax		2,800,160	2	1,898,161	2
7950 Income tax expense	6(31)	( 607,594)	-	( 402,507)	( 1)
8200 Profit for the period		<u>\$ 2,192,566</u>	<u>2</u>	<u>\$ 1,495,654</u>	<u>1</u>

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)  
(Reviewed, not audited)

Items	Notes	Three months ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8316	Unrealised gain (loss) on valuation of equity investment instruments measured at fair value through other comprehensive income (loss)	6(22)(23)			
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(22)			
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss				
		\$ 587,944	-	(\$ 353,750)	-
		( 11,741)	-	-	-
		<u>576,203</u>	-	<u>( 353,750)</u>	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(22)(23)			
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(22)			
8360	Other comprehensive income (loss) that will be reclassified to profit or loss				
		1,266,376	1	( 8,249)	-
		( 25)	-	( 286)	-
		<u>1,266,351</u>	<u>1</u>	<u>( 8,535)</u>	<u>-</u>
8300	<b>Total other comprehensive income (loss) for the period</b>			<u>\$ 362,285</u>	<u>-</u>
8500	<b>Total comprehensive income for the period</b>			<u>\$ 1,133,369</u>	<u>1</u>
Profit attributable to:					
8610	Owners of the parent			\$ 1,510,027	1
8620	Non-controlling interest			( 14,373)	-
				<u>\$ 1,495,654</u>	<u>1</u>
Comprehensive income attributable to:					
8710	Owners of the parent			\$ 1,146,638	1
8720	Non-controlling interest			( 13,269)	-
				<u>\$ 1,133,369</u>	<u>1</u>
Earnings per share (in dollars)					
9750	Basic earnings per share	6(32)		\$ 1.92	
9850	Diluted earnings per share			\$ 1.88	

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE-MONTHS PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(UNAUDITED)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Capital			Retained Earnings						Total		
	Share capital - common stock	Preferred share	Certificates of bond-to-stock conversion	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest				
<b>Three months ended March 31, 2021</b>												
	\$ 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	
	-	-	-	-	-	-	1,510,027	-	1,510,027	( 14,373 )	1,495,654	
6(22)	-	-	-	-	-	-	-	( 363,389 )	( 363,389 )	1,104	( 362,285 )	
	-	-	-	-	-	-	1,510,027	( 363,389 )	1,146,638	( 13,269 )	1,133,369	
6(19)(20)	2,057	-	( 1,525 )	941	-	-	-	-	1,473	-	1,473	
6(22)	-	-	-	-	-	-	761,162	( 761,162 )	-	25	25	
6(19)(20)	29,920	-	-	88,513	-	-	-	( 118,433 )	-	-	-	
6(18)	-	-	-	1,290	-	-	-	7,744	9,034	-	9,034	
	<u>\$ 7,912,237</u>	<u>\$ 1,350,000</u>	<u>\$ 532</u>	<u>\$ 20,185,725</u>	<u>\$ 2,280,822</u>	<u>\$ 791,142</u>	<u>\$ 10,341,980</u>	<u>\$ 4,372,724</u>	<u>\$ 47,235,162</u>	<u>\$ 25,120</u>	<u>\$ 47,260,282</u>	
<b>Three months ended March 31, 2022</b>												
	\$ 7,977,068	\$ 1,350,000	\$ 51,498	\$ 20,444,778	\$ 2,677,275	\$ -	\$ 14,531,008	\$ 6,736,238	\$ 53,767,865	\$ 92,443	\$ 53,860,308	
	-	-	-	-	-	-	2,218,327	-	2,218,327	( 25,761 )	2,192,566	
6(22)	-	-	-	-	-	-	-	1,839,636	1,839,636	2,918	1,842,554	
	-	-	-	-	-	-	2,218,327	1,839,636	4,057,963	( 22,843 )	4,035,120	
6(19)(20)	51,498	-	( 22,622 )	47,760	-	-	-	-	76,636	-	76,636	
6(19)(20)	( 620 )	-	-	620	-	-	-	-	-	-	-	
6(20)(22)	-	-	-	1,453	-	-	-	( 1,453 )	-	-	-	
	-	-	-	-	-	-	( 377 )	-	( 377 )	-	( 377 )	
6(18)	-	-	-	33,550	-	-	102	24,577	58,229	-	58,229	
6(23)	-	-	-	-	-	-	-	-	-	547	547	
	<u>\$ 8,027,946</u>	<u>\$ 1,350,000</u>	<u>\$ 28,876</u>	<u>\$ 20,528,161</u>	<u>\$ 2,677,275</u>	<u>\$ -</u>	<u>\$ 16,749,060</u>	<u>\$ 8,598,998</u>	<u>\$ 57,960,316</u>	<u>\$ 70,147</u>	<u>\$ 58,030,463</u>	

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



WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Notes	Three months ended March 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,800,160	\$ 1,898,161
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(29)	87,466	87,759
Amortisation	6(29)	8,905	4,360
Impairment loss determined in accordance with IFRS 9	12(2)	13	2,936
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(27)	47,904	( 48,851 )
Share-based payments	6(18)	58,229	9,034
Share of loss of associates and joint ventures accounted for using equity method	6(7)	855	1,303
Loss on disposal of property, plant and equipment, net		-	316
Loss on disposal of investments		16,615	-
Interest expense	6(28)	146,132	94,351
Interest income	6(25)	( 1,626 )	( 1,390 )
Other loss	6(34)	1,996	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		621,015	1,902,386
Other receivables		( 401,257 )	( 107,045 )
Inventories		( 3,337,502 )	( 5,109,922 )
Prepayments		( 46,469 )	121,513
Other current assets		( 12,583 )	( 25,724 )
Changes in operating liabilities			
Financial assets and liabilities at fair value through profit or loss		( 19,532 )	44,414
Contract liabilities		168,813	( 11,745 )
Accounts payable		1,022,950	( 4,018,261 )
Other payables		( 92,952 )	( 317,298 )
Other current liabilities (including refund liabilities)		( 168,651 )	58,325
Cash inflow (outflow) generated from operations		900,481	( 5,415,378 )
Interest received		1,626	1,390
Interest paid		( 146,638 )	( 87,762 )
Income taxes paid		( 60,922 )	( 44,740 )
Net cash flows from (used in) operating activities		694,547	( 5,546,490 )

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Notes	Three months ended March 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		(\$ 7,200 )	(\$ 30,000 )
Acquisition of financial assets at fair value through other comprehensive income		( 120,597 )	( 796,302 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	865,461
Increase in other financial assets		( 85 )	( 15,037 )
Acquisition of property, plant and equipment	6(34)	( 18,780 )	( 32,943 )
Proceeds from disposal of property, plant and equipment		-	65
Acquisition of intangible assets	6(11)	( 3,144 )	( 430 )
Increase in guarantee deposits		( 36,959 )	-
Decrease in guarantee deposits		1,580	-
Net cash payments for business combination	6(34)	( 8,096 )	-
(Increase) decrease in other non-current assets		( 9,869 )	23,822
Net cash flows (used in) from investing activities		( 203,150 )	14,636
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(35)	136,406,668	120,548,390
Decrease in short-term borrowings	6(35)	( 137,073,416 )	( 113,796,922 )
(Decrease) increase in short-term notes and bills payable	6(35)	( 1,601,670 )	458,273
Proceeds from long-term borrowings	6(35)	1,678,980	-
Payment of lease liabilities	6(35)	( 51,273 )	( 45,446 )
Decrease in other non-current liabilities		( 1,456 )	( 416 )
Net cash flows (used in) from financing activities		( 642,167 )	7,163,879
Effect of exchange rate changes on cash and cash equivalents		636,105	37,458
Net increase in cash and cash equivalents		485,335	1,669,483
Cash and cash equivalents at beginning of period		4,679,576	3,627,112
Cash and cash equivalents at end of period		\$ 5,164,911	\$ 5,296,595

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

(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 May 9, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

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

None.

(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
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the 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
			March 31, 2022	December 31, 2021	March 31, 2021	
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.	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	100	
WT Microelectronics Co., Ltd.	WT Semiconductor Holdings Pte. Ltd.	Investment Company	100	-	-	(a)
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	
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
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	Brillnics Inc.	Investment Company	61.87	62.03	54.15	(b)
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.	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	
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
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.,	Trading Company	100	100	100	
Techmosa International Inc.	Techmosa International Holding Ltd.	Investment Company	-	-	100	(c)
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	
Brillnics Inc.	Brillnics (HK) Limited	Selling and Technology Servicing	100	100	100	
Brillnics Inc.	Brillnics Singapore Pte. Ltd.	Trading Company	100	100	100	
Brillnics (HK) Limited	Brillnics Japan Inc.	Research and Development Company	100	100	100	
Brillnics (HK) Limited	Brillnics (Taiwan) Inc.	Research and Development Company	100	100	100	

(a) The Company established WT Semiconductor Holdings Pte. Ltd. on February 23, 2022 and increased USD7,200 thousand of capital on March 25, 2022. The shareholder ratio of the Company in the subsidiary was 100%.

(b) The Group increased its investment in the newly issued preferred shares of Brillnics Inc. at USD10,352 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 April, July and October 2021 and accordingly, the shareholder ratio decreased to 62.03%. Employees of Brillnics Inc. exercised employee stock options in January and March 2022 and accordingly, the shareholder ratio decreased to 61.87%.

(c) In November 2021, Techmosa International Holding Ltd. has been dissolved and liquidated.

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

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 initially recognised and 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 at each reporting date, the Group recognises the impairment provision for twelve 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	27 ~ 56 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 Group's 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 2 ~ 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 initially recognised and 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 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. The grant date of cash capital increase reserved for employee preemption is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.
- C. 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 shareholders 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 preferred shares is determined according to the special rights attached to the preferred shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preferred 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 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 discounts based on aggregate sales. 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, 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 discounts payable to customers in relation to sales made until the end of the reporting period. 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

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. Refer to Note 6(11) for the information on goodwill impairment as of March 31, 2022.

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. Refer to Note 6(6) for the carrying amount of inventory as of March 31, 2022.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand and revolving funds	\$ 1,819	\$ 1,725	\$ 3,034
Checking accounts and demand deposits	<u>5,163,092</u>	<u>4,677,851</u>	<u>5,293,561</u>
	<u>\$ 5,164,911</u>	<u>\$ 4,679,576</u>	<u>\$ 5,296,595</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 March 31, 2022, December 31, 2021 and March 31, 2021, the time deposits with maturity date over 3 months of \$15,140, \$14,673 and \$15,113, respectively, are recorded as 'other current assets.'

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

<u>Assets</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Beneficiary certificates	\$ 10,136	\$ 11,743	\$ 14,435
Equity instruments	7,632	9,806	-
Derivatives	<u>-</u>	<u>455</u>	<u>7,630</u>
	<u>\$ 17,768</u>	<u>\$ 22,004</u>	<u>\$ 22,065</u>
Non-current items:			
Beneficiary certificates	250,521	\$ 255,946	\$ 147,826
Debt instruments	<u>67,845</u>	<u>65,780</u>	<u>318</u>
	<u>\$ 318,366</u>	<u>\$ 321,726</u>	<u>\$ 148,144</u>
<u>Liabilities</u>			
Current items:			
Derivatives	<u>\$ 26,967</u>	<u>\$ 14,838</u>	<u>\$ 7,559</u>

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

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Derivatives	(\$ 32,043)	\$ 44,483
Beneficiary certificates	( 14,966)	4,399
Equity instruments	( 868)	-
Debt instruments	<u>( 27)</u>	<u>( 31)</u>
	<u>(\$ 47,904)</u>	<u>\$ 48,851</u>

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

	March 31, 2022		
Derivative financial liabilities	Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	181,000	2022.3.29~2022.4.29
	December 31, 2021		
Derivative financial assets	Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	25,000	2021.12.30~2022.2.9
	December 31, 2021		
Derivative financial liabilities	Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	190,000	2021.11.30~2022.1.4
	March 31, 2021		
Derivative financial assets	Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	110,000	2021.3.23~2021.6.30
Derivative financial liabilities	Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	190,000	2021.3.25~2021.6.30

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.

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	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items:			
Equity instruments	\$ 19,697,761	\$ 18,989,224	\$ 14,767,274

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. Aiming to satisfy its operating capital needs, the Group sold \$0 and \$865,461 of listed and unlisted shares at fair value which resulted in a cumulative gain on disposal of \$0 and \$761,187 during the three-month periods ended March 31, 2022 and 2021, respectively.
- C. Please refer to Note 6(22) for information on changes in fair value recognised in other comprehensive income for the three-month periods ended March 31, 2022 and 2021.
- D. The Group has no financial assets measured at fair value through other comprehensive income pledged to others as of March 31, 2022, December 31, 2021 and March 31, 2021.

(4) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ 3,519,596	\$ 3,522,996	\$ 3,218,462
Accounts receivable	73,730,184	72,147,379	55,946,775
Less: Allowance for uncollectible accounts	( 207,914)	( 208,292)	( 229,656)
Notes and accounts receivable, net	<u>77,041,866</u>	<u>75,462,083</u>	<u>58,935,581</u>
Overdue receivables	501,116	492,607	478,020
Less: Allowance for uncollectible accounts	( 501,116)	( 492,607)	( 478,020)
Overdue receivables, net (shown as 'other non-current assets')	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 77,041,866</u>	<u>\$ 75,462,083</u>	<u>\$ 58,935,581</u>

- A. As of March 31, 2022, December 31, 2021 and March 31, 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of accounts receivables and notes receivable amounted to \$61,555,637.
- B. Transferred financial assets that are derecognised in their entirety
- (a) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had outstanding discounted notes receivable amounting to \$3,197,965, \$2,953,255 and \$1,166,608, 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 factoring agreements with domestic financial institutions 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable transferred (Amount derecognised)	\$ 37,946,473	\$ 34,289,747	\$ 21,463,925
Amount advanced	\$ 36,902,693	\$ 33,360,580	\$ 20,957,767
Amount retained (shown as 'other receivables')	\$ 1,043,780	\$ 929,167	\$ 506,158

(c) 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.

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

(a) The Group entered into factoring agreements with domestic financial institutions to sell its accounts receivable. Under the agreement, the Group can transfer non-L/C accounts receivable financing to financial institutions, and the banks have 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 banks have the right of recourse, and related advance payments were listed in 'short-term borrowings.'

(b) The information of transferred accounts receivable continued to be recognised by the Group as of March 31, 2022, December 31, 2021 and March 31, 2021 is as follows. In addition, total carrying amount of the original assets before the transfer (same as carrying amount of the assets that the entity continues to recognise) of transferred accounts receivable continued to be recognised by the Group to the extent of its continuing involvement is in line with carrying amount of the associated liabilities, fair value of transferred accounts receivable and fair value of advance payments.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Carrying amount of transferred accounts receivable (that is, fair value)	\$ 2,470,157	\$ 338,931	\$ -
Carrying amount of advance payments (that is, fair value)	( 2,245,004)	( 305,038)	-
Net amount	<u>\$ 225,153</u>	<u>\$ 33,893</u>	<u>\$ -</u>

D. As of March 31, 2022, December 31, 2021 and March 31, 2021, the interest rates for amounts advanced ranged between 0.31%~2.17%, 0.31%~1.29% and 0.392%~1.38%, respectively.

E. As of March 31, 2022, December 31, 2021 and March 31, 2021, the total limits of the accounts receivable factoring were \$93,909,283, \$91,334,573 and \$77,499,113, respectively.

F. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group has issued a promissory note of \$183,486,799, \$174,886,486 and \$174,172,398, respectively, as performance guarantee against any business dispute.

G. Please refer to Note 6(28) for information on financing charges on accounts receivable factoring for the three-month periods ended March 31, 2022 and 2021.

H. As of March 31, 2022, December 31, 2021 and March 31, 2021, 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 \$23,727,503, \$16,784,917 and \$18,216,846, respectively, and recorded as 'accounts receivable.'

I. 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 March 31, 2022, December 31, 2021 and March 31, 2021, 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.

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

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

(5) Other receivables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Amounts retained for accounts receivable factoring	\$ 1,043,780	\$ 929,167	\$ 506,158
VAT refund receivable	745,771	412,466	636,426
Others	<u>196,364</u>	<u>190,264</u>	<u>42,602</u>
	<u>\$ 1,985,915</u>	<u>\$ 1,531,897</u>	<u>\$ 1,185,186</u>

(6) Inventories

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Merchandise inventory	\$ 72,997,353	\$ 67,586,646	\$ 50,518,631
Less: Allowance for inventory obsolescence and market value decline	( <u>1,160,123</u> )	( <u>1,062,342</u> )	( <u>1,041,425</u> )
	<u>\$ 71,837,230</u>	<u>\$ 66,524,304</u>	<u>\$ 49,477,206</u>

The cost of inventories recognised as expense for the period:

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 122,994,166	\$ 94,134,804
Loss on decline in market value	81,520	18,000
Loss on disposal of inventory	-	28,069
	<u>\$ 123,075,686</u>	<u>\$ 94,180,873</u>

(7) Investments accounted for using equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 118,457	\$ 122,906
Share of loss of investments accounted for using equity method	( 855)	( 1,303)
Changes in other equity items	( 9,355)	( 202)
At March 31	<u>\$ 108,247</u>	<u>\$ 121,401</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 summarised below:

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Loss for the period from continuing operations	(\$ 855)	(\$ 1,303)
Other comprehensive loss, net of tax	( 11,766)	( 286)
Total comprehensive loss	<u>(\$ 12,621)</u>	<u>(\$ 1,589)</u>

C. Investments accounted for using equity method as of March 31, 2021 were accounted for based on the investees' 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, 2022</u>					
Cost	\$ 225,459	\$ 650,916	\$ 453,117	\$ 526,007	\$ 1,855,499
Accumulated depreciation and impairment	-	( 142,715)	( 342,981)	( 365,588)	( 851,284)
	<u>\$ 225,459</u>	<u>\$ 508,201</u>	<u>\$ 110,136</u>	<u>\$ 160,419</u>	<u>\$ 1,004,215</u>
<u>2022</u>					
Opening net book amount	\$ 225,459	\$ 508,201	\$ 110,136	\$ 160,419	\$ 1,004,215
Additions	-	-	12,205	7,059	19,264
Reclassifications	-	-	2,541	( 2,541)	-
Depreciation charge	-	( 3,820)	( 13,977)	( 16,307)	( 34,104)
Net exchange differences	-	13,622	1,918	928	16,468
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 518,003</u>	<u>\$ 112,823</u>	<u>\$ 149,558</u>	<u>\$ 1,005,843</u>
<u>At March 31, 2022</u>					
Cost	\$ 225,459	\$ 665,749	\$ 471,384	\$ 532,193	\$ 1,894,785
Accumulated depreciation and impairment	-	( 147,746)	( 358,561)	( 382,635)	( 888,942)
	<u>\$ 225,459</u>	<u>\$ 518,003</u>	<u>\$ 112,823</u>	<u>\$ 149,558</u>	<u>\$ 1,005,843</u>

	<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	-	( 127,635)	( 308,044)	( 309,640)	( 745,319)
	<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	-	-	20,230	5,063	25,293
Disposals	-	-	( 360)	( 21)	( 381)
Depreciation charge	-	( 3,804)	( 14,833)	( 19,524)	( 38,161)
Net exchange differences	-	( 1,820)	( 1,243)	595	( 2,468)
Closing net book amount	<u>\$ 225,459</u>	<u>\$ 518,913</u>	<u>\$ 134,438</u>	<u>\$ 108,666</u>	<u>\$ 987,476</u>
<u>At March 31, 2021</u>					
Cost	\$ 225,459	\$ 650,218	\$ 439,033	\$ 431,926	\$ 1,746,636
Accumulated depreciation and impairment	-	( 131,305)	( 304,595)	( 323,260)	( 759,160)
	<u>\$ 225,459</u>	<u>\$ 518,913</u>	<u>\$ 134,438</u>	<u>\$ 108,666</u>	<u>\$ 987,476</u>

Office and other equipment at March 31, 2022 and 2021 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 twelve 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 290,253	\$ 282,147	\$ 280,991
Buildings and structures	379,827	417,416	445,126
	<u>\$ 670,080</u>	<u>\$ 699,563</u>	<u>\$ 726,117</u>

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,520	\$ 1,484
Buildings and structures	51,639	47,911
	<u>\$ 53,159</u>	<u>\$ 49,395</u>

D. For the three-month periods ended March 31, 2022 and 2021, the additions to right-of-use assets were \$5,686 and \$6,781, respectively.

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

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,125	\$ 4,429
Expense on short-term lease contracts	25,634	18,548

F. For the three-month periods ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$80,032 and \$68,423, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	( 1,897)	( 17,438)	( 19,335)
	<u>\$ 82,839</u>	<u>\$ 19,661</u>	<u>\$ 102,500</u>
<u>2022</u>			
Opening net book amount	\$ 82,839	\$ 19,661	\$ 102,500
Depreciation charge	-	( 203)	( 203)
Closing net book amount	<u>\$ 82,839</u>	<u>\$ 19,458</u>	<u>\$ 102,297</u>
<u>At March 31, 2022</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	( 1,897)	( 17,641)	( 19,538)
	<u>\$ 82,839</u>	<u>\$ 19,458</u>	<u>\$ 102,297</u>

	<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	<u>-</u>	<u>( 203)</u>	<u>( 203)</u>
Closing net book amount	<u>\$ 82,839</u>	<u>\$ 20,272</u>	<u>\$ 103,111</u>
<u>At March 31, 2021</u>			
Cost	\$ 84,736	\$ 37,099	\$ 121,835
Accumulated depreciation and impairment	( 1,897)	( 16,827)	( 18,724)
	<u>\$ 82,839</u>	<u>\$ 20,272</u>	<u>\$ 103,111</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 March 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from the lease of the investment property	<u>\$ 637</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>

B. The fair values of the investment property held by the Group as at March 31, 2022, December 31, 2021 and March 31, 2021 were \$199,414, \$179,635 and \$176,649, respectively, which were based on the valuation of market prices estimated using comparison approach and is categorised within Level 3 in the fair value hierarchy.

(11) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>				
Cost	\$ 2,033,017	\$ 111,896	\$ 167,485	\$ 2,312,398
Accumulated amortisation and impairment	( 220,132)	( 96,311)	( 23,178)	( 339,621)
	<u>\$ 1,812,885</u>	<u>\$ 15,585</u>	<u>\$ 144,307</u>	<u>\$ 1,972,777</u>
<u>2022</u>				
Opening net book amount	\$ 1,812,885	\$ 15,585	\$ 144,307	\$ 1,972,777
Additions	-	3,144	-	3,144
Amortisation charge (shown as 'general and administrative expenses')	-	( 2,366)	( 6,539)	( 8,905)
Net exchange differences	<u>27,162</u>	<u>-</u>	<u>-</u>	<u>27,162</u>
Closing net book amount	<u>\$ 1,840,047</u>	<u>\$ 16,363</u>	<u>\$ 137,768</u>	<u>\$ 1,994,178</u>
<u>At March 31, 2022</u>				
Cost	\$ 2,060,179	\$ 115,040	\$ 167,532	\$ 2,342,751
Accumulated amortisation and impairment	( 220,132)	( 98,677)	( 29,764)	( 348,573)
	<u>\$ 1,840,047</u>	<u>\$ 16,363</u>	<u>\$ 137,768</u>	<u>\$ 1,994,178</u>
	<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	( 220,132)	( 88,076)	( 3,237)	( 311,445)
	<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	-	430	-	430
Amortisation charge (shown as 'general and administrative expenses')	-	( 2,074)	( 2,286)	( 4,360)
Net exchange differences	( 565)	-	854	289
Closing net book amount	<u>\$ 1,825,713</u>	<u>\$ 17,776</u>	<u>\$ 64,483</u>	<u>\$ 1,907,972</u>
<u>At March 31, 2021</u>				
Cost	\$ 2,045,845	\$ 107,926	\$ 70,038	\$ 2,223,809
Accumulated amortisation and impairment	( 220,132)	( 90,150)	( 5,555)	( 315,837)
	<u>\$ 1,825,713</u>	<u>\$ 17,776</u>	<u>\$ 64,483</u>	<u>\$ 1,907,972</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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	Retail	Retail	Retail
Greater China Region	\$ 1,171,754	\$ 1,165,339	\$ 1,171,389
All other segments	<u>668,293</u>	<u>647,546</u>	<u>654,324</u>
	<u>\$ 1,840,047</u>	<u>\$ 1,812,885</u>	<u>\$ 1,825,713</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 covering a five-year period.

The future cash flows were estimated based on the annual revenue, gross profit and other operating expenses in the future. Management determined budgeted gross profit based on past performance and their expectations of market development. The Group's accrued average annual revenue growth rate for the three-month periods ended March 31, 2022 and 2021 was 0%~5% and (6%)~9%, respectively; the assumption used for discount rate is the weighted average capital cost of the Group. As of March 31, 2022, December 31, 2021 and March 31, 2021, the key valuations used for pre-tax discount rate to reflect risk of related cash-generating units were 5.49%~9.77%, 5.32%~9.8% and 5.96%~10.38%, respectively. Based on the aforementioned assessment, the Group recognised impairment loss of goodwill of \$0 for the three-month periods ended March 31, 2022 and 2021.

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

(12) Short-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Credit loans	\$ 30,324,598	\$ 33,192,670	\$ 30,053,513
Secured borrowings (note)	<u>2,245,004</u>	<u>305,038</u>	<u>-</u>
	<u>\$ 32,569,602</u>	<u>\$ 33,497,708</u>	<u>\$ 30,053,513</u>
Interest rates per annum	<u>0.5189%~3.55%</u>	<u>0.5195%~3.55%</u>	<u>0.6344%~3.73%</u>

Note: They were secured by accounts receivable.

As of March 31, 2022, December 31, 2021 and March 31, 2021, information on the collateral provided by the Group is provided in Note 8.

(13) Short-term notes and bills payable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Commercial paper	\$ 450,000	\$ 2,050,000	\$ 1,208,000
Amortisation of discount	( 137)	( 546)	( 466)
	<u>\$ 449,863</u>	<u>\$ 2,049,454</u>	<u>\$ 1,207,534</u>
Coupon rate	<u>0.55%~0.742%</u>	<u>0.44%~0.742%</u>	<u>0.261%~0.722%</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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Salaries and bonuses payable	\$ 919,802	\$ 1,329,638	\$ 746,932
Accrued VAT payable	478,064	167,454	152,625
Freight payable	169,688	165,500	134,190
Insurance expense payable	94,851	80,654	63,368
Others	446,277	440,886	320,116
	<u>\$ 2,108,682</u>	<u>\$ 2,184,132</u>	<u>\$ 1,417,231</u>

(15) Bonds payable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Bonds payable	\$ -	\$ 77,100	\$ 382,600
Less: Discount on bonds payable	-	( 465)	( 5,741)
	-	76,635	376,859
Less: Bonds payable, current portion (Shown as 'Long-term liabilities, current portion')	-	( 76,635)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,859</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 March 31, 2022, 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 in accordance with IAS 32.

(c) As of March 31, 2022, the convertible bonds converted into 41,174 thousand common shares totaled \$1,200,000 at par value.

B. For the three-month periods ended March 31, 2022 and 2021, the amortised discount of bonds payable was \$1 and \$1,138, respectively.

(16) Long-term loans

		March 31, 2022	
Type of loans	Period	Credit line	Amount
Mid-term syndicated loans (note A)	2021.7.29~2026.7.29	\$ 12,000,000	\$ 9,710,400
Interest rate			1.315%~1.3399%
		December 31, 2021	
Type of loans	Period	Credit line	Amount
Mid-term syndicated loans (note A)	2021.7.29~2026.7.29	\$ 12,000,000	\$ 7,750,400
Interest rate			0.95%
		March 31, 2021	
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
Less: Long-term borrowings, current portion			( 400,000)
			\$ 400,000
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's consolidated financial statements 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 \$383 and \$351 for the three-month periods ended March 31, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group year ending December 31, 2023 amount to \$4,210.

##### 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 15%~16% 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 periods ended March 31, 2022 and 2021 were \$63,834 and \$58,050, respectively.

(18) Share-based payment

A. For the three-month periods ended March 31, 2022 and 2021, the Group's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
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)
Employee stock options	2022.1.6	18,854 thousand shares	(c)

- (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)
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
Employee stock options	2022.1.6	\$ 75.40	\$ 75.40	21.06~ 22.66	3.5~4.5	-	0.55~ 0.62	\$13.2673~ \$14.2005

C. Details of the stock options for the three-month periods ended March 31, 2022 and 2021 are disclosed as follows:

	2022		
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	Weighted-average remaining contractual period
Options outstanding at January 1	11,940	\$ 46.80	
Options granted	18,854	75.40	
Options forfeited	( 57)	( 59.03)	
Options outstanding at March 31	<u>30,737</u>	<u>\$ 63.35</u>	4.85 years
	2021		
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	Weighted-average remaining contractual period
Options outstanding at January 1	-	\$ -	
Options granted	<u>12,000</u>	<u>46.80</u>	
Options outstanding at March 31	<u>12,000</u>	<u>\$ 46.80</u>	5.96 years

D. Details of the employee restricted shares for the three-month periods ended March 31, 2022 and 2021 are disclosed as follows:

	<u>2022</u>
	No. of shares (in thousands)
Shares outstanding at January 1	5,728
Shares forfeited	( 62)
Shares redeemed	( 33)
Shares outstanding at March 31	<u>5,633</u>
	<u>2021</u>
	No. of shares (in thousands)
Shares outstanding at January 1	-
Shares granted	<u>2,992</u>
Shares outstanding at March 31	<u>2,992</u>

E. Compensation cost of share-based payment of \$58,229 and \$9,034 was recognised for the three-month periods ended March 31, 2022 and 2021, respectively.

(19) Share capital

As of March 31, 2022, the Company's authorised 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 \$9,377,946 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:

	<u>2022</u>	<u>2021</u>
	Shares (in thousands)	Shares (in thousands)
At January 1	802,857	788,232
Issuance of employee restricted shares	-	2,992
Cancellation of employee restricted shares	( 62)	-
Shares converted from bonds	<u>2,887</u>	<u>53</u>
At March 31	<u>805,682</u>	<u>791,277</u>

B. For the three-month period ended March 31, 2022, all convertible bonds of the Company have been converted into 41,174 thousand ordinary shares. Convertible bonds amounting to \$77,100 in total par value have been requested for conversion into 2,887 thousand ordinary shares and are listed as "certificate of entitlement to new shares from convertible bonds" as the registration has not yet been completed as of March 31, 2022.

C. On March 27, 2020, the shareholders 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.

D. On July 12, 2021, the shareholders 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.

E. For the three-month periods ended March 31, 2022 and 2021, the Company has retrieved 62 thousand and 0 of employee restricted shares, respectively, for not satisfying vesting conditions, and the Company cancelled and retired the shares in accordance with the regulations.

F. Treasury shares

On May 17, 2021, the Company's Board of Directors resolved to buy back 2,494 thousand shares to enhance the Company's credit rating and the shareholders' equity. On November 5, 2021, the Company's Board of Directors resolved to retire shares and the registration for the change was completed on November 19, 2021.

#### Global depository receipts

On February 24, 2022, the Company's Board of Directors resolved to increase capital by issuing common shares to participate in the issuance of the global depository receipts for the repayment of the principal of bank borrowing in foreign currency and overseas procurement. The capital increase was approved by the Financial Supervisory Committee on March 25, 2022 and 15,600 thousand units of global depository receipts were issued at the Luxembourg Stock Exchange on April 22, 2022 at a price of USD12.18 (in dollars) per unit. The global depository receipts represented 78,000 thousand shares of the Company's common stock. The amount after deducting issuance cost was USD186,889 thousand (NT\$5,458,101 thousand). Each unit of the global depository receipts represents 5 shares of the Company's common stocks.

#### Preferred shares

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 preferred 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 preferred shares are as follows:

A. Expiration date: The Company's Class A preferred shares are perpetual. The shareholders of Class A preferred shares cannot request the Company to retire the preferred shares 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 preferred 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 business days in Taipei financial industry 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 preferred 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 years of issuance and redemption 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 preferred 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 considerations. In addition, the amounts of undistributed dividends or insufficient distributed dividends will not be deferred to future years when the Company has earnings.
- D. Excess dividend distribution: Besides the aforementioned dividends, the shareholders of Class A preferred 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 preferred 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 preferred shares issued and the issue price when distributing.
- F. Right to vote and be elected: The shareholders of Class A preferred shares have no right to vote and be elected as directors in the ordinary shareholders’ meeting of the Company but have the right to vote in the shareholders’ meeting only when there is unfavourable matters to rights and obligations of shareholders of Class A preferred shares.
- G. Conversion to common shares: Class A preferred shares could not be converted to common shares.
- H. The preemptive rights for shareholders of Class A preferred 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 preferred 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 Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. 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:

	2022					
	Share premium	Employee stock options	Stock options	Restricted stocks to employees	Net change in equity of associates	Total
At January 1	\$ 20,187,420	\$ 26,636	\$ 2,426	\$ 216,886	\$ 11,410	\$ 20,444,778
Vesting of employee restricted shares	23,364	-	-	( 23,364)	-	-
Cancellation of employee restricted shares	-	-	-	620	-	620
Changes in restricted stocks to employees	-	-	-	1,453	-	1,453
Conversion of convertible bonds	50,186	-	( 2,426)	-	-	47,760
Compensation cost of share-based payments	-	33,550	-	-	-	33,550
At March 31	<u>\$ 20,260,970</u>	<u>\$ 60,186</u>	<u>\$ -</u>	<u>\$ 195,595</u>	<u>\$ 11,410</u>	<u>\$ 20,528,161</u>

	2021					
	Share premium	Treasury share transactions	Stock options	Restricted stocks to employees	Net change in equity of associates	Total
At January 1	\$ 20,033,915	\$ 40,742	\$ 12,087	\$ -	\$ 8,237	\$ 20,094,981
Issuance of employee restricted shares	-	-	-	88,513	-	88,513
Compensation cost of share-based payments	-	-	1,290	-	-	1,290
Conversion of convertible bonds	988	-	( 47)	-	-	941
At March 31	<u>\$ 20,034,903</u>	<u>\$ 40,742</u>	<u>\$ 13,330</u>	<u>\$ 88,513</u>	<u>\$ 8,237</u>	<u>\$ 20,185,725</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 Shares, and distribution of such earnings shall be 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 authorized, 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. The following are the earnings appropriation for the year ended December 31, 2021 resolved by the Board of Directors in April 2022, and the earnings appropriation for the year ended December 31, 2020 resolved during the shareholders' meeting held in July 2021:

	Years ended December 31,			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 865,516		\$ 396,453	
Special reserve	-		( 791,142)	
Dividends on preferred share	270,000	\$ 2.000	57,541	\$ 0.426
Cash dividends of ordinary shareholders	<u>4,431,032</u>	5.500	<u>2,532,086</u>	3.200
	<u>\$ 5,566,548</u>		<u>\$ 2,194,938</u>	

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

(22) Other equity items

	Unrealised gains (losses) on valuation	Currency translation	Unearned compensation	Total
At January 1, 2022	\$ 10,591,772	(\$ 3,678,252)	(\$ 177,282)	\$ 6,736,238
Valuation adjustment on equity instruments				
– Group	587,941	-	-	587,941
– Associates	( 11,741)	-	-	( 11,741)
Currency translation differences:				
– Group	-	1,263,461	-	1,263,461
– Associates	-	( 25)	-	( 25)
Changes in employee restricted shares	-	-	( 1,453)	( 1,453)
Compensation cost of share-based payments	-	-	24,577	24,577
At March 31, 2022	<u>\$ 11,167,972</u>	<u>(\$ 2,414,816)</u>	<u>(\$ 154,158)</u>	<u>\$ 8,598,998</u>

	Unrealised gains (losses) on valuation	Currency translation	Unearned compensation	Total
At January 1, 2021	\$ 8,208,070	(\$ 2,600,106)	\$ -	\$ 5,607,964
Valuation adjustment on equity instruments	( 353,739)	-	-	( 353,739)
Disposals reclassified as retained earnings	( 761,162)	-	-	( 761,162)
Currency translation differences:				
– Group	-	( 9,364)	-	( 9,364)
– Associates	-	( 286)	-	( 286)
Issuance of employee restricted shares	-	-	( 118,433)	( 118,433)
Compensation cost of share-based payments	-	-	7,744	7,744
At March 31, 2021	<u>\$ 7,093,169</u>	<u>(\$ 2,609,756)</u>	<u>(\$ 110,689)</u>	<u>\$ 4,372,724</u>

(23) Non-controlling interests

	2022	2021
At January 1	\$ 92,443	\$ 38,364
Share attributable to non-controlling interest:		
loss for the period	( 25,761)	( 14,373)
Comprehensive income (loss) for the period:		
Exchange differences on translation of foreign financial statements	2,915	1,115
Unrealised gain (loss) from financial assets at fair value through other comprehensive income	3	( 11)
Disposal of financial assets at fair value through other comprehensive income reclassified as retained earnings	-	25
Increase in non-controlling interests	547	-
At March 31	<u>\$ 70,147</u>	<u>\$ 25,120</u>

The Company's subsidiary, Brillnics Inc., increased its capital in 2021 and employees of Brillnics Inc. exercised employee stock options for the three-month period ended March 31, 2022, which resulted to an increase in the non-controlling interest. Please refer to Note 4(3) for details.

(24) Operating revenue

	Three-month periods ended March 31,	
	2022	2021
Contract revenue		
Sale of electronic components	\$ 127,783,655	\$ 97,484,357
Services revenue	103,130	120,295
Other operating revenue	56,274	41,726
	<u>\$ 127,943,059</u>	<u>\$ 97,646,378</u>

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

	Three-month period ended March 31, 2022		
	Greater China Region	Others	Total
Timing of revenue			
At a point of time			
Analog IC	\$ 43,275,801	\$ 1,168,220	\$ 44,444,021
Microcontroller	10,980,754	5,755,776	16,736,530
Memory IC	11,825,648	285,436	12,111,084
Microprocessor	5,050,999	4,447,657	9,498,656
Discrete Component	6,590,075	676,203	7,266,278
Mixed Signal IC	6,778,452	131,387	6,909,839
Application Specific IC	4,631,012	157,857	4,788,869
Others	24,419,164	1,665,488	26,084,652
Over time			
Services	103,130	-	103,130
	<u>\$ 113,655,035</u>	<u>\$ 14,288,024</u>	<u>\$ 127,943,059</u>

	Three-month period ended March 31, 2021		
	Greater China Region	Others	Total
Timing of revenue			
At a point of time			
Analog IC	\$ 33,226,568	\$ 713,062	\$ 33,939,630
Memory IC	9,222,143	158,632	9,380,775
Microcontroller	6,028,445	2,603,259	8,631,704
Discrete Component	7,532,581	506,578	8,039,159
Microprocessor	4,555,262	2,090,643	6,645,905
Mixed Signal IC	4,774,808	47,910	4,822,718
Application Specific IC	3,048,282	100,487	3,148,769
Others	21,791,781	1,125,642	22,917,423
Over time			
Services	120,295	-	120,295
	<u>\$ 90,300,165</u>	<u>\$ 7,346,213</u>	<u>\$ 97,646,378</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>January 1, 2021</u>
Refund liabilities				
-sales discounts and returns	\$ 500,432	\$ 658,325	\$ 517,769	\$ 459,101
Contract liabilities				
-advance sales receipts	\$ 555,582	\$ 373,803	\$ 494,136	\$ 506,379
C. Revenue recognised that was included in the contract liability balance at the beginning of the period:				

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 139,845	\$ 304,117

(25) Interest income

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 1,567	\$ 1,239
Other interest income	59	151
	<u>\$ 1,626</u>	<u>\$ 1,390</u>

(26) Other income

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Dividend income	\$ 27,612	\$ 10,196
Grant revenue	1,264	2,948
Other income	5,022	8,171
	<u>\$ 33,898</u>	<u>\$ 21,315</u>

(27) Other gains and losses

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Foreign exchange gain (loss), net	56,440	( 32,623)
(Loss) gain on financial assets and liabilities at fair value through profit or loss	( 47,904)	48,851
Loss on disposal of investments	( 16,615)	-
Other losses	( 4,929)	( 5,444)
	<u>(\$ 13,008)</u>	<u>\$ 10,784</u>

(28) Finance costs

	Three-month periods ended March 31,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 140,927	\$ 87,166
Others	5,205	7,185
Financing charges on accounts receivable factoring	82,489	46,463
Other finance costs	8,447	8,565
	<u>\$ 237,068</u>	<u>\$ 149,379</u>

(29) Expenses by nature

	Three-month periods ended March 31,	
	2022	2021
Employee benefit expense	\$ 1,189,930	\$ 932,539
Depreciation	87,466	87,759
Amortisation	8,905	4,360
Total (shown as 'Operating expenses')	<u>\$ 1,286,301</u>	<u>\$ 1,024,658</u>

(30) Employee benefit expense

	Three-month periods ended March 31,	
	2022	2021
Employee benefit expense		
Wages and salaries	\$ 1,017,929	\$ 785,208
Labour and health insurance fees	44,195	35,667
Pension costs	64,217	58,401
Other personnel expenses	63,589	53,263
Total (shown as 'Operating expenses')	<u>\$ 1,189,930</u>	<u>\$ 932,539</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 periods ended March 31, 2022 and 2021, employees' compensation was accrued at \$26,100 and \$17,300, respectively; while directors' remuneration was accrued at \$8,750 and \$2,625, 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 three-month periods ended March 31, 2022 and 2021.

Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in profit or loss for 2021.



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.

(31) Income tax

A. Income tax expense

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profit for the period	\$ 378,363	\$ 295,916
Prior year income tax over estimation	( 2,108)	( 2,168)
Total current tax	<u>376,255</u>	<u>293,748</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>231,339</u>	<u>108,759</u>
Total deferred tax	<u>231,339</u>	<u>108,759</u>
Income tax expense	<u>\$ 607,594</u>	<u>\$ 402,507</u>

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	<u>Three-month period ended March 31, 2022</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	<u>\$ 2,218,327</u>	<u>800,440</u>	<u>\$ 2.77</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 2,218,327	800,440	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	1	167	
Restricted stocks to employees	-	3,129	
Employee stock options	-	4,134	
Employees' compensation	-	<u>982</u>	
Profit used to calculated diluted earnings per share attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,218,328</u>	<u>808,852</u>	<u>\$ 2.74</u>

	Three-month period ended March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of the parent	\$ 1,510,027	788,276	\$ 1.92
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of the parent	1,510,027	788,276	
Assumed conversion of all dilutive potential ordinary shares:			
Conversion of convertible bonds	1,138	13,576	
Restricted stocks to employees	-	280	
Employees' compensation	-	968	
Profit used to calculate diluted earnings per share attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,511,165	803,100	\$ 1.88

(33) Business combination

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 May 31, 2021.
- (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:

	May 31, 2021
Purchase consideration - cash	\$ 85,370
Less: Fair value of the identifiable net assets-customer relationship	( 85,370)
Goodwill	\$ -

As of March 31, 2022, the allocation of the purchase price of the acquisition is still in process, and the Company has engaged experts to assess the fair value of the identifiable assets.

(34) Supplemental cash flow information

A. Cash paid for property, plant and equipment:

	Three-month periods ended March 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 19,264	\$ 25,293
Add: Opening balance of payable on equipment	24,780	3,456
Ending balance of prepayments for business facilities	16,828	6,230
Less: Ending balance of payable on equipment	( 5,642)	( 2,036)
Opening balance of prepayments for business facilities	( 36,457)	-
Effect of foreign exchange	7	-
Cash paid during the period	<u>\$ 18,780</u>	<u>\$ 32,943</u>

B. Cash paid for business combinations:

	Three-month periods ended March 31,	
	2022	2021
Adjustment of contingent consideration	\$ 1,996	\$ -
Add: Beginning balance of payable for investment	6,100	-
Ending balance of prepayment for investment		29,485
Less: Beginning balance of prepayment for investment	-	( 29,485)
Cash paid during the period	<u>\$ 8,096</u>	<u>\$ -</u>

C. Financing activities with no cash flow effects

	Three-month periods ended March 31,	
	2022	2021
Conversion of bonds payable	28,876	532
Capital surplus of bonds payable conversion	47,760	941
Conversion of convertible bonds payable	( 76,636)	( 1,473)
Cash paid during the period	<u>\$ -</u>	<u>\$ -</u>

(35) Changes in liabilities from financing activities

	Long-term and short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable (Note)	Lease liability	Liabilities from financing activities-gross
At January 1, 2022	\$ 41,248,108	\$ 2,049,454	\$ 76,635	\$ 440,119	\$ 43,814,316
Changes in cash flow from financing activities	1,012,232	( 1,601,670)	-	( 51,273)	( 640,711)
Impact of changes in foreign exchange rate	19,662	-	-	9,033	28,695
Interest expense from amortisation	-	2,079	1	-	2,080
Conversion of convertible bonds	-	-	( 76,636)	-	( 76,636)
Increase in lease liability for the period	-	-	-	5,686	5,686
At March 31, 2022	<u>\$ 42,280,002</u>	<u>\$ 449,863</u>	<u>\$ -</u>	<u>\$ 403,565</u>	<u>\$ 43,133,430</u>
	Long-term and short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable	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	6,751,468	458,273	-	( 45,446)	7,164,295
Impact of changes in foreign exchange rate	( 12,410)	-	-	( 2,870)	( 15,280)
Interest expense from amortisation	-	1,618	1,138	-	2,756
Conversion of convertible bonds	-	-	( 1,473)	-	( 1,473)
Increase in lease liability for the period	-	-	-	6,781	6,781
At March 31, 2021	<u>\$ 30,853,513</u>	<u>\$ 1,207,534</u>	<u>\$ 376,859</u>	<u>\$ 458,387</u>	<u>\$ 32,896,293</u>

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

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Company
JCD Optical Corporation Limited	Associate
Qwave Technology Co., Ltd.	Associate
Brillnics (HK) Limited	Associate
WPG Holding Co., Ltd. and Subsidiaries	Entity with significant influence over the Group
ASUSTeK Computer Inc. and Subsidiaries	Entity with significant influence over the Group

### (2) Significant related party transactions

#### A. Operating revenue

	Three-month periods ended March 31,	
	2022	2021
Sales of goods:		
- Entity with significant influence over the Group	\$ 1,338,854	\$ 812,139

The collection terms with related parties were 30 to 120 days and the products were categorised and priced taking into consideration to the inventory cost, market and other conditions.

#### B. Purchases

	Three-month periods ended March 31,	
	2022	2021
Purchases of goods:		
- Entity with significant influence over the Group	\$ 345,623	\$ 262,754
- Associates	2,705	6,184
	\$ 348,328	\$ 268,938

The credit term to related parties is 30 to 45 days and the purchase prices were categorised and priced taking into consideration the market prices and other conditions.

#### C. Receivables from related parties

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable:			
- Entity with significant influence over the Group	\$ 466,291	\$ 579,475	\$ 440,370
- Associates	-	713	-
	\$ 466,291	\$ 580,188	\$ 440,370

D. Payables to related parties

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts payable:			
- Entity with significant influence over the Group	\$ 166,182	\$ 93,045	\$ 100,952
- Associates	963	1,105	1,993
	<u>\$ 167,145</u>	<u>\$ 94,150</u>	<u>\$ 102,945</u>

(3) Key management compensation

	<u>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 21,844	\$ 12,464
Post-employment benefits	248	115
Share-based payment	8,576	684
	<u>\$ 30,668</u>	<u>\$ 13,263</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Purpose</u>	<u>Book value</u>		
		<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable, net:				
Pledged accounts receivable	Bank loan	\$ 2,470,157	\$ 338,931	\$ -
Other current assets:				
Bank deposits	Bid bond	2,770	2,685	2,766
		<u>\$ 2,472,927</u>	<u>\$ 341,616</u>	<u>\$ 2,766</u>

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:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Outstanding letters of credit	\$ 10,548,720	\$ 10,069,926	\$ 8,570,367

B. Guarantee for customs duties

The total guarantee for customs duties is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Customs duties guarantee	\$ 35,000	\$ 32,000	\$ 37,000

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. Details of the appropriation of 2021 earnings as resolved by the Board of Directors on April 7, 2022 are provided in Note 6(21).
- B. On April 7, 2022, the Board of Directors resolved the issuance of employee restricted stocks of 3,000,000 common shares with a par value of \$10 (in dollars) per share, amounting to NT\$30,000 thousand. The issuance should be reported to the regulatory authority once or several times within a year starting from the date resolved at the shareholders' meeting. Depending on the actual needs, the issuance can be granted once or several times within a year starting from the date of receipt of the notice of effective registration. The chairman of the Board is authorised by the Board of Directors to set the actual issuance date.
- C. On April 7, 2022, the Board of Directors of the Company resolved to increase capital by issuing common shares domestically and/or to increase capital by issuing common shares to participate in the issuance of the global depository receipts. The Company plans to propose at the shareholders' meeting to authorise the Board of Directors to increase the capital by selecting an appropriate timing and a financing instrument through one of the methods or a combination of the two once or several times and up to a maximum number of 80 million shares depending on the market environment and the Company's capital needs. The common shares for domestic capital increase will be issued through book building or public subscription.
- D. On April 13, 2022, the Board of Directors of the Company resolved to acquire 120,399 thousand common shares of Excelpoint Technology Ltd. through its Singapore subsidiary, WT Semiconductor Holdings Pte. Ltd., at SGD1.93 (in dollars) per share for a total amount not exceeding SGD185,896 thousand (approximately NT\$3,972,587 thousand) and of which 20% of the shares will be subscribed by the CEO of Excelpoint, Albert Phuay. The shareholder ratio of the Company was 80%.
- E. On April 22, 2022, the Company increased capital by issuing common shares for the issuance of the global depository receipts at the Luxembourg Stock Exchange. Refer to Note 6(19) for details.

## 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.

For the three-month periods ended March 31, 2022 and 2021, the Group's strategy was to maintain the financial debt ratio below 250%.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 328,502	\$ 333,924	\$ 170,209
Financial assets designated as at fair value through profit or loss on initial recognition	<u>7,632</u>	<u>9,806</u>	<u>-</u>
	<u>\$ 336,134</u>	<u>\$ 343,730</u>	<u>\$ 170,209</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	\$ 19,697,761	\$ 18,989,224	\$ 14,767,274
Qualifying debt instruments	<u>23,727,503</u>	<u>16,784,917</u>	<u>18,216,846</u>
	<u>\$ 43,425,264</u>	<u>\$ 35,774,141</u>	<u>\$ 32,984,120</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 5,164,911	\$ 4,679,576	\$ 5,296,595
Accounts receivable	53,314,363	58,677,166	40,718,735
Other receivables	1,985,915	1,531,897	1,185,186
Other financial assets (shown as 'other current assets')	17,910	17,358	17,879
Guarantee deposits paid (shown as 'other non-current assets')	<u>159,420</u>	<u>123,041</u>	<u>115,166</u>
	<u>\$ 60,642,519</u>	<u>\$ 65,029,038</u>	<u>\$ 47,333,561</u>



	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 26,967	\$ 14,838	\$ 7,559
Financial liabilities at amortised cost			
Short-term borrowings	\$ 32,569,602	\$ 33,497,708	\$ 30,053,513
Short-term notes and bills payable	449,863	2,049,454	1,207,534
Accounts payable	74,432,898	69,808,936	51,017,497
Other accounts payable	2,108,682	2,184,132	1,417,231
Corporate bonds payable (including current portion)	-	76,635	776,859
Long-term borrowings	9,710,400	7,750,400	400,000
Guarantee deposits received	1,165	1,143	4,504
	<u>\$ 119,272,610</u>	<u>\$ 115,368,408</u>	<u>\$ 84,877,138</u>
Lease liability	<u>\$ 403,565</u>	<u>\$ 440,119</u>	<u>\$ 458,387</u>

#### B. Financial risk management policies

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

	March 31, 2022			Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 2,673,671	28.56	\$ 76,360,044	1%	\$ 763,600
USD:RMB	1,386	6.355	39,584	1%	396
USD:KRW	19,067	1,220.5	544,554	1%	5,446
<u>Non-monetary items</u>					
USD:NTD	3,209	28.56	91,658		
<u>Foreign operations</u>					
USD:NTD	450,168	28.56	12,862,257		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,713,277	28.56	77,491,191	1%	774,912
USD:RMB	183,614	6.355	5,244,016	1%	52,440
USD:KRW	36,656	1,220.5	1,046,895	1%	10,469

## December 31, 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	\$ 2,855,524	27.680	\$ 79,040,904	1%	\$ 790,409
USD:RMB	1,179	6.3700	32,635	1%	326
USD:KRW	14,305	1,186.5	395,962	1%	3,960
<u>Non-monetary items</u>					
USD:NTD	3,215	27.680	88,991		
<u>Foreign operations</u>					
USD:NTD	433,994	27.680	12,017,873		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,849,288	27.680	78,868,292	1%	788,683
USD:RMB	171,134	6.3700	4,736,989	1%	47,370
USD:KRW	19,018	1,186.5	526,418	1%	5,264

## March 31, 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	\$ 1,948,988	28.510	\$ 55,565,648	1%	\$ 555,656
USD:RMB	706	6.5715	20,128	1%	201
USD:KRW	14,063	1,212.4	400,936	1%	4,009
<u>Non-monetary items</u>					
USD:NTD	2,511	28.510	71,593		
<u>Foreign operations</u>					
USD:NTD	418,088	28.510	11,911,050		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	2,100,323	28.510	59,880,209	1%	598,802
USD:RMB	105,121	6.5715	2,997,000	1%	29,970
USD:KRW	20,671	1,212.4	589,330	1%	5,893

- v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2022 and 2021 amounted to \$56,440 and (\$32,623), 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 performed in accordance with the limits set by the Group.
- ii. The Group's investments comprise shares and beneficiary certificates 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 three-month periods ended March 31, 2022 and 2021 would have increased/decreased by \$537 and \$340, 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 \$39,396 and \$29,535, 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 three-month periods ended March 31, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in US Dollars.
- ii. The Group's borrowings are measured at amortised cost. According to the contract, the borrowings are periodically reset. Therefore, the Group is 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 three-month periods ended March 31, 2022 and 2021 would have decreased/increased by \$22,304 and \$15,519, 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 from the group's perspective. For banks and financial institutions, only approved by FSC are accepted to be transaction parties. 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. The Group assesses the credit quality of the customers, taking into account their financial position, past experience and other factors through internal risk control. 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, the Group considers that there has been a significant increase in credit risk on that instrument since initial recognition. The Group considers that 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		
	March 31, 2022	December 31, 2021	March 31, 2021
Not past due	\$ 72,071,272	\$ 70,985,709	\$ 56,724,176
Up to 90 days	5,098,113	4,544,103	2,239,392
91 to 180 days	10,956	31,687	74,438
Over 180 days	570,555	601,483	605,251
	<u>\$ 77,750,896</u>	<u>\$ 76,162,982</u>	<u>\$ 59,643,257</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 March 31, 2022, December 31, 2021 and March 31, 2021, loss allowances of accounts receivable and notes receivable calculated from individual assessment or using the loss rate methodology and provision matrix are as follows:

March 31, 2022	Individual	Group A & B	Group C	Group D	Total
Expected loss rate	99.99%	0.03%	0.03%~30.69%	0.03%~6.58%	
Total book value	<u>\$ 623,996</u>	<u>\$ 49,145,220</u>	<u>\$ 24,588,098</u>	<u>\$ 3,393,582</u>	<u>\$ 77,750,896</u>
Loss allowance	<u>\$ 623,952</u>	<u>\$ 14,743</u>	<u>\$ 41,269</u>	<u>\$ 29,066</u>	<u>\$ 709,030</u>

<u>December 31, 2021</u>	<u>Individual</u>	<u>Group A &amp; B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	99.71%	0.03%	0.03%~30.69%	2.40%~9.26%	
Total book value	<u>\$ 572,029</u>	<u>\$ 48,257,984</u>	<u>\$ 24,048,695</u>	<u>\$ 3,284,274</u>	<u>\$ 76,162,982</u>
Loss allowance	<u>\$ 570,373</u>	<u>\$ 14,477</u>	<u>\$ 37,118</u>	<u>\$ 78,931</u>	<u>\$ 700,899</u>
<u>March 31, 2021</u>	<u>Individual</u>	<u>Group A &amp; B</u>	<u>Group C</u>	<u>Group D</u>	<u>Total</u>
Expected loss rate	99.98%	0.03%	0.08%~37.52%	0.55%~22.59%	
Total book value	<u>\$ 582,087</u>	<u>\$ 35,434,308</u>	<u>\$ 21,661,082</u>	<u>\$ 1,965,780</u>	<u>\$ 59,643,257</u>
Loss allowance	<u>\$ 581,950</u>	<u>\$ 10,631</u>	<u>\$ 56,590</u>	<u>\$ 58,505</u>	<u>\$ 707,676</u>

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>Three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 700,899	\$ 705,345
Provision for impairment	13	2,936
Effect of exchange rate changes	8,118	(605)
At March 31	<u>\$ 709,030</u>	<u>\$ 707,676</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 demand deposits, 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 group based on the due date at the balance sheet date. Non-derivative financial liabilities are analysed by

remaining periods from balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

March 31, 2022

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Lease liability	\$ 175,349	\$ 230,159	\$ 25,360	\$ 430,868
Long-term borrowings (Note)	<u>129,683</u>	<u>10,142,677</u>	-	<u>10,272,360</u>
	<u>\$ 305,032</u>	<u>\$ 10,372,836</u>	<u>\$ 25,360</u>	<u>\$ 10,703,228</u>

December 31, 2021

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Lease liability	\$ 186,302	\$ 249,154	\$ 33,716	\$ 469,172
Long-term borrowings (Note)	73,629	8,020,372	-	8,094,001
Bonds payable	<u>77,100</u>	-	-	<u>77,100</u>
	<u>\$ 337,031</u>	<u>\$ 8,269,526</u>	<u>\$ 33,716</u>	<u>\$ 8,640,273</u>

March 31, 2021

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Lease liability	\$ 175,731	\$ 265,830	\$ 50,178	\$ 491,739
Long-term borrowings (Note)	400,000	400,000	-	800,000
Bonds payable	-	<u>382,600</u>	-	<u>382,600</u>
	<u>\$ 575,731</u>	<u>\$ 1,048,430</u>	<u>\$ 50,178</u>	<u>\$ 1,674,339</u>

Note: Including imputed interest payable.

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

Derivative financial liabilities

As of March 31, 2022, December 31, 2021 and March 31, 2021, 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 overseas bonds is included in level 1.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market, debt instrument and private equity fund 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:

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 43,466	\$ -	\$ 217,191	\$ 260,657
Equity securities	7,632	-	-	7,632
Debt instruments	305	-	67,540	67,845
Financial assets at fair value through other comprehensive income				
Equity securities	19,646,210	-	51,551	19,697,761
Accounts receivable that are expected to be factored	-	<u>23,727,503</u>	-	<u>23,727,503</u>
	<u>\$ 19,697,613</u>	<u>\$ 23,727,503</u>	<u>\$ 336,282</u>	<u>\$ 43,761,398</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instrument	<u>\$ -</u>	<u>\$ 26,967</u>	<u>\$ -</u>	<u>\$ 26,967</u>



December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 49,603	\$ -	\$ 218,086	\$ 267,689
Equity securities	9,806	-	-	9,806
Debt instruments	321	-	65,459	65,780
Derivative instrument	-	455	-	455
Financial assets at fair value through other comprehensive income				
Equity securities	18,937,673	-	51,551	18,989,224
Accounts receivable that are expected to be factored	-	16,784,917	-	16,784,917
	<u>\$ 18,997,403</u>	<u>\$ 16,785,372</u>	<u>\$ 335,096</u>	<u>\$ 36,117,871</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instrument	<u>\$ -</u>	<u>\$ 14,838</u>	<u>\$ -</u>	<u>\$ 14,838</u>

March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 47,795	\$ -	\$ 114,466	\$ 162,261
Overseas bonds	318	-	-	318
Debt instruments	7,630	-	-	7,630
Financial assets at fair value through other comprehensive income				
Equity securities	14,683,546	-	83,728	14,767,274
Accounts receivable that are expected to be factored	-	18,216,846	-	18,216,846
	<u>\$ 14,739,289</u>	<u>\$ 18,216,846</u>	<u>\$ 198,194</u>	<u>\$ 33,154,329</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instrument	<u>\$ 7,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,559</u>

(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 assets 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 three-month periods ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2022 and 2021:

	<u>Equity securities and beneficiary certificates</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 335,096	\$ 198,380
Acquired during the period	7,200	-
Losses recognised in profit or loss	( 8,831)	( 261)
Effect of exchange rate changes	<u>2,817</u>	<u>75</u>
At March 31	<u>\$ 336,282</u>	<u>\$ 198,194</u>

For the three-month periods ended March 31, 2022 and 2021, 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:

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 16,543	Market comparable companies	Price to earnings ratio multiple	2.93 ~3.34 (3.19)	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
Unlisted preferred shares	24,700	Discounted cash flow method	Weighted average cost of capital	11.51%	The higher the weighted average cost of capital and discount for lack of marketability, the lower the fair value
	42,840	Most recent non- active market	Not applicable	-	Not applicable
Venture capital shares	35,008	Net asset value	Not applicable	-	Not applicable
Private equity fund	217,191	Most recent non- active market	Not applicable	-	Not applicable
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 16,543	Market comparable companies	Price to earnings ratio multiple	2.93 ~3.34 (3.19)	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
Unlisted preferred shares	23,939	Discounted cash flow method	Weighted average cost of capital	11.51%	The higher the weighted average cost of capital and discount for lack of marketability, the lower the fair value
	41,520	Most recent non- active market	Not applicable	-	Not applicable
Venture capital shares	35,008	Net asset value	Not applicable	-	Not applicable
Private equity fund	218,086	Most recent non- active market	Not applicable	-	Not applicable

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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
	28,510	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%	
	14,255	Most recent non-active market	Not applicable	-	Not applicable
Venture capital shares	35,000	Net asset value	Not applicable	-	Not applicable
Private equity fund	114,466	Most recent non-active market	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 three-month periods ended March 31, 2022 and 2021.

12. 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: None.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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 9.

13. 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 March 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from external customers	<u>\$ 113,655,035</u>	<u>\$ 90,300,165</u>
Segment income	<u>\$ 2,508,214</u>	<u>\$ 1,755,978</u>
Segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>
Depreciation and amortisation	<u>\$ 87,894</u>	<u>\$ 82,675</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 March 31,	
	2022	2021
<u>Operating revenue</u>		
Total reported segment revenue	\$ 113,655,035	\$ 90,300,165
Other operating segment revenue	<u>14,288,024</u>	<u>7,346,213</u>
Total operating revenue	<u>\$ 127,943,059</u>	<u>\$ 97,646,378</u>
	Three-month periods ended March 31,	
	2022	2021
<u>Profit and loss</u>		
Income of reported segment	\$ 2,508,214	\$ 1,755,978
Income of other operating segments	<u>291,946</u>	<u>142,183</u>
Income before income tax from continuing operations	<u>\$ 2,800,160</u>	<u>\$ 1,898,161</u>

WT Microelectronics Co., Ltd. and subsidiaries  
Loans to others  
Three-month period ended March 31, 2022

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 three-month period ended	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					March 31, 2022	March 31, 2022	drawn down						Item	Value			
1	WT TECHNOLOGY (H.K.) LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Other receivables - related parties	Y	\$ 84,075	\$ -	\$ -	0.75%	Short-term financing	\$ -	Business Operation	\$ -	-	\$ -	\$ 4,592	\$ 4,592	Note 2
2	WINTech MICROELECTRONICS HOLDING LIMITED	BRILLNICS (HK) LIMITED	Other receivables - related parties	Y	57,120	57,120	57,120	1.00%	Short-term financing	-	Business Operation	-	-	-	1,040,244	4,160,976	Note 3
2	WINTech MICROELECTRONICS HOLDING LIMITED	WINTech MICROELECTRONICS LTD.	Other receivables - related parties	Y	742,560	742,560	585,480	0.80%	Short-term financing	-	Business Operation	-	-	-	10,402,439	10,402,439	Note 2
3	BSI SEMICONDUCTOR PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	282,744	282,744	282,744	1.10%	Short-term financing	-	Business Operation	-	-	-	531,418	531,418	Note 2
4	MSD HOLDING PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	79,968	79,968	79,968	1.20%	Short-term financing	-	Business Operation	-	-	-	89,582	89,582	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  
Three-month period ended March 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Relationship with the endorser / guarantor (Note 2)	Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of March 31, 2022	Outstanding endorsement / guarantee amount at March 31, 2022	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
		Company name													
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.		2	\$ 46,368,253	\$ 800,000	\$ 800,000	\$ 800,000	-	1.38%	\$ 46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.		2	46,368,253	142,800	142,800	142,800	-	0.25%	46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED		2	46,368,253	1,142,400	1,142,400	-	-	1.97%	46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED		2	46,368,253	2,142,000	2,142,000	-	-	3.70%	46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.		2	46,368,253	59,976	59,976	2,251	-	0.10%	46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.		2	46,368,253	1,428	1,428	70	-	0.00%	46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN SINGAPORE PTE. LTD.		2	46,368,253	285,600	285,600	57,120	-	0.49%	46,368,253	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.		2	46,368,253	4,834,080	4,834,080	2,336,932	-	8.34%	46,368,253	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.		2	46,368,253	1,606,944	1,606,944	808,938	-	2.77%	46,368,253	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.		2	46,368,253	1,617,044	1,617,044	1,232,449	-	2.79%	46,368,253	Y	N	N	

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.

WT Microelectronics Co., Ltd. and subsidiaries

Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Three-month period ended March 31, 2022

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)	As of March 31, 2022				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
WT MICROELECTRONICS CO., LTD.	Common stock	TERAWINS, INC.	None	2	666,248	\$ 16,543	2.19	\$ 16,543	
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	-	35,008	9.62	35,008	
WT MICROELECTRONICS CO., LTD.	Common stock	ASMEDIA TECHNOLOGY INC.	None	2	9,000,000	17,505,000	13.00	17,505,000	
WT MICROELECTRONICS CO., LTD.	Funds	YUANTA GLOBAL NEXGEN COMMUNICATION INNOVATIVE TCHNOLOGY ETF	None	3	350,000	10,136	-	10,136	
WT MICROELECTRONICS CO., LTD.	Funds	FUH HWA ENERGY - EFFICIENT FUND	None	4	9,443,802	92,077	-	92,077	
WT MICROELECTRONICS CO., LTD.	Private equity funds	FUH HWA TAIWAN GOOD INCOME FUND TWD	None	4	3,000,000	33,330	-	33,330	
WT MICROELECTRONICS CO., LTD.	Common stock	SINO-AMERICAN SILICON PRODUCTS INC.	None	2	7,889,000	1,396,353	1.35	1,396,353	
WT MICROELECTRONICS CO., LTD.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	1,043,000	44,901	0.85	44,901	
WT MICROELECTRONICS CO., LTD.	Private equity funds	FUH HWA GLOBAL IOT AND TECH FUND	None	4	10,010,010	101,301	-	101,301	
WT MICROELECTRONICS CO., LTD.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	260,000	105,170	0.61	105,170	
NUVISION TECHNOLOGY INC.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	196,000	8,438	0.16	8,438	
NUVISION TECHNOLOGY INC.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	307,000	124,182	0.71	124,182	
MORRIHAN INTERNATIONAL CORP.	Common stock	JESS-LINK PRODUCTS CO., LTD.	None	2	688,000	29,618	0.56	29,618	
MORRIHAN INTERNATIONAL CORP.	Common stock	ZILLTEK TECHNOLOGY CORP.	None	2	329,000	133,080	0.77	133,080	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	LIFEMAX HEALTHCARE INTERNATIONAL CORPORATION	None	4	2,702,703	24,700	0.83	24,700	
WINTech MICROELECTRONICS HOLDING LTD.	Bonds	EXXON MOBIL CORPORATION	None	4	100	305	-	305	
WINTech MICROELECTRONICS HOLDING LTD.	Private equity funds	CATHAY PRIVATE EQUITY ECOLOGY LIMITED PARTNERSHIP	None	4	-	23,813	-	23,813	
WINTech MICROELECTRONICS HOLDING LTD.	Preferred shares	AVIVA TECHNOLOGY HOLDING	None	4	659,034	42,840	1.65	42,840	

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note)	As of March 31, 2022				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	3	373,226	\$ 7,632	0.12	\$ 7,632	
MILESTONE INVESTMENT CO., LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	2	5,950,369	121,685	1.98	121,685	
MAXTEK TECHNOLOGY CO., LTD.	Common stock	FITIPower INTEGRATED TECHNOLOGY INC.	None	2	865,125	177,783	0.46	177,783	

Note : 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  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Three-month period ended March 31, 2022

Table 4

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	\$ 25,672,544	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	\$ 10,600,112	22
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	9,471,185	10	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	4,270,009	9
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	4,526,752	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	5,144,467	11
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	3,976,097	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	3,734,023	8
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	2,357,587	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	1,549,871	3
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	1,515,859	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	833,734	2
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	761,376	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	451,437	1
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	155,634	-	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	21,963	-
WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	141,169	-	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	25,884	-
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	939,161	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	-	-
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	1,576,115	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	( 571,748)	1
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	378,419	-	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	( 120,346)	-
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	101,129	-	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	-	-

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		Percentage of total notes/accounts receivable (payable)
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	\$ 1,341,937	19	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	\$ 423,377	11	
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,051,510	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	960,598	24	
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	199,626	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	219,894	5	
NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	201,262	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	198,558	5	
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	8,748,595	19	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	2,521,827	13	
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	162,074	-	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	274,456	1	
MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	205,576	-	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	130,277	1	
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	178,083	-	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	305,056	2	
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	105,062	-	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	138,766	1	
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	113,790	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	13,529	1	
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	785,022	44	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	303,830	29	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	2,959,238	67	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	3,615,711	69	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	1,451,686	33	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	1,609,049	31	

WT Microelectronics Co., Ltd. and subsidiaries  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
March 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022	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	\$ 10,600,112	8.93	\$ -		\$ 4,942,382	\$ -
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	4,270,009	8.03	-		229,150	-
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	5,144,467	4.59	-		1,036,407	-
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	3,734,023	4.57	-		100,108	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	1,549,871	8.04	-		718,130	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	833,734	7.83	-		323,039	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	451,437	9.68	-		243,791	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	571,748	2.61	-		432,910	-
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	423,377	15.52	-		395,640	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	960,598	4.01	-		286,487	-
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	219,894	5.49	-		166,504	-
NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	198,558	4.23	-		-	-
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	2,521,827	15.00	-		1,044,983	-
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	274,456	2.32	-		-	-
MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	130,277	7.92	-		13,483	-
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	138,766	4.21	-		-	-
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	305,056	2.56	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	\$ 120,346	2.41	\$ -		\$ 2,395	\$ -
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	303,830	14.80	-		303,830	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	3,615,711	3.34	-		-	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	1,609,049	4.17	-		-	-

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  
Three-month period ended March 31, 2022

Table 6

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	\$ 25,672,544	(Note 3)	20
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Accounts receivable	10,600,112	(Note 3)	6
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	9,471,185	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	4,270,009	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	4,526,752	(Note 3)	4
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Accounts receivable	5,144,467	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	3,976,097	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	3,734,023	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	2,357,587	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	1,549,871	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	1,515,859	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	833,734	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	761,376	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Accounts receivable	451,437	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	155,634	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	141,169	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	939,161	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	1,576,115	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Accounts payable	571,748	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	378,419	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Accounts payable	120,346	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Purchases	101,129	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	1,341,937	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	423,377	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	1,051,510	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	960,598	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	199,626	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Accounts receivable	219,894	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	201,262	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Accounts receivable	198,558	(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	\$ 8,748,595	(Note 3)	7
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Accounts receivable	2,521,827	(Note 3)	1
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	162,074	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Accounts receivable	274,456	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Sales	205,576	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	ANALOG WORLD CO., LTD.	Affiliates	Accounts receivable	130,277	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTech MICROELECTRONICS LTD.	Affiliates	Sales	178,083	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTech MICROELECTRONICS LTD.	Affiliates	Accounts receivable	305,056	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	105,062	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Accounts receivable	138,766	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONG KONG) LIMITED	Affiliates	Sales	113,790	(Note 3)	-
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	785,022	(Note 3)	1
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Accounts receivable	303,830	(Note 3)	-
5	WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	2,959,238	(Note 3)	2
5	WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Accounts receivable	3,615,711	(Note 3)	2
5	WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	1,451,686	(Note 3)	1
5	WINTech MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Accounts receivable	1,609,049	(Note 3)	1

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)

Three-month period ended March 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2022	Footnote
				Balance at March 31, 2022	Balance at December 31, 2021	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	\$ 10,355,557	\$ 156,858	\$ 156,858	Subsidiary
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Taiwan	Sale of electronic components	1,781,829	1,781,829	73,949,070	100.00	2,834,275	249,814	249,814	Subsidiary
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Taiwan	Sale of electronic components	3,106,620	3,106,620	283,760,000	100.00	4,957,423	439,859	439,859	Subsidiary
WT MICROELECTRONICS CO., LTD.	BSI SEMICONDUCTOR PTE. LTD.	Singapore	Sale of electronic components	486,289	486,289	7,544,002	100.00	749,423	6,862	6,862	Subsidiary
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Taiwan	Sale of electronic components	323,030	323,030	28,216,904	99.91	1,413,306	153,676	153,538	Subsidiary
WT MICROELECTRONICS CO., LTD.	MILESTONE INVESTMENT CO., LTD.	Taiwan	General investment	61,985	61,985	4,500,000	100.00	144,192 (	873) (	873)	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	211,083	171	171	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	2,343,347	114,508	114,508	Subsidiary
WT MICROELECTRONICS CO., LTD.	ANALOG WORLD CO., LTD.	South Korea	Sale of electronic components	397,230	397,230	120,000	100.00	441,321	23,406	22,299	Subsidiary
WT MICROELECTRONICS CO., LTD.	WT SEMICONDUCTOR HOLDINGS PTE. LTD.	Singapore	Holding company	205,884	-	7,200,000	100.00	205,632	-	-	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	PROMISING INVESTMENT LIMITED	Mauritius	General investment	1,780,216	1,780,216	62,332,506	100.00	4,724,326	142,657	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH INVESTMENT CO., LTD.	Belize	General investment	600,359	600,359	21,020,957	100.00	1,143,148	58,029	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Belize	Sale of electronic components	85,683	85,683	3,000,100	100.00	52,758 (	1,312)	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LIMITED	British Virgin Islands	Holding company	143	143	5,000	100.00	5	-	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2022	Footnote
				Balance at March 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Book value			
WINTech MICROELECTRONICS HOLDING LIMITED	WT TECHNOLOGY PTE. LTD.	Singapore	Sale of electronic components	\$ 142,800	\$ 142,800	5,000,000	100.00	\$ 2,032,032	(\$ 4)	Note 1	Subsidiary
WINTech MICROELECTRONICS HOLDING LIMITED	JCD OPTICAL (CAYMAN) CO., LTD.	Cayman Islands	Holding company	67,799	67,799	5,869,093	19.80	34,871	( 13,785)	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	34,272	34,272	1,200,000	17.65	11,880	( 816)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	RAINBOW STAR GROUP LIMITED	British Virgin Islands	General investment	28,560	28,560	18,924	24.65	27,283	( 571)	Note 1	Associates
WINTech MICROELECTRONICS HOLDING LIMITED	BRILLNICS INC.	Cayman Islands	Holding company	1,112,812	1,112,812	49,336,630	61.87	110,888	( 67,960)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT MICROELECTRONICS (HONG KONG) LIMITED	Hong Kong	Sale of electronic components	357,789	357,789	12,527,632	100.00	2,547,406	45,448	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	NINO CAPITAL CO., LTD.	Samoa	Holding company	8,882	8,882	311,000	100.00	30,241	( 1,886)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	RICH WEB LTD.	British Virgin Islands	Holding company	656,150	656,150	22,974,430	100.00	890,821	24,876	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT TECHNOLOGY (H.K.) LIMITED	Hong Kong	Sale of electronic components	3,648	3,648	1,000,000	100.00	4,592	61	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT SOLOMON QCE LIMITED	Hong Kong	Sale of electronic components	753,479	753,479	110,000,000	100.00	1,149,874	74,158	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	31,650	31,650	1,500,000	100.00	344,207	22,315	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT MICROELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Sale of electronic components	3,394	3,394	500,000	100.00	1,704	( 186)	Note 1	Subsidiary
WINTech INVESTMENT CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	519,989	519,989	3,800,000	95.47	796,657	35,988	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS (THAILAND) LIMITED.	Thailand	Sale of electronic components	2,575	2,575	300,000	100.00	1,823	88	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS INDIA PRIVATE LIMITED	India	Sale of electronic components	2,698	2,698	700,000	100.00	1,633	1,602	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2022	Footnote
				Balance at March 31, 2022	Balance at December 31, 2021	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	\$ 156,858	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	ASIA LATEST TECHNOLOGY LIMITED	Mauritius	Holding company	37,771	37,771	1,120,000	100.00	44,791	( 131)	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	49,538	49,538	180,472	4.53	26,632	35,988	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	South Korea	Sale of electronic components	22,399	22,399	53,505	100.00	211,222	6,168	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	MORRIHAN SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	210,451	210,451	9,500,000	100.00	722,850	102,073	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	445,324	41,976	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	84,718	( 6)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	British Virgin Islands	Holding company	-	-	6,000	100.00	-	( 129)	Note 1	Subsidiary
BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	MAXTEK INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of electronic components	-	-	6,000,000	100.00	-	-	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	34,213	( 1,311)	Note 1	Associates
BRILLNICS INC.	BRILLNICS (HK) LIMITED	Hong Kong	Sale and services of technology	1,828,211	1,828,211	64,013,000	100.00	177,309	( 164,695)	Note 1	Subsidiary
BRILLNICS INC.	BRILLNICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	9,996	9,996	350,002	100.00	2,478	( 2,529)	Note 1	Subsidiary
BRILLNICS (HK) LIMITED	BRILLNICS JAPAN INC.	Japan	Research and development of electronic components	23,440	23,440	100,000	100.00	-	( 54,292)	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	-	( 31,659)	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

Three-month period ended March 31, 2022

Table 8

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the three-month period ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2022 (Note 2)	Book value of investment in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SHANGHAI WT MICROELECTRONICS CO., LTD.	International trade, entrepot trade and etc.	\$ 8,568	2	\$ 8,568	\$ -	\$ -	\$ 8,568	(\$ 1,885)	100.00	(\$ 1,885)	\$ 30,169	\$ -	Note 5
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	International trade, entrepot trade and etc.	649,344	2	600,384	-	-	600,384	24,876	100.00	24,876	890,721	-	Note 6
WT MICROELECTRONICS (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	1,003,884	2	546,924	-	-	546,924	( 1,049)	100.00	( 1,049)	1,467,822	-	Note 7
MORRIHAN INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	37,985	3	28,560	-	-	28,560	( 131)	100.00	( 131)	44,783	-	Note 4
JCD OPTICAL CORPORATION	Production and sale of optoelectronic material and components	145,656	2	18,964	-	-	18,964	( 11,050)	19.80	( 2,188)	25,204	-	Note 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	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 (Note 3)
WT MICROELECTRONICS CO., LTD.	\$ 1,203,400	\$ 1,889,799	\$ 34,818,278

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

March 31, 2022

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
WPG HOLDING CO., LTD.	201,393,867	21.40%
ASMEDIA TECHNOLOGY INC.	179,000,000	19.02%
SHAO YANG INVESTMENT CO., LTD.	74,739,426	7.94%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred 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 March 31, 2022, the number of shares held by the chairman under his own name and under the names of others was 116,122,613 shares, and the shareholding ratio was 12.34%.

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