

**CHIPBOND TECHNOLOGY CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2021 AND 2020**

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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.

CHIPBOND TECHNOLOGY CORPORATION

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Chipbond Technology Corporation

Representative: Wu, Fei-Jain

February 25, 2022



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## INDEPENDENT AUDITORS' REPORT

PWCR21000245

To the Board of Directors and Shareholders of Chipbond Technology Co., Ltd.

### Opinion

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

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

### Basis for opinion

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



### **Key audit matters**

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

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2021 are outlined as follows:

#### **Intangible assets-valuation of goodwill impairment**

##### Description

Refer to Note 4(19) for accounting policies on goodwill, and Note 5 for the accounting estimates and assumptions applied on goodwill.

As of December 31, 2021, goodwill amounted to NT\$5,037,278 thousand. For information on evaluation of goodwill impairment, refer to Note 6(10), Impairment of non-financial assets.

The Group estimates recoverable amount utilizing the future cash flows of goodwill's cash generating unit and appropriate discount rates in order to determine whether goodwill is impaired. The estimation of future cash flows involves various assumptions, which may have significant effects on the estimation of recoverable amount. Thus, we considered assessment of goodwill impairment a key audit matter.

##### How our audit addressed the matter

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

Interviewed management to obtain an understanding of the process of estimating future cash flows, evaluated key assumptions adopted in estimating future cash flows, including assessing the rationality of estimated growth rates of operating revenue, costs of sales, gross margins and operating expenses through comparing those with historical outcomes and assessed the reasonableness of estimated future cash flows within the next four years through reviewing the actual results of operational plans executed by management and most recent annual budget approved by the Board of Directors. In addition, evaluated the parameters utilized in calculating the discount rates, including weighted average cost of capital at risk-free rates, industrial risk premium, return on assets and the proportion of equity capital in similar market.



## **Operating revenue**

### Description

Refer to Note 4(29) for accounting policies on recognition of operating revenue, and Note 6(21) for details of operating revenue. Operating revenue is a basic operating activity for sustainable business development, and relevant to enterprise performance as well as material to the financial statements. Thus, we considered operating revenue a key audit matter.

### How our audit addressed the matter

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

Evaluated and validated the effectiveness of design and implementation of internal controls over recognition of operating revenue. Sampled and tested transaction details, including validating the performance obligation in the contract with customers, respective transaction terms and prices, evidence supporting the provision of services, to ensure the occurrence and accuracy of those transactions.

### **Other matter –Reference to the audits of other auditors**

We did not audit the financial statements of certain investment accounted for under the equity method for the year ended December 31, 2020 which was audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of that investees, is based solely on the report of other auditors. The balances of investment accounted for under the equity method amounted to NT\$1,957,911 thousand, constituting 4.53% of the consolidated total assets as at December 31, 2020, and the comprehensive income from this investment accounted for under the equity method amounted to NT\$0 thousand, constituting 0% of the consolidated comprehensive income for the year then ended.

### **Other matter – Parent company only financial reports**

We have audited and expressed an unmodified opinion, and unmodified opinion with an other matter paragraph on the parent company only financial statements of Chipbond Technology Corporation as at and for the years ended December 31, 2021 and 2020, respectively.



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

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

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

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

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

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



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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

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

*Tsai - Yen, Chiang*

Chiang, Tsai-Yen

*LI, TIEN-YI*

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

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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.

**CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 5,574,583	10	\$ 4,141,324	10
1136	Current financial assets at amortised cost	6(3)	-	-	59,808	-
1170	Notes and accounts receivable, net	6(4) and 7	6,249,324	12	4,698,004	11
1200	Other receivables	7	130,065	-	25,174	-
130X	Inventories, net	6(5)	1,457,276	3	1,320,094	3
1410	Prepayments		46,338	-	64,202	-
1470	Other current assets		879	-	459	-
11XX	<b>Total current assets</b>		<u>13,458,465</u>	<u>25</u>	<u>10,309,065</u>	<u>24</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	8,366,674	16	2,282,880	5
1535	Non-current financial assets at amortised cost	6(3) and 8	1,138,999	2	1,023,999	2
1550	Investments accounted for under the equity method	6(6)	7,586,993	14	7,091,180	16
1600	Property, plant and equipment, net	6(7) and 7	17,380,041	32	16,644,432	39
1755	Right-of-use assets	6(8)	453,219	1	485,721	1
1780	Intangible assets	6(9)	5,093,066	10	5,117,682	12
1840	Deferred income tax assets	6(25)	240,123	-	248,743	1
1900	Other non-current assets	6(27)	82,994	-	63,363	-
15XX	<b>Total non-current assets</b>		<u>40,342,109</u>	<u>75</u>	<u>32,958,000</u>	<u>76</u>
1XXX	<b>Total assets</b>		<u>\$ 53,800,574</u>	<u>100</u>	<u>\$ 43,267,065</u>	<u>100</u>

(Continued)

**CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 2,250,000	4	\$ 900,000	2
2170	Accounts payable		874,173	2	963,077	3
2200	Other payables	6(13) and 7	3,679,795	7	3,912,016	9
2230	Current income tax liabilities		858,136	2	490,538	1
2300	Other current liabilities	6(14) and 7	87,237	-	531,617	1
21XX	<b>Total current liabilities</b>		<u>7,749,341</u>	<u>15</u>	<u>6,797,248</u>	<u>16</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14)	3,212,500	6	3,195,000	7
2570	Deferred tax liabilities	6(25)	716,603	1	697,321	2
2580	Non-current lease liabilities		427,314	1	451,267	1
2600	Other non-current liabilities		18,785	-	88,295	-
25XX	<b>Total non-current liabilities</b>		<u>4,375,202</u>	<u>8</u>	<u>4,431,883</u>	<u>10</u>
2XXX	<b>Total liabilities</b>		<u>12,124,543</u>	<u>23</u>	<u>11,229,131</u>	<u>26</u>
<b>Equity attributable to owners of parent</b>						
	Share capital	6(17)				
3110	Ordinary shares		7,386,755	14	6,715,232	16
	Capital surplus	6(18)				
3200	Capital surplus		8,313,551	15	6,726,563	15
	Retained earnings	6(19)				
3310	Legal reserve		3,465,480	6	3,102,174	7
3320	Special reserve		-	-	47,703	-
3350	Unappropriated retained earnings		20,810,997	39	15,190,119	35
	Other equity	6(20)				
3400	Other equity interest		1,699,248	3	256,143	1
3XXX	<b>Total equity</b>		<u>41,676,031</u>	<u>77</u>	<u>32,037,934</u>	<u>74</u>
	Significant commitments and contingencies	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 53,800,574</u>	<u>100</u>	<u>\$ 43,267,065</u>	<u>100</u>

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

**CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

		Year ended December 31					
Items		Notes	2021		2020		
			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(21) and 7	\$ 27,082,040	100	\$ 22,275,284	100	
5000	Operating costs	6(5)(23)(24)	( 18,330,265)	( 67)	( 15,995,447)	( 72)	
5900	Gross profit		<u>8,751,775</u>	<u>33</u>	<u>6,279,837</u>	<u>28</u>	
	Operating expenses	6(23)(24)					
6100	Selling expenses		( 172,144)	( 1)	( 157,430)	( 1)	
6200	General and administrative expenses		( 1,025,850)	( 4)	( 762,160)	( 3)	
6300	Research and development expenses		( 659,756)	( 2)	( 525,666)	( 2)	
6000	Total operating expenses		<u>( 1,857,750)</u>	<u>( 7)</u>	<u>( 1,445,256)</u>	<u>( 6)</u>	
6900	Operating profit		<u>6,894,025</u>	<u>26</u>	<u>4,834,581</u>	<u>22</u>	
	Non-operating income and expenses						
7100	Interest income	7	24,907	-	8,411	-	
7010	Other income		106	-	427	-	
7020	Other gains and losses	6(22)	( 41,293)	-	( 302,056)	( 2)	
7050	Finance costs		( 48,201)	-	( 44,526)	-	
7060	Share of profit (loss) of associates and joint ventures accounted for under the equity method	6(6)	<u>598,750</u>	<u>2</u>	<u>( 46,748)</u>	<u>-</u>	
7000	Total non-operating income and expenses		<u>534,269</u>	<u>2</u>	<u>( 384,492)</u>	<u>( 2)</u>	
7900	<b>Profit before income tax</b>		<u>7,428,294</u>	<u>28</u>	<u>4,450,089</u>	<u>20</u>	
7950	Income tax expense	6(25)	( 1,291,000)	( 5)	( 789,000)	( 3)	
8200	<b>Profit for the year</b>		<u>\$ 6,137,294</u>	<u>23</u>	<u>\$ 3,661,089</u>	<u>17</u>	
	<b>Other comprehensive income, net</b>						
	<b>Items that will not be reclassified to profit or loss:</b>						
8311	Remeasurements of defined benefit plans	6(15)	\$ 12,492	-	( \$ 35,033)	-	
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)(20)	<u>1,421,724</u>	<u>5</u>	<u>282,882</u>	<u>1</u>	
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(20)	( 52,446)	-	-	-	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)(25)	<u>54,078</u>	<u>-</u>	<u>( 49,569)</u>	<u>-</u>	
8310	Total items that will not be reclassified to profit or loss		<u>1,435,848</u>	<u>5</u>	<u>198,280</u>	<u>1</u>	
	<b>Items that may be reclassified subsequently to profit or loss:</b>						
8361	Cumulative translation differences of foreign operations	6(20)	( 2,690)	-	5,253	-	
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(20)	( 29,730)	-	91,671	-	
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	6(20)(25)	<u>6,344</u>	<u>-</u>	<u>( 19,384)</u>	<u>-</u>	
8360	Total items that may be reclassified to profit or loss		<u>( 26,076)</u>	<u>-</u>	<u>77,540</u>	<u>-</u>	
8300	<b>Total other comprehensive income, net of tax</b>		<u>\$ 1,409,772</u>	<u>5</u>	<u>\$ 275,820</u>	<u>1</u>	
8500	<b>Total comprehensive income for the year</b>		<u>\$ 7,547,066</u>	<u>28</u>	<u>\$ 3,936,909</u>	<u>18</u>	
	Earnings per share	6(26)					
9750	Basic earnings per share		<u>\$ 9.00</u>		<u>\$ 5.61</u>		
	Diluted earnings per share	6(26)					
9850	Diluted earnings per share		<u>\$ 8.82</u>		<u>\$ 5.52</u>		

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

**CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Equity attributable to owners of the parent					Other equity interest			Total equity
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others	
<b>Year ended December 31, 2020</b>										
Balance at January 1, 2020		\$ 6,542,620	\$ 7,201,037	\$ 2,693,222	\$ -	\$ 13,322,235	(\$ 47,703)	\$ -	(\$ 19,750)	\$ 29,691,661
Profit for the year		-	-	-	-	3,661,089	-	-	-	3,661,089
Other comprehensive income (loss) for the year	6(15)(20)(25)	-	-	-	-	( 28,026)	77,540	226,306	-	275,820
Total comprehensive income		-	-	-	-	3,633,063	77,540	226,306	-	3,936,909
Distribution of retained earnings of 2019:	6(19)									
Legal reserve appropriated		-	-	408,952	-	( 408,952)	-	-	-	-
Special reserve appropriated		-	-	-	47,703	( 47,703)	-	-	-	-
Cash dividends		-	-	-	-	( 1,308,524)	-	-	-	( 1,308,524)
Stocks issued for stock exchange	6(17)(18)	172,612	964,902	-	-	-	-	-	-	1,137,514
Compensation cost of employee restricted shares	6(16)(20)	-	-	-	-	-	-	-	19,750	19,750
Cash dividends from capital surplus	6(18)	-	( 1,439,376)	-	-	-	-	-	-	( 1,439,376)
Balance at December 31, 2020		\$ 6,715,232	\$ 6,726,563	\$ 3,102,174	\$ 47,703	\$ 15,190,119	\$ 29,837	\$ 226,306	\$ -	\$ 32,037,934
<b>Year ended December 31, 2021</b>										
Balance at January 1, 2021		\$ 6,715,232	\$ 6,726,563	\$ 3,102,174	\$ 47,703	\$ 15,190,119	\$ 29,837	\$ 226,306	\$ -	\$ 32,037,934
Profit for the year		-	-	-	-	6,137,294	-	-	-	6,137,294
Other comprehensive (loss) income for the year	6(15)(20)(25)	-	-	-	-	( 33,333)	( 26,076)	1,469,181	-	1,409,772
Total comprehensive income (loss)		-	-	-	-	6,103,961	( 26,076)	1,469,181	-	7,547,066
Distribution of retained earnings of 2020:	6(19)									
Legal reserve appropriated		-	-	363,306	-	( 363,306)	-	-	-	-
Special reserve reversed		-	-	-	( 47,703)	47,703	-	-	-	-
Cash dividends		-	-	-	-	( 167,881)	-	-	-	( 167,881)
Stocks issued for stock exchange	6(17)(18)	671,523	3,990,546	-	-	-	-	-	-	4,662,069
Changes in equity of associates and joint ventures accounted for using equity method	6(6)(18)	-	( 20,222)	-	-	401	-	-	-	( 19,821)
Cash dividends from capital surplus	6(18)	-	( 2,383,907)	-	-	-	-	-	-	( 2,383,907)
Others	6(18)	-	571	-	-	-	-	-	-	571
Balance at December 31, 2021		\$ 7,386,755	\$ 8,313,551	\$ 3,465,480	\$ -	\$ 20,810,997	\$ 3,761	\$ 1,695,487	\$ -	\$ 41,676,031

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

CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 7,428,294	\$ 4,450,089
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(23)	3,496,815	3,353,307
Amortisation expense of intangible assets	6(9)(23)	58,181	36,253
Interest income		( 24,907 )	( 8,411 )
Interest expense		48,201	44,526
Loss (gain) on disposal of investments	6(22)	940	( 2,786 )
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)		
		( 598,750 )	46,748
Compensation cost of Share-based payments	6(16)	-	19,750
Gain on disposal of property, plant and equipment	6(22)	( 409 )	( 3,139 )
Gain on disposal of non-current assets classified as held for sale	6(11)(22) and 7	-	( 69,995 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		-	2,786
Notes receivable and accounts receivable		( 1,551,320 )	( 624,290 )
Other receivables		( 17,636 )	23,529
Inventories		( 137,182 )	( 242,497 )
Prepayments		17,864	( 13,212 )
Other current assets		( 420 )	6,771
Changes in operating liabilities			
Accounts payable		( 88,904 )	210,989
Other payables		372,410	7,704
Other current liabilities		( 45,737 )	48,363
Other non-current liabilities		( 57,018 )	( 32,495 )
Cash inflow generated from operations		8,900,422	7,253,990
Interest received		4,316	8,480
Interest paid		( 48,601 )	( 45,260 )
Income taxes paid		( 901,741 )	( 1,043,521 )
Net cash flows from operating activities		<u>7,954,396</u>	<u>6,173,689</u>

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**CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31	
		2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		(\$ 115,000 )	(\$ 1,083,807 )
Proceeds from disposal of financial assets at amortised cost		59,808	-
Acquisition of financial assets at fair value through other comprehensive income	6(2)	-	( 1,999,998 )
Acquisition of investments accounted for using equity method	6(6)(27)	-	( 1,250,191 )
Acquisition of property, plant and equipment	6(27)	( 4,827,243 )	( 2,485,382 )
Proceeds from disposal of property, plant and equipment		1,752	11,400
Proceeds from disposal of non-current assets as held for sale	6(11) and 7	-	481,765
Acquisition of intangible assets	6(9)	( 33,565 )	( 116,197 )
Decrease (increase) in refundable deposits		1,004	( 432 )
Net cash flows used in investing activities		( 4,913,244 )	( 6,442,842 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings	6(28)	1,350,000	( 300,000 )
Proceeds from long-term borrowings	6(28)	13,490,000	7,600,000
Repayments of long-term borrowings	6(28)	( 13,865,000 )	( 7,250,000 )
Other financing activities	6(18)	571	-
Repayment of lease liabilities	6(28)	( 30,845 )	( 31,279 )
Cash dividends paid(including cash dividends distributed from capital surplus)	6(18)(19)	( 2,551,788 )	( 2,747,900 )
Net cash flows used in financing activities		( 1,607,062 )	( 2,729,179 )
Net effect of changes in foreign currency exchange rates		( 831 )	1,652
Net increase (decrease) in cash and cash equivalents		1,433,259	( 2,996,680 )
Cash and cash equivalents at beginning of year	6(1)	4,141,324	7,138,004
Cash and cash equivalents at end of year	6(1)	<u>\$ 5,574,583</u>	<u>\$ 4,141,324</u>

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

CHIPBOND TECHNOLOGY CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Chipbond Technology Corporation (the “Company”) was incorporated in the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacturing and sales of metal bump, gold bump, solder bump, flip chip, tape automated bonding, tape carrier package and others.

The Company has merged with Aptos (Taiwan) Corporation, WSE Corp., International Semiconductor Ltd. and SIMPAL Electronics Corporation Limited on September 1, 2005, September 1, 2006, April 1, 2010 and August 1, 2014, respectively. The Company has retained its name as Chipbond Technology Corporation after the mergers.

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 February 25, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
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 impacts on the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

##### (2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit 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 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 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership %		Note
			December 31, 2021	December 31, 2020	
Chipbond Technology Corporation	Chipmore Holding Company Limited (“CMHC”)	Investment holdings	100	100	
Chipbond Technology Corporation and CMHC	International Semiconductor Technology Holding Company Limited (“IST”)	Investment holdings	100	100	
IST	International Semiconductor Technology Corporation Limited	Investment, development, manufacturing and sale of electronic components	100	100	
CMHC	Chipmore Holding Company Limited (H.K.)	Investment holdings	100	100	

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

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

A. Foreign currency transactions and balances

- (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 retranslated 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) Exchange differences arising from the translation of the balance of non-monetary assets and liabilities denominated in foreign currencies are a part of fair value gains and losses. 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 based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign financial statements

- (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) Foreign exchange gains and losses resulting from net investments in foreign operations, long-term loans for investments and other monetary instruments designated as investment hedges are recognised in other comprehensive income.
- (c) 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 those restricted cash and cash equivalents 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 held mainly for trading purposes;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss 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 instruments 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 settlement 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 instruments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as 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.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The lease objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Subsequent to initial recognition for financial assets at amortised cost, interest income measured by the effective interest method with amortization process, and impairment losses are recognized during circulation period. Gains and losses are recognized in profit or loss when the financial assets are derecognized.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) 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.

(13) Leases (lessor)

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.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted-average method. Net realisable value is the estimated selling price, less the estimated cost at completion and the estimated costs necessary to make the sale.

(15) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) 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 the Group's share of change in equity of 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 evidence show an impairment of the asset transferred from the transaction. 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 under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously 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. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

- G. 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, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- 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. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures (including accessory equipment)	3 ~ 50 years
Machinery and equipment	5 ~ 7 years
Other equipment	3 ~ 5 years

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

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

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

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(19) Intangible assets

A. Computer software

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

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method and the recoverable amounts are 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.

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.

(20) Impairment of non-financial assets

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. Please refer to Note 4(19) for the information of goodwill impairment.

(21) 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.

(22) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Salaries and other 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 Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. 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. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, length of service and salary amount. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability 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 discount rate is determined by using yields 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 at the balance sheet date; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- 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.

(c) Executive pension contribution plan

Apart from the pension plan, the Group sets out a pension contribution plan for executives. Under the executive pension contribution plan, liabilities are recognised when the Company has a present obligation as a result of past rendered services and the amount of obligation can be reliably estimated.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, 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.

(25) 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 adjustments 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 based vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks issued by the Company:

- (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 employees resign during the vesting period, the Company will redeem without consideration and retire those stocks.

(26) 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 income tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or 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.

(27) Share capital

Ordinary shares 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.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

Service revenue

The Group provides semi-conductors packaging and testing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from a fixed-price contract is measured by the percentage of the actual services performed as of the balance sheet date to the total services to be performed.

(30) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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 estimating the recoverable amounts of related cash-generating units. Please refer to Note 6(10) for the information on goodwill impairment.

As of December 31, 2021, the Group recognised goodwill amounting to \$5,037,278. For the year ended December 31, 2021, no impairment loss was recognised for the goodwill.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 409	\$ 429
Demand deposits	5,491,134	4,057,732
Time deposits	83,040	83,163
Total	<u>\$ 5,574,583</u>	<u>\$ 4,141,324</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Equity instruments		
Listed stocks	\$ 6,662,068	\$ 1,999,998
Valuation adjustment	1,704,606	282,882
	<u>\$ 8,366,674</u>	<u>\$ 2,282,880</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 1,421,724</u>	<u>\$ 282,882</u>

- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$8,366,674 and \$2,282,880, respectively.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.
- E. Please refer to Table 2 for details of the Group's investment in financial instruments.
- F. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(3) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Others	\$ -	\$ 59,808
Non-current items:		
Pledged time deposit	139,000	24,000
Debt instruments	999,999	999,999
Total	\$ 1,138,999	\$ 1,083,807

- A. In accordance with “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, the funds, which was repatriated by the Company subject to this Act and used for the investment plan approved by the Ministry of Economic Affairs (MOEA), was managed and utilized according to the Act and have been used for purposes specified in the approved investment plan in 2021.
- B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,138,999 and \$1,083,807, respectively.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes and accounts receivable	\$ 6,251,964	\$ 4,700,644
Less: Allowance for uncollectible accounts	( 2,640)	( 2,640)
	\$ 6,249,324	\$ 4,698,004

A. The ageing analysis of notes and accounts receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 6,249,324	\$ 4,698,004
Over 270 days	<u>2,640</u>	<u>2,640</u>
Total	<u>\$ 6,251,964</u>	<u>\$ 4,700,644</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, notes and accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$4,073,714.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$6,249,324 and \$4,698,004, respectively.

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

(5) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Carrying amount</u>
Raw materials	\$ 1,120,376	(\$ 25,879)	\$ 1,094,497
Supplies	<u>385,777</u>	<u>( 22,998)</u>	<u>362,779</u>
Total	<u>\$ 1,506,153</u>	<u>(\$ 48,877)</u>	<u>\$ 1,457,276</u>
	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Carrying amount</u>
Raw materials	\$ 1,081,381	(\$ 25,879)	\$ 1,055,502
Supplies	<u>287,590</u>	<u>( 22,998)</u>	<u>264,592</u>
Total	<u>\$ 1,368,971</u>	<u>(\$ 48,877)</u>	<u>\$ 1,320,094</u>

The Group did not recognise loss on decline in market value for inventory obsolescence and decline in net realisable value for the years ended December 31, 2021 and 2020.

(6) Investments accounted for under the equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at January 1	\$ 7,091,180	\$ 4,658,552
Increase in investments accounted for under the equity method	-	2,387,705
Share of profit (loss) of investments accounted for under the equity method	598,750 (	46,748)
Change in capital surplus	( 20,222)	-
Change in other equity interest	( 82,715)	91,671
Balance at December 31	<u>\$ 7,586,993</u>	<u>\$ 7,091,180</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates:		
Hefei Chipmore Technology Co., Ltd.	\$ 4,192,658	\$ 3,826,629
Hefei Chipmore Materials Technology Co., Ltd.	1,048,081	1,306,640
Orient Semiconductor Electronics, Ltd.	2,346,254	1,957,911
	<u>\$ 7,586,993</u>	<u>\$ 7,091,180</u>

- A. On July 31, 2019, the Company's Board of Directors approved the increase in the capital of the affiliated company "Hefei Chipmore Materials Technology Co., Ltd." by the overseas subsidiary, CMHC, in the amount of \$429,794 (RMB 99,836 thousand). This transaction was approved by the Investment Board and remitted in January 2020. Accordingly, the shareholding ratio increased to 30.25%.
- B. The Group did not participate in the capital increase raised by Hefei Chipmore Technology Co., Ltd. in May 2021 proportionally to its interest. As a result, the Group decreased its shareholding ratio to 30.57%.
- C. On October 16, 2020, the Board of Directors resolved to acquire the privately placed common stocks of Orient Semiconductor Electronics, Ltd. in cash and increase capital by issuing new stocks in order to exchange stocks with Orient Semiconductor Electronics, Ltd. The Company had significant influence over Orient Semiconductor Electronics, Ltd. since the effective date for the stock exchange on December 30, 2020 and held 29.44% equity interests in Orient Semiconductor Electronics, Ltd. in total.
- D. For the year ended December 31, 2021, Orient Semiconductor Electronics, Ltd. announced to redeem and retire 1,610,600 shares of restricted employee stock. As a result, the Group increased its shareholding ratio to 29.53%.

## E. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2021	December 31, 2020		
Hefei Chipmore Technology Co., Ltd.	Hefei, China	30.57%	31.85%	Associate	Equity method
Hefei Chipmore Materials Technology Co., Ltd.	Hefei, China	30.25%	30.25%	Associate	Equity method
Orient Semiconductor Electronics, Ltd.	Taiwan	29.53%	29.44%	Associate	Equity method

(b) The summarised financial information of the associates of the Group is as follows:

	December 31, 2021	December 31, 2020
Assets	\$ 40,578,979	\$ 35,678,858
Liabilities	\$ 15,591,920	\$ 12,648,184
	Year ended	Year ended
	December 31, 2021	December 31, 2020
Revenue (Note)	\$ 22,097,686	\$ 3,755,820
Profit (loss) for the year (Note)	\$ 2,223,627	(\$ 187,508)
Total comprehensive income (loss) for the year (Note)	\$ 2,051,434	(\$ 192,714)

Note: Information disclosed for Orient Semiconductor Electronics, Ltd. only covers the period it was reclassified as investments accounted for under equity method.

(c) The Group's associate Orient Semiconductor Electronics, Ltd. has quoted market prices. As of December 31, 2021 and 2020, the fair value were \$4,345,881 and \$2,468,125, respectively.

(d) In 2020, the Group acquired equity interests of common shares in Orient Semiconductor Electronics, Ltd. and had significant influence over Orient Semiconductor Electronics, Ltd. whereby Orient Semiconductor Electronics, Ltd. was an associate of the Group. On July 15, 2021, the Group held seats in the Board of Directors. The Company is the single largest shareholder of the company, but the shares held by the Company does not exceed half of the attendance of Orient Semiconductor Electronics, Ltd.'s shareholders' meetings in the prior years and the seats held by the Company does not exceed one-third seats of the Board of Directors, which indicates that the Group has no practical ability to direct the relevant activities of the company, the Group has no control over the associate.

F. As of December 31, 2021, the Company has completed the identification of the difference between investment costs accounted for using equity method and share of fair value of identifiable assets and liabilities of associates has been completed, which was based on the Purchase Price Allocation report issued by an independent valuation institution.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress and equipment under installation	Total
<u>Year ended December 31, 2021</u>						
Cost						
Opening net book amount	\$ 886,890	\$ 6,098,266	\$ 32,771,140	\$ 836,088	\$ 3,021,653	\$ 43,614,037
Additions	-	-	-	69,343	4,133,034	4,202,377
Disposals or retirements	-	-	( 221,179)	( 40,936)	-	( 262,115)
Reclassification	-	426,302	3,374,208	-	( 3,800,510)	-
Effect of exchange rate changes	-	( 4,390)	( 129)	( 137)	-	( 4,656)
Closing net book amount	<u>\$ 886,890</u>	<u>\$ 6,520,178</u>	<u>\$ 35,924,040</u>	<u>\$ 864,358</u>	<u>\$ 3,354,177</u>	<u>\$ 47,549,643</u>
Accumulated depreciation and impairment						
Opening net book amount	\$ -	\$ 3,353,686	\$ 22,928,317	\$ 687,602	\$ -	\$ 26,969,605
Additions	-	253,983	3,135,099	74,550	-	3,463,632
Disposals or retirements	-	-	( 219,952)	( 40,820)	-	( 260,772)
Effect of exchange rate changes	-	( 2,606)	( 123)	( 134)	-	( 2,863)
Closing net book amount	<u>\$ -</u>	<u>\$ 3,605,063</u>	<u>\$ 25,843,341</u>	<u>\$ 721,198</u>	<u>\$ -</u>	<u>\$ 30,169,602</u>
Net ending balance	<u>\$ 886,890</u>	<u>\$ 2,915,115</u>	<u>\$ 10,080,699</u>	<u>\$ 143,160</u>	<u>\$ 3,354,177</u>	<u>\$ 17,380,041</u>

	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress and equipment under installation	Total
<u>Year ended December 31, 2020</u>						
Cost						
Opening net book amount	\$ 886,890	\$ 6,086,654	\$ 31,352,828	\$ 847,513	\$ 1,723,523	\$ 40,897,408
Additions	-	-	11,710	56,934	3,216,574	3,285,218
Disposals or retirements	-	( 86,669)	( 367,103)	( 75,833)	( 2,940)	( 532,545)
Reclassification	-	88,703	1,819,625	7,176	( 1,915,504)	-
Effect of exchange rate changes	-	9,578	282	298	-	10,158
Less: Transferred to non-current assets classified as held for sale	-	-	( 46,202)	-	-	( 46,202)
Closing net book amount	<u>\$ 886,890</u>	<u>\$ 6,098,266</u>	<u>\$ 32,771,140</u>	<u>\$ 836,088</u>	<u>\$ 3,021,653</u>	<u>\$ 43,614,037</u>
Accumulated depreciation and impairment						
Opening net book amount	\$ -	\$ 3,184,316	\$ 20,323,312	\$ 692,663	\$ -	\$ 24,200,291
Additions	-	249,599	2,999,646	70,107	-	3,319,352
Disposals or retirements	-	( 86,368)	( 362,457)	( 75,459)	-	( 524,284)
Effect of exchange rate changes	-	6,139	270	291	-	6,700
Less: Transferred to non-current assets classified as held for sale	-	-	( 32,454)	-	-	( 32,454)
Closing net book amount	<u>\$ -</u>	<u>\$ 3,353,686</u>	<u>\$ 22,928,317</u>	<u>\$ 687,602</u>	<u>\$ -</u>	<u>\$ 26,969,605</u>
Net ending balance	<u>\$ 886,890</u>	<u>\$ 2,744,580</u>	<u>\$ 9,842,823</u>	<u>\$ 148,486</u>	<u>\$ 3,021,653</u>	<u>\$ 16,644,432</u>

Information on the non-current assets classified as held for sale is provided in Note 6(11).

(8) Leasing arrangements—lessee

A. The Group leases various assets including land, buildings and structures, and other equipment. Rental contracts are made for periods of 3 to 35 years.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land and buildings	\$ 452,570	\$ 479,229
Other equipment	649	6,492
	<u>\$ 453,219</u>	<u>\$ 485,721</u>

  

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land and buildings	\$ 26,591	\$ 26,592
Other equipment	6,592	7,363
	<u>\$ 33,183</u>	<u>\$ 33,955</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$750 and \$0, respectively.

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

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest expense on lease liabilities	<u>\$ 5,336</u>	<u>\$ 5,689</u>

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$36,181 and \$36,968 , respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>Year ended December 31, 2021</u>			
Cost			
Opening net book amount	\$ 277,616	\$ 5,537,278	\$ 5,814,894
Additions	33,565	-	33,565
Effect of exchange rate changes	( 6)	-	( 6)
Closing net book amount	<u>\$ 311,175</u>	<u>\$ 5,537,278</u>	<u>\$ 5,848,453</u>
Accumulated amortisation and impairment			
Opening net book amount	\$ 197,212	\$ 500,000	\$ 697,212
Additions	58,181	-	58,181
Effect of exchange rate changes	( 6)	-	( 6)
Closing net book amount	<u>\$ 255,387</u>	<u>\$ 500,000</u>	<u>\$ 755,387</u>
Net ending balance	<u>\$ 55,788</u>	<u>\$ 5,037,278</u>	<u>\$ 5,093,066</u>
	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>Year ended December 31, 2020</u>			
Cost			
Opening net book amount	\$ 168,794	\$ 5,537,278	\$ 5,706,072
Additions	116,198	-	116,198
Disposal or retirements	( 7,390)	-	( 7,390)
Effect of exchange rate changes	14	-	14
Closing net book amount	<u>\$ 277,616</u>	<u>\$ 5,537,278</u>	<u>\$ 5,814,894</u>
Accumulated amortisation and impairment			
Opening net book amount	\$ 168,334	\$ 500,000	\$ 668,334
Additions	36,253	-	36,253
Disposal or retirements	( 7,390)	-	( 7,390)
Effect of exchange rate changes	15	-	15
Closing net book amount	<u>\$ 197,212</u>	<u>\$ 500,000</u>	<u>\$ 697,212</u>
Net ending balance	<u>\$ 80,404</u>	<u>\$ 5,037,278</u>	<u>\$ 5,117,682</u>

Information about the impairment of intangible assets is provided in Note 6(10).

(10) Impairment of non-financial assets

Impairment testing of goodwill is performed at balance sheet date, and recoverable amount is determined based on value-in-use. On December 31, 2021 and 2020, discount rate was 10.76% and 10.91%, respectively. These calculations use cash flow projections based on the Group's financial budgets covering a five-year period. Key assumptions, including revenue growth rate, gross margin rate and operating expense ratio, are evaluated based on industry's future trends and internal and external historical data.

In accordance with the comparison result between the recoverable amount calculated based on the above key assumption, and the sum of carrying amount of the identifiable assets of cash-generating units and that of goodwill, the Company's non-financial assets were not impaired for the years ended December 31, 2021 and 2020.

(11) Non-current assets held for sale

Disposal of equipment

The Group entered into an equipment sales contract with associates in the fourth quarter of 2018, and reclassified those property, plant and equipment to non-current assets classified as held for sale. After obtaining the purchase commitment, the Company inspected the condition of the machines, and those inspected machines are shipped in batches based on buyer's requirements, thus the period to complete the transaction was extended to more than 1 year. The procedures of disposal were completed in the third quarter of 2020 and the gain on disposal of non-current assets classified as held for sale amounted to \$69,995.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	\$ 2,250,000	0.68%~0.74%	-
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	\$ 900,000	0.78%~0.81%	-

(13) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Employees' compensation and directors' remuneration	\$ 932,000	\$ 563,000
Salary and bonus payable	785,229	614,002
Payable on machinery and equipment	1,191,380	1,795,611
Others	771,186	939,403
	<u>\$ 3,679,795</u>	<u>\$ 3,912,016</u>

(14) Long-term borrowings

Creditor banks and type of loan	Borrowing period and repayment term	Interest rate	Collateral	Balance	
				December 31, 2021	December 31, 2020
Taipei Fubon Co., Ltd. unsecured borrowing	Grace period is 18 months from July 2019; principal is repayable semiannually in 4 installments from the expiry of grace period	Floating rate	None	\$ -	\$ 600,000
Taipei Fubon Co., Ltd. unsecured borrowing	Borrowing period is from June 2020 to June 2022; principal is revolving.	Floating rate	None	-	900,000
Taipei Fubon Co., Ltd. unsecured borrowing	Borrowing period is from June 2021; principal is repayable at maturity in June 2023; principal will be used several times and repaid in full at maturity	Floating rate	None	1,000,000	-
CTBC Bank Co., Ltd. unsecured borrowing	Borrowing period is from November 2019 to November 2022; principal will be used in installment and repaid in full at maturity.	Floating rate	None	-	500,000
CTBC Bank Co., Ltd. unsecured borrowing	Borrowing period is from December 2020 to December 2022; principal is revolving.	Floating rate	None	-	1,000,000
CTBC Bank Co., Ltd. unsecured borrowing	Borrowing period is from December 2021 to December 2023; principal will be used several times and repaid in full at maturity	Floating rate	None	1,000,000	-
CTBC Bank Co., Ltd. unsecured borrowing	Borrowing period is from December 2021 to December 2024; principal will be used in installment and repaid in full at maturity.	Floating rate	None	500,000	-
First Bank unsecured borrowing	Borrowing period is from August 2019; principal is repayable quarterly in 12 installments from the maturity date	Floating rate	None	-	175,000
KGI Bank unsecured borrowing	Borrowing period is from December 2020 to December 2022; principal is revolving.	Floating rate	None	-	300,000
Sumitomo Mitsui Banking Corporation unsecured borrowing	Borrowing period is from July 2021 to July 2023; principal will be used several times and repaid in full at maturity	Floating rate	None	150,000	-
DBS Bank unsecured borrowing	Borrowing period is from October 2019 to October 2021; principal is revolving.	Floating rate	None	-	150,000
DBS Bank unsecured borrowing	Borrowing period is from May 2021 to May 2023; principal will be used several times and repaid in full at maturity	Floating rate	None	300,000	-
E.Sun Bank unsecured borrowing	Grace period is 1 year from July 2021; principal is repayable quarterly in 8 installments from the expiry of grace period	Floating rate	None		
				300,000	-
				3,250,000	3,625,000
Less: Current portion (shown as other current liabilities)				( 37,500)	( 430,000)
				\$ 3,212,500	\$ 3,195,000
Annual interest rate range				0.75%~0.95%	0.80%~1.00%

The Group has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Expiring within one year	\$ 4,403,706	\$ 3,279,545
Expiring beyond one year	<u>3,474,160</u>	<u>3,203,760</u>
	<u>\$ 7,877,866</u>	<u>\$ 6,483,305</u>

The information about the Group's liquidity risk is provided in Note 12(2)C(c).

(15) Pensions

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

(b) The amounts recognised in the balance sheet are as follows (shown as other non-current liabilities):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 431,833)	(\$ 443,625)
Fair value of plan assets	<u>413,320</u>	<u>355,587</u>
Net defined benefit liability	<u>(\$ 18,513)</u>	<u>(\$ 88,038)</u>

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

Year ended	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
December 31, 2021			
Balance at January 1	(\$ 443,625)	\$ 355,587	(\$ 88,038)
Current service cost	( 2,793)	-	( 2,793)
Interest (expense) income	( 1,296)	1,122	( 174)
	<u>( 447,714)</u>	<u>356,709</u>	<u>( 91,005)</u>
Remeasurements:			
Return on plan assets (excluding the amounts included in interest income or expense)	-	5,092	5,092
Change in demographic assumptions	( 1,503)	-	( 1,503)
Change in financial assumptions	21,887	-	21,887
Experience adjustments	( 12,984)	-	( 12,984)
	<u>7,400</u>	<u>5,092</u>	<u>12,492</u>
Pension fund contribution	-	60,000	60,000
Paid pension	8,481	( 8,481)	-
Balance at December 31	<u>(\$ 431,833)</u>	<u>\$ 413,320</u>	<u>(\$ 18,513)</u>
December 31, 2020			
Balance at January 1	(\$ 393,141)	\$ 307,637	(\$ 85,504)
Current service cost	( 2,995)	-	( 2,995)
Interest (expense) income	( 2,867)	2,361	( 506)
	<u>( 399,003)</u>	<u>309,998</u>	<u>( 89,005)</u>
Remeasurements:			
Return on plan assets (excluding the amounts included in interest income or expense)	-	9,810	9,810
Change in demographic assumptions	( 741)	-	( 741)
Change in financial assumptions	( 24,830)	-	( 24,830)
Experience adjustments	( 19,272)	-	( 19,272)
	<u>( 44,843)</u>	<u>9,810</u>	<u>( 35,033)</u>
Pension fund contribution	-	36,000	36,000
Paid pension	221	( 221)	-
Balance at December 31	<u>(\$ 443,625)</u>	<u>\$ 355,587</u>	<u>(\$ 88,038)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	0.70%	0.30%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 5<sup>th</sup> Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effects on present value of defined benefit obligation	(\$ 13,064)	\$ 13,655	\$ 13,443	(\$ 12,932)
December 31, 2020				
Effects on present value of defined benefit obligation	(\$ 14,063)	\$ 14,722	\$ 14,435	(\$ 13,867)

The sensitivity analysis above is based on all other assumption except the only one are held constant. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

- (f) Expected contributions to the defined benefit pension plan of the Company within one year from December 31, 2021 amounts to \$16,000.

(g) As of December 31, 2021, the weighted average duration of that retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	4,424
1-3 year(s)		31,826
Over 3 years		433,190
	\$	<u>469,440</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum in line with the amounts in employees’ individual accounts and the amounts of accumulated gains. Additionally, the Group has a defined contribution pension plan for its executives.

(b) The Company’s mainland China subsidiary, International Semiconductor Technology Corporation Limited, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Company’s mainland China subsidiary has no further obligations.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2021 and 2020 were \$179,193 and \$164,834, respectively.

(16) Share-based payment

A. For the year ended December 31, 2020, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
3rd Restricted stocks to employees (Note)	2017.08.14	5,000,000 shares	3 years	1 year vested: 30% 2 years vested: 30% 3 years vested: 40%

Note : The Company issued restricted employee stocks at no consideration and the stocks cannot be sold, mortgaged, transferred, granted, pledged or disposed in other methods during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

B. Plan of the above employee restricted shares are set out below:

The 3rd employee restricted shares issued by the Company do not limit voting rights and rights for dividend distribution. The fair value of the shares was measured based on the closing price of the Company’s shares of \$47.4 (in dollars) at the grant date and the weighted-average stock price of the Company’s shares was \$48.25 (in dollars) at the measurement date.

	2020
	Unit (in thousands)
Beginning employee restricted shares	2,000
Issued during the period	( 2,000)
Ending employee restricted shares	-

C. Expenses incurred on share-based payment transactions amounted to \$19,750 for the year ended December 31, 2020.

(17) Share capital

Ordinary Shares	2021	2020
Authorised number of shares (in thousand shares)	1, 000, 000	800, 000
Authorised capital	\$ 10, 000, 000	\$ 8, 000, 000
Number of shares issued and paid (in thousand shares)	738, 676	671, 523
Issued capital	\$ 7, 386, 755	\$ 6, 715, 232

The par value of issued ordinary shares was \$10 (in dollar) per share. Each share is entitled to a voting right and right to receive dividends.

A. On October 16, 2020, the Board of Directors of the Company resolved to exchange stocks with Orient Semiconductor Electronics, Ltd. The Company issued 17,261,219 shares to exchange for 93,210,583 common shares of Orient Semiconductor Electronics, Ltd. the effective date was set on December 30, 2020.

B. On September 3, 2021, the Board of Directors of the Company resolved to exchange stocks with United Microelectronics Corp. and its subsidiary UMC Capital Corp. The Company issued 67,152,322 shares to exchange for 77,186,578 common shares of United Microelectronics Corp. The stock exchange has been approved by the regulatory authority on October 20, 2021, and the effective date was set on November 5, 2021.

(18) Capital surplus

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

	Net change in equity		
	Share premium	of associates	Others
At January 1, 2021	\$ 6,252,873	\$ 457,327	\$ 16,363
Changes in associates accounted for using equity method	-	( 20,222)	-
Capital surplus used to issue cash dividends to shareholders	( 2,383,907)	-	-
Stocks issued for stock exchange	3,990,546	-	-
Others	-	-	571
At December 31, 2021	<u>\$ 7,859,512</u>	<u>\$ 437,105</u>	<u>\$ 16,934</u>

	Restricted stocks		Net change in	
	Share premium	to employees	equity of associates	Others
At January 1, 2020	\$ 6,652,547	\$ 74,800	\$ 457,327	\$ 16,363
Capital surplus used to issue cash dividends to shareholders	( 1,439,376)	-	-	-
Issuance of employee restricted shares	74,800	( 74,800)	-	-
Stocks issued for stock exchange	<u>964,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
At December 31, 2020	<u>\$ 6,252,873</u>	<u>\$ -</u>	<u>\$ 457,327</u>	<u>\$ 16,363</u>

B. The Company plans to return additional paid-in capital of \$2,383,907 and \$1,439,376 to the shareholders at \$3.55 (in dollars) and \$2.2 (in dollars) per share as approved by the shareholders on July 30, 2021 and June 15, 2020, respectively.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, when distributing the current year's earnings, the Company shall first pay all taxes and offset prior years' operating losses and then set aside 10% as legal reserve, and special reserve is set aside or reversed in accordance with related laws. The remaining shall first be distributed as dividends of preference shares in accordance with the rules and then be distributed as dividends of common stocks and bonus. 5% to 85% of remaining amount will be distributed if current earnings per share is not lower than \$1. When the Company have the distribution plan as dividends and bonuses or capital reserve in the form of cash, pursuant to Article 240, paragraph 5 and Article 241 of the Company Act, the distribution plan has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company adopts the balance and stability principles of dividends policy and takes into account profitability, financial structure, the future development of the Company, and other factors. The primary considerations for the distribution of dividends shall be the current state of the industry, as well as the Company's future operational expansion plans and its cash flow

needs; therefore, the distribution of dividends shall be no more than 15% stock dividends. The Board of Directors may adjust the distribution rates within the above range based on current operations and capital position and propose the adjustments to the shareholders for approval.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. 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.
- D. The appropriations of 2020 and 2019 earnings had been resolved at the shareholders' meeting on July 30, 2021 and June 15, 2020, respectively. Details are summarised below:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 363,306		\$ 408,952	
Special reserve	( 47,703)		47,703	
Cash dividends	<u>167,881</u>	\$ 0.25	<u>1,308,524</u>	\$ 2.00
	<u>\$ 483,484</u>		<u>\$ 1,765,179</u>	

(20) Other equity items

	Cumulative translation differences of foreign operations	Unrealized gains or losses on FVOCI financial assets	Total
At January 1, 2021	\$ 29,837	\$ 226,306	\$ 256,143
Group	( 2,152)	1,478,300	1,476,148
Associates	( 23,924)	( 9,119)	( 33,043)
At December 31, 2021	<u>\$ 3,761</u>	<u>\$ 1,695,487</u>	<u>\$ 1,699,248</u>

	Cumulative translation differences of foreign operations	Unrealized gains or losses on FVOCI financial assets	Unearned employee compensation	Total
At January 1, 2020	(\$ 47,703)	\$ -	(\$ 19,750)	(\$ 67,453)
Group	4,203	226,306	19,750	250,259
Associates	<u>73,337</u>	<u>-</u>	<u>-</u>	<u>73,337</u>
At December 31, 2020	<u>\$ 29,837</u>	<u>\$ 226,306</u>	<u>\$ -</u>	<u>\$ 256,143</u>

(21) Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from contracts with customers	\$ 27,082,040	\$ 22,275,284

The Group's revenue arises mainly from rendering services. Details are as follows:

Year ended December 31, 2021	Taiwan	US	Others	Total
Total segment revenue				
Revenue from external customer contracts	\$ 17,057,245	\$ 5,941,320	\$ 4,083,475	\$ 27,082,040
Timing of revenue recognition				
Over time	\$ 17,057,245	\$ 5,941,320	\$ 4,083,475	\$ 27,082,040
Year ended December 31, 2020	Taiwan	US	Others	Total
Total segment revenue				
Revenue from external customer contracts	\$ 12,341,594	\$ 5,441,000	\$ 4,492,690	\$ 22,275,284
Timing of revenue recognition				
Over time	\$ 12,341,594	\$ 5,441,000	\$ 4,492,690	\$ 22,275,284

(22) Other gains and losses

	Year ended December 31, 2021	Year ended December 31, 2020
Gain on disposal of property, plant and equipment	\$ 409	\$ 3,139
(Loss) gain on disposal of investments	( 940)	2,786
Gain on disposal of non-current assets classified as held for sale	-	69,995
Net currency exchange loss	( 173,126)	( 397,801)
Gains on financial assets (liabilities) at fair value through profit or loss	-	-
Other gains and losses	132,364	19,825
	(\$ 41,293)	(\$ 302,056)

(23) Expenses by nature

	Year ended December 31, 2021	Year ended December 31, 2020
Employee benefit expense	\$ 6,346,671	\$ 5,544,795
Depreciation expense	3,496,815	3,353,307
Amortisation expense on intangible assets	58,181	36,253
Total	\$ 9,901,667	\$ 8,934,355

(24) Employee benefit expense

	Year ended December 31, 2021	Year ended December 31, 2020
Wages and salaries	\$ 5,434,195	\$ 4,690,425
Directors' remuneration	40,261	31,252
Pension costs	182,160	168,336
Other personnel expenses	690,055	654,782
	<u>\$ 6,346,671</u>	<u>\$ 5,544,795</u>

- A. Under the Company's Articles of Incorporation, 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 higher than 15% and not be lower than 10% for employees' compensation and shall not be higher than 1% for directors' remuneration. The employees' compensation mentioned above can be distributed either in the form of shares or cash. Employees must be working for the Company or subsidiaries and meet certain conditions.
- B. For the years ended December 31, 2021 and 2020, employees' compensation and directors' remuneration was accrued as resolved at the meeting of the Board of Directors (BOD) :

	Year ended December 31, 2021	Year ended December 31, 2020
Date of BOD meeting	February 25,2022	February 26,2021
Employees' compensation and directors' remuneration	<u>\$ 932,000</u>	<u>\$ 563,000</u>

The employees' compensation and directors' remuneration were in agreement with those amounts recognised in the 2021 and 2020 financial statements and will be distributed in the form of cash.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Current tax:		
Current tax on profits for the period	\$ 1,256,668	\$ 957,373
Additional tax on undistributed earnings	157,479	118,461
Current year undistributed earnings - investment tax credits	( 143,506)	( 55,978)
Prior year undistributed earnings - investment tax credits	( 66,663)	( 99,308)
Prior year income tax over estimation	( 1,302)	( 5,443)
Total current tax	<u>1,202,676</u>	<u>915,105</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>88,324</u>	<u>( 126,105)</u>
Income tax expense	<u>\$ 1,291,000</u>	<u>\$ 789,000</u>

(b) The income tax expense/(benefit) relating to components of other comprehensive income is as follows:

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Exchange differences on translation of foreign financial statements	(\$ 6,344)	\$ 19,384
Remeasurement of defined benefit obligations	2,498	( 7,007)
Unrealized gains or losses on FVOCI financial assets	( 56,576)	56,576

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 1,485,659	\$ 890,018
Expenses disallowed by tax regulation	10	-
Tax-exempt investment income	( 90,677)	-
Additional tax on undistributed earnings	157,479	118,461
Current year undistributed earnings - investment tax credits	( 143,506)	( 55,978)
Prior year undistributed earnings - investment tax credits	( 66,663)	( 99,308)
Effect from investment tax credits	( 50,000)	( 50,000)
Prior year income tax overestimation	( 1,302)	( 5,443)
Others	-	( 8,750)
Income tax expense	<u>\$ 1,291,000</u>	<u>\$ 789,000</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised sales discounts and allowances	\$ 37,415	(\$ 16,974)	\$ -	\$ 20,441
Unrealised exchange losses	10,530	( 4,148)	-	6,382
Loss on investments accounted for using the equity method	145,249	7,121	-	152,370
Remeasurement of defined benefit obligations	41,163	-	( 2,498)	38,665
Others	14,386	2,073	5,806	22,265
	<u>\$ 248,743</u>	<u>(\$ 11,928)</u>	<u>\$ 3,308</u>	<u>\$ 240,123</u>
-Deferred tax liabilities:				
Unrealised exchange gains	(\$ 9,236)	(\$ 9,701)	\$ -	(\$ 18,937)
Realised pensions	( 33,988)	( 11,407)	-	( 45,395)
Gain on investments accounted for using the equity method	( 368,227)	( 34,961)	-	( 403,188)
Amortisation expense of goodwill for tax purpose	( 218,511)	( 20,327)	-	( 238,838)
Valuation adjustment for FVOCI financial assets	( 56,576)	-	56,576	-
Others	( 10,783)	-	538	( 10,245)
	<u>(\$ 697,321)</u>	<u>(\$ 76,396)</u>	<u>\$ 57,114</u>	<u>(\$ 716,603)</u>

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised sales discounts and allowances	\$ 19,618	\$ 17,797	\$ -	\$ 37,415
Unrealised exchange losses	78,756	( 68,226)	-	10,530
Loss on investment accounted for using the equity method	138,268	6,981	-	145,249
Remeasurement of defined benefit obligations	34,156	-	7,007	41,163
Others	23,787	( 800)	( 8,601)	14,386
	<u>\$ 294,585</u>	<u>(\$ 44,248)</u>	<u>(\$ 1,594)</u>	<u>\$ 248,743</u>
-Deferred tax liabilities:				
Unrealised exchange gains	(\$ 68,948)	\$ 59,712	\$ -	(\$ 9,236)
Realised pensions	( 27,488)	( 6,500)	-	( 33,988)
Gain on investments accounted for using the equity method	( 464,459)	96,232	-	( 368,227)
Amortisation expense of goodwill for tax purpose	( 198,184)	( 20,327)	-	( 218,511)
Depreciation of assets classified as held for sale	( 41,236)	41,236	-	-
Valuation adjustment for FVOCI financial assets	-	-	( 56,576)	( 56,576)
Others	-	-	( 10,783)	( 10,783)
	<u>(\$ 800,315)</u>	<u>\$ 170,353</u>	<u>(\$ 67,359)</u>	<u>(\$ 697,321)</u>

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary difference unrecognised as deferred tax liabilities were \$1,280,046 and \$1,280,046, respectively.

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



(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31, 2021	Year ended December 31, 2020
Acquisition of property, plant and equipment	\$ 4,202,377	\$ 3,285,218
Add: Opening balance of payable on machinery and equipment	1,795,611	976,672
Changes in prepayments for equipment (shown as other non-current assets)	20,635	19,103
Less: Ending balance of payable on machinery and equipment	( 1,191,380)	( 1,795,611)
Cash paid during the period	<u>\$ 4,827,243</u>	<u>\$ 2,485,382</u>

B. Financing activities with no cash flow effects

	Year ended December 31, 2021	Year ended December 31, 2020
Acquisition of investments accounted for using the equity method	\$ -	\$ 2,387,705
Acquisition of financial assets at fair value through other comprehensive income	4,662,069	-
Issuance of new shares	( 4,662,069)	( 1,137,514)
Cash paid during the period	<u>\$ -</u>	<u>\$ 1,250,191</u>

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Including current portion)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2021	\$ 900,000	\$ 3,625,000	\$ 482,014	\$ 5,007,014
Changes in cash flow	1,350,000	( 375,000)	( 30,845)	944,155
Other changes in non-cash items	-	-	750	750
At December 31, 2021	<u>\$ 2,250,000</u>	<u>\$ 3,250,000</u>	<u>\$ 451,919</u>	<u>\$ 5,951,919</u>

	Short-term borrowings	Long-term borrowings (Including current portion)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2020	\$ 1,200,000	\$ 3,275,000	\$ 514,430	\$ 4,989,430
Changes in cash flow	( 300,000)	350,000	( 31,279)	18,721
Other changes in non-cash items	-	-	( 1,137)	( 1,137)
At December 31, 2020	<u>\$ 900,000</u>	<u>\$ 3,625,000</u>	<u>\$ 482,014</u>	<u>\$ 5,007,014</u>

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Company
Chipmore Technology (SuZhou) Co., Ltd.	Associate
CMTC	Associate
Hefei Chipmore Materials Technology Co., Ltd.	Associate
Orient Semiconductor Electronics, Ltd.	Associate

### (2) Significant related party transactions

#### A. Operating revenue:

	Year ended December 31, 2021	Year ended December 31, 2020
Sales of goods:		
Associates	<u>\$ 62,979</u>	<u>\$ 67,825</u>

#### B. Receivables from related parties:

	December 31, 2021	December 31, 2020
Accounts receivable:		
Associates	\$ 16,172	\$ 19,662
Other receivables – disposal of property, plant and equipment		
Hefei Chipmore Materials Technology Co., Ltd.	9,249	16,999
Other receivables – interest		
Orient Semiconductor Electronics, Ltd.	20,602	-
Total	<u>\$ 46,023</u>	<u>\$ 36,661</u>

There is no significant difference in the terms and conditions for transactions between the Company and related parties or non-related parties.

C. Property transactions:

(a) Acquisition of property, plant and equipment:

	Year ended December 31, 2021	Year ended December 31, 2020
Associates	\$ 5,897	\$ -

(b) Disposal of non-current assets classified as held for sale:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Hefei Chipmore Materials Technology Co., Ltd.	\$ -	\$ -	\$ 653,769	\$ 69,995

D. For the year ended December 31, 2021, gains on other income to Hefei Chipmore Materials Technology Co., Ltd. amounted to \$64,364.

E. Payables to related parties:

	December 31, 2021	December 31, 2020
Other payables		
Associates	\$ 5,436	\$ -

F. Unearned receipts:

	December 31, 2021	December 31, 2020
Hefei Chipmore Materials Technology Co., Ltd.	\$ -	\$ 45,285

G. Interest revenues:

	Year ended December 31, 2021	Year ended December 31, 2020
Orient Semiconductor Electronics, Ltd.	\$ 20,602	\$ -

Financial assets at amortised cost - debt instruments carry interest at 2% per annum for the year ended December 31, 2021.

(3) Key management compensation

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and other short-term employee benefits	\$ 175,306	\$ 112,356
Compensation cost of share-based payment	-	8,335
Total	<u>\$ 175,306</u>	<u>\$ 120,691</u>

8. PLEGGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Certificates of deposit (shown as non-current financial assets at amortised cost)	\$ 139,000	\$ 24,000	Guarantee for lease at Science Park Administration and Guarantee for customs duty

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2021	December 31, 2020
Property, plant and equipment	<u>\$ 3,155,494</u>	<u>\$ 2,281,410</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's capital structure comprises net liabilities and equity. The objectives of capital management are to safeguard the Group's ability to continue as a going concern and optimise the balance of liabilities and equity in order to maximise returns for shareholders. The capital cost and related risks are monitored regularly and the Group may adjust capital structure by paying dividends to shareholders, issuing new shares, buying shares back and issuing new bonds or repaying old bonds.

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Qualifying equity instrument	\$ 8,366,674	\$ 2,282,880
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	5,574,583	4,141,324
Financial assets at amortised cost	1,138,999	1,083,807
Notes and accounts receivable	6,249,324	4,698,004
Other receivables	130,065	25,174
Other financial assets	14,881	15,885
	<u>\$ 21,474,526</u>	<u>\$ 12,247,074</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 2,250,000	\$ 900,000
Accounts payable	874,173	963,077
Other payables	3,679,795	3,912,016
Lease liabilities	451,919	482,014
Long-term borrowings (including current portion)	3,250,000	3,625,000
Other financial liabilities	270	255
	<u>\$ 10,506,157</u>	<u>\$ 9,882,362</u>

### B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.
- (b) Risk management is carried out by a finance department (the "Group finance") under policies approved by the Board of Directors. Group finance 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. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

		December 31, 2021		
		Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	231,376	27.680	\$ 6,404,488
JPY:NTD		811,500	0.2405	195,166
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	12,556	27.680	\$ 347,550
JPY:NTD		2,943,795	0.2405	707,983
		December 31, 2020		
		Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	203,840	28.480	\$ 5,805,363
JPY:NTD		563,647	0.2763	155,736
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	14,262	28.480	\$ 406,182
JPY:NTD		4,315,966	0.2763	1,192,501

- ii. The Group's foreign exchange risk mainly arises from cash and cash equivalents, receivables, payables as well as others denominated in foreign currencies, which results in exchange loss or gain when they are converted into NTD. If NTD depreciated/appreciated by 1% against USD, JPY, EUR and RMB against USD, with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020

would have increased/decreased by \$55,740 and \$43,924, respectively. The basis of analysis for both periods is the same.

- iii. The realised/unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to (\$173,126) and (\$397,801), respectively.

#### Price risk

The Group's investments in equity instruments mainly comprise listed and unlisted stocks. The prices of equity instruments would change due to the uncertainty 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, the impact on other comprehensive income for the years ended December 31 2021 and 2020 would have increased/decreased by \$83,667 and \$22,829, respectively, as a result of being classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- iii. Based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year and all other variables were held constant, if the interest rate had changed by 0.1%, the impact on profit before tax would have increased/decreased by \$5,500 and \$4,525 for the years ended December 31, 2021 and 2020, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations and is primarily from accounts receivable, for which the clients fail to pay the amount pursuant to the credit terms of payment as well as from investments in debt instruments at amortised cost, from which the Company could not collect contractual cash flows. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the

customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding notes and receivables, other receivables and investments in debt instruments at amortised cost. The Group assessed and selected financial institutions with excellent credit quality to transact with.

- ii. Management does not expect any significant losses from these counterparties' default on their contractual obligation.
- iii. As of December 31, 2021, the outstanding notes receivable and accounts receivable of the top 6 customers comprise 75% of the Group's total notes receivable and accounts receivable. The concentration or credit risk from the remaining notes receivable and accounts receivable is considered insignificant.
- iv. The Group adopts the following assumptions under IFRS 9:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) The default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group adopted individual identification method for customers whose accounts are past due or provisioned impaired losses at full amount for customers whose accounts are past due 270 days. The Group uses historical and timely information to assess expected loss rate after taking into consideration domestic and overseas economic trends, industry development and forecastability. On December 31, 2021 and 2020, the information on accounts receivable is as follows:

<u>December 31, 2021</u>	<u>Not past due</u>	<u>Over 270 days</u>	<u>Total</u>
Expected loss rate	0.00%	100%	
Total carrying amount	\$ 6,249,324	\$ 2,640	\$ 6,251,964
Loss allowance	-	(2,640)	(2,640)
Carrying amount	<u>\$ 6,249,324</u>	<u>\$ -</u>	<u>\$ 6,249,324</u>
<u>December 31, 2020</u>	<u>Not past due</u>	<u>Over 270 days</u>	<u>Total</u>
Expected loss rate	0.00%	100%	
Total carrying amount	\$ 4,698,004	\$ 2,640	\$ 4,700,644
Loss allowance	-	(2,640)	(2,640)
Carrying amount	<u>\$ 4,698,004</u>	<u>\$ -</u>	<u>\$ 4,698,004</u>

vii. Movements in relation to the allowance for accounts receivable are as follows:

	<u>2021</u>
	<u>Accounts receivable</u>
At January 1 (As of December 31)	<u>\$ 2,640</u>
	<u>2020</u>
	<u>Accounts receivable</u>
At January 1	\$ 4,025
Write-offs	(1,385)
At December 31	<u>\$ 2,640</u>

viii. For the financial assets at amortised cost measured based on 12 months expected credit losses, the impairment loss recognised for the years ended December 31, 2021 and 2020 was both immaterial.

ix. For investments in debt instruments at amortised cost the credit rating levels are presented below:

	December 31, 2021			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 999,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 999,999</u>
	December 31, 2020			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 999,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 999,999</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance 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(14)) 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 internal balance sheet ratio targets.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities. The chosen instruments have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Over 3 years
December 31, 2021			
Short-term borrowings	\$ 2,252,671	\$ -	\$ -
Accounts payable	874,173	-	-
Other payables	3,678,355	-	-
Long-term borrowings (including current portion)	65,452	3,238,099	-
Lease liabilities	29,629	42,511	446,578
December 31, 2020			
Short-term borrowings	\$ 900,996	\$ -	\$ -
Accounts payable	963,077	-	-
Other payables	3,910,177	-	-
Long-term borrowings (including current portion)	461,876	3,217,141	-
Lease liabilities	36,078	50,576	467,473

(3) Fair value information

Below sets out relevant information on assets and liabilities, its nature, characteristics, risks and fair value level that are used to categorise the financial and non-financial instruments measured at fair value:

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The Group's financial assets and liabilities measured at fair value are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ 5,017,128	\$ -	\$ 3,349,546	\$ 8,366,674
December 31, 2020				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 2,282,880	\$ 2,282,880

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

- (a) The fair value of private placement listing stocks which is included in level 3 is measured based on the appraisal report provided by the third party.
- (b) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Private placement shares (listed companies)	\$ 3,349,546	Binary tree model	Volatility	39.36% and 48.67%	The higher the volatility, the higher the fair value.
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Private placement shares (listed companies)	\$ 2,282,880	Binary tree model	Volatility	58.03% and 44.51%	The higher the volatility, the higher the fair value.

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

	2021
	Equity instrument
At January 1	\$ 2,282,880
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	1,066,666
At December 31	\$ 3,349,546

	<u>2020</u>
	<u>Equity instrument</u>
At January 1	\$ -
Acquired in the period	1,999,998
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	<u>282,882</u>
At December 31	<u>\$ 2,282,880</u>

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

			<u>December 31, 2021</u>	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity instrument	Volatility	± 1%	<u>\$ 16,216</u>	<u>(\$ 16,216)</u>
			<u>December 31, 2020</u>	
			<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets				
Equity instrument	Volatility	± 1%	<u>\$ 5,405</u>	<u>\$ -</u>

(4) Information on the effect to the Group's operation arising from the COVID-19 pandemic in 2021

As a result of the COVID-19 outbreak in 2021, the Group's purchase strategy was adjusted, and the transport cost increased. Also, the delivery of goods to certain customers was affected. However, there was no significant effect on the Group's operation. The Group will continually monitor the development of the COVID-19 pandemic and will adjust its strategy accordingly.

13. SUPPLEMENTARY DISCLOSURES

(1) Information on significant transactions

- A. Lending funds to others: None.
- B. Providing endorsements and guarantees for others: None.
- C. Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 2.

- 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: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investee in Mainland China): Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

B. Significant transactions either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 7.

(4) Information on major shareholders

Major shareholders information: Please refer to table 5.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker allocates resources and assesses performance of the Group as a whole, and has identified that the Group has only one reportable operating segment. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The operating segments are measured using the profit (loss) before tax from continuing operations.

(2) Measurement of segment information

Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group's central treasury function, which manages the cash position of the group.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is the financial statements prepared in accordance with the IFRS.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on services

Revenue from external customers is mainly from packaging IC and testing processing services. Details of revenue balance are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Service revenue	\$ 27,082,040	\$ 22,275,284

(6) Geographical information

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

A. Revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Taiwan	\$ 17,057,245	\$ 12,341,594
U.S.	5,941,320	5,441,000
Others	4,083,475	4,492,690
	\$ 27,082,040	\$ 22,275,284

B. Non-current assets

	Year ended December 31, 2021	Year ended December 31, 2020
Taiwan	\$ 22,786,880	\$ 22,060,375
Mainland China	207,559	234,938
	\$ 22,994,439	\$ 22,295,313

(7) Major customer information

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

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Segment	Revenue	Segment
A	\$ 4,953,626	Entire group	\$ 3,922,462	Entire group
C	3,352,266	Entire group	2,336,326	Entire group
B	3,092,284	Entire group	2,187,482	Entire group
D	1,079,050	Entire group	2,118,888	Entire group

Chipbond Technology Corporation and subsidiaries

Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)

December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares (in thousands)	Carrying amount	Ownership (%)	Fair value	
Chipbond Technology Corporation	Stock - Chilitag Technology Corporation	N/A	Financial assets at fair value through profit or loss	1,000	\$ -	15.97%	\$ -	
Chipbond Technology Corporation	Orient Semiconductor Electronics Limited preferred shares B	Associate	Non-current financial assets at amortised cost	90,090	999,999	N/A	999,999	
Chipbond Technology Corporation	Orient Semiconductor Electronics Limited preferred shares C	Associate	Non-current financial assets at fair value through other comprehensive income	180,180	3,349,546	N/A	3,349,546	
Chipbond Technology Corporation	United Microelectronics Corporation ordinary shares	N/A	Non-current financial assets at fair value through other comprehensive income	77,187	5,017,128	0.62%	5,017,128	

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

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition		Disposal			Balance as at December 31, 2021			
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying amount	Gain (loss) on disposal	Number of shares	Amount	
Chipbond Technology Corporation	United Microelectronics Corporation ordinary shares	Non-current financial assets at fair value through other comprehensive income	Note 1	N/A	-	\$ -	77,187	\$ 4,662,069	-	\$ -	-	\$ -	-	77,187	\$ 5,017,128

Note 1: The Company increased its capital by issuing new shares to exchange stocks with United Microelectronics Corp.

Chipbond Technology Corporation and subsidiaries  
Information on investees (Excluding information on investments in Mainland China)  
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares (in thousands)	Ownership (%)	Carrying amount			
Chipbond Technology Corporation	IST	Samoa	Investment Holdings	\$ 520,550	\$ 520,550	16,000	35.56	(\$ 577,024)	(\$ 35,603)	(\$ 35,603)	
Chipbond Technology Corporation	CMHC	Cayman Islands	Investment Holdings	2,942,269	2,942,269	27,146	100	6,153,187	174,807	174,807	
Chipbond Technology Corporation	Orient Semiconductor Electronics Ltd.	Taiwan	Integrated circuit, semiconductor component, electronics, computer and communication circuit board	1,957,911	1,957,911	163,995	29.53	2,346,254	1,530,581	432,784	
CMHC	Chipmore Holding Company Limited (H.K)	Hong Kong	Investment Holdings	2,060,051	2,060,051	59,877	100	4,192,658	420,248	-	
Chipmore Technology (SuZhou) Co., Ltd.	CMTC	Hong Kong	General import and export trading	35,078	35,078	1,130	100	153,943	79,051	-	
CMHC	IST	Samoa	Investment Holdings	882,760	882,760	29,000	64.44	882,760	( 35,603)	-	

Chipbond Technology Corporation and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Carrying amount of investments in Mainland China at December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chipmore Technology (SuZhou) Co., Ltd.	Development, manufacturing, packaging, testing, sale and after-sale services of integrated circuit and special materials for semiconductor	\$ 5,000,588	2	\$ 1,111,669	\$ -	\$ -	\$ 1,111,669	\$ 1,455,633	30.57	\$ 428,170	\$ 3,950,520	\$ -	
International Semiconductor Technology Co., Ltd.	Investment and development, manufacturing and sale of electronic components	1,245,600	2	520,550	-	-	520,550	( 35,603)	100	( 35,603)	305,736	-	
Hefei Chipmore Technology Co., Ltd.	Development, manufacturing, packaging, testing, sale and after-sale services of integrated circuit and special materials for semiconductor (investment holding Chipmore Technology (SuZhou) Co., Ltd.)	4,296,378	2	-	-	-	-	1,429,721	30.57	420,248	4,192,658	-	
Hefei Chipmore Materials Technology Co., Ltd.	Materials and elements for electronics; manufacture and sale of elements	4,662,498	2	-	-	-	-	( 736,690)	30.25	( 254,282)	1,048,081	-	
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
Chipbond Technology Corporation	\$ 1,632,219	\$ 3,892,356	\$ 25,005,619										

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Chipmore Technology (SuZhou) Co., Ltd. and Hefei Chipmore Technology Co., Ltd.- through investing in CMHC and Chipmore Holding Company Limited (H.K.) in the third area. Hefei Chipmore Technology Co., Ltd. is the holding company of Chipmore Technology (SuZhou) Co., Ltd.

International Semiconductor Technology Co., Ltd. - through investing in CMHC and IST in the third area.

Hefei Chipmore Materials Technology Co., Ltd.- CMHC investment made through the third area.

(3) Others

Note 2: Amount was recognized based on the audited financial statements by certified CPA of the parent company at the same period.

Note 3: The Group's associate, Heifei ESWIN Technology Co., Ltd., a limited company, was renamed as Heifei Chipmore Technology Co., Ltd. since March 1, 2021. Subsequently, the associate reincorporated into a company limited by shares and was renamed its Chinese company name since December, 2021, while its English company name remains the same.

Note 4: The Group's associate, Heifei ESWIN Materials Technology Co., Ltd., a limited company, was renamed as Heifei Chipmore Materials Technology Co., Ltd. since July 30, 2021. Subsequently, the associate was renamed its Chinese company name since December, 2021, while its English company name remains the same.

Chipbond Technology Corporation and subsidiaries

Major shareholders information

December 31, 2021

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
UNITED MICROELECTRONICS CORPORATION.	53,163,821	7.19%
CHANG WAH ELECTROMATERIALS INC.	41,879,000	5.66%

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

Note 2: If the shareholders delivered their shares in trust, the aforementioned data is disclosed by separate accounts of each settlor set by the trustee. As for the shareholders who declare themselves as an insider in accordance with Securities and Exchange Act while their ownerships are greater than 10%, the shares held including self-owned and those in trust, which they have right to determine the utilization. The information about insider shareholding report is provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.