Stock Code 2314

Microelectronics Technology Inc.
2021 Annual Report (Translation)

Notice to readers

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

Publication Date：May 20, 2022

Annual Reports are accessible from the following website：

http://mops.twse.com.tw/

I. Spokesperson and Acting Spokespersons of the Company

Spokesperson: Hualin Chi

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Acting Spokespersons: Sylvia Chen

Title: Financial Manager, Deputy Financial Manager

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IV. Certified Public Accountants retained by the Company in the most recent year

Names of CPAs: Tian-Yi Lee, Yu-Kuan Lin

Name of CPA Office: PwC Taiwan

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V. Inquiry of overseas stock price

Not applicable

VI. Official website of the Company: www.mtigroup.com

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Appendix 1

Consolidated financial statements and report of independent accountants
December 31, 2021 and 2020

Appendix 2

Parent company only financial statements and report of independent accountants
December 31, 2021 and 2020

I. Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen,

The COVID-19 pandemic continued to affect the world from 2020 to 2021, causing the supply chain to be unfunctional, freight rates to soar, and some raw materials became in short supply, resulting in declining income and rising costs. Under the unfavorable circumstance, the Company's 2021 consolidated operating income was NT$3.93 billion, the gross profit ratio was 13%, the consolidated net loss was NT$450 million, and the net loss per share was NT$1.97.

Under the severe operating environment currently, thanks to the support of all shareholders, the Company has successfully completed a cash injection of NT$520 million in the first quarter of 2022, which is to be used to repay bank loans and replenish working capital. The Company has received ORAN 5G orders from several international customers as of today, and will have shipments made in batches in 2022 per customer's instructions. The Company will continue to uphold the spirit of prudence and conscientiousness to welcome the growth momentum that comes with the arrival of the 5G era.

Grasp of trends

The change in viewers' viewing habits and the emerging video streaming services have affected the Company's satellite TV Low-noise block downconverter (LNB) business. Also, the demand for fast and stable infrastructure networks will grow rapidly due to the impact of the COVID-19 pandemic, the continuing development of AR/VR devices, cloud computing, encrypted currency, and the formation of the metaverse ecology. ORAN and Low-Earth-Orbit satellites will be the emerging products with great potential in the future while facing the changes in current trends and the introduction of 5G services by many countries.

Satellite communication is considered one of the best solutions to the insufficient coverage of mobile communication. Low-Earth-Orbit satellite (LEO Satellite) is a better solution in terms of launch cost, signal transmission energy consumption, and transmission delay; therefore, market leaders have invested in this field successively. The Company has been in the satellite field for years and is actively engaged in the technology and customer development of low-orbit satellite terminal equipment. The company has cooperated with market leaders to grasp this important business opportunity.

Pursuing Growth

The Company has continued to invest in the R&D teams in the United States and Denmark and has a Radio Unit (RU) with low cost and low energy consumption that conforms to the 3GPP and ORAN Alliance specifications developed with the in-house technology. This product had been recognized by many renowned international telecommunications operators in 2021 and had a press release to announce their adoption of the Company's RU products that passed the IOT test. The Company became a member of the Open RAN Alliance in 2019 and participated in the Evenstar project of the Telecom Infra Project (TIP) initiated by Facebook. The Company's ORAN B3 product is the first TIP-approved standardized product. Regarding the actual operating results, the Company has received purchase orders for Radio Unit equipment from renowned telecommunications operators in the United States. The products will be shipped out this year per the customers' instruction since the customers need to comply with FCC's strict schedule requirements for 5G deployment; however, the future deployment is expected to be sped up. At the same time, NEC has signed a strategic alliance with the Company to enter the ORAN 5G market which is full of business opportunities. In terms of products, the Company has 11 products ready for commercial purposes that are currently under testing by more than 20 customers. In summary, ORAN products are expected to make a huge contribution to the Company's operating revenue in 2022.

In addition to the development results of the ORAN products as stated in the preceding paragraph, the development of Low-Earth-Orbit satellite terminal equipment products is the key investment project of the Company. The Company has successively signed product development contracts with major LEO customers for joint development of LEO signal transceivers and arrays antennas products, with several products verified by the customers and a small production initiated. The LEO-related product is expected to be another company's growth driver in the future.

Create advantage

The effort in research and development and continuous innovation is the undying philosophy and core competitiveness of the Company. The Group had a total of 83 invention/new patents received and 14 invention patents pending by the end of 2021, including new technologies applied to satellite products and RF transmitters. In addition, the Company has actively invested in the Low-Earth-Orbit broadband satellite communication terminal equipment technology with a grant received from the "Taiwan Industry Innovation Platform Program" of the Ministry of

Economic Affairs to accelerate the development of the Low-Earth-Orbit satellite R&D plan.

The Company has also performed well in corporate governance and is ranked in the 6% to 20% percentile among the listed companies at the 7th corporate governance evaluation, ranked in the 6% to 10% percentile among the companies with a market value of NT$5 billion~NT$10 billion. The Company's continuous efforts in corporate governance is recognized and affirmed by the public.

Prospect

In the prospect of 2022, the Company will take advantage of the benefits of the changing lifestyle of people to develop communication products, and observe the impact of the changing global situation on the Company's operations. The Company will face up to various challenges with a prudent, optimistic, and proactive attitude continuously, focus on the core values of the main business, continue to invest in R&D, and increase production efficiency in order to master the Open Radio Access Network (ORAN) and Low-Earth-Orbit satellites business opportunities with a hope to create greater value for shareholders. I would like to thank all shareholders for the continuous support and care extended to the Company. Thank you very much!

Wishing you all health and prosperity!

Allen Yen, Chairman & CSO

Eugene Wu, General Manager &CEO

Note: This report was approved by Board meeting on Mar 16, 2022. The Chairman Allen Yen passed away on March 24, 2022. Chi Hsieh was by-elected as the new Chairman March 29, 2022. As a result, this report is affixed with Allen Yen's seal.

II. Company Profile

(I). Date of establishment

(i) Date of establishment: March 31, 1983

(ii) Scope of business

The Company is a professional manufacturer of microwave and satellite communication equipment. Headquartered at Hsinchu Science Park in Taiwan, the Company has production facilities in Hsinchu of Taiwan and Wuxi in Mainland China. The Company also has R&D centers in California of USA and Denmark, and service locations all over Europe and other places of the world. Ever since its establishment, the Company uses its core microwave technology to engage in joint ventures with major international communication firms in digital microwave, mobile communication stations module, broadband wireless transmission and satellite communication equipment, and is able to provide engineering pilot run samples in real-time that could quickly proceed to mass production. The Company could provide flexible and reliable product design, manufacturing and sale service to the diversity of needs of the customers.

Scope of business:

(1) The research, development, design, production, manufacturing and sale of the following products:
- Personal communication equipment components, sub-systems and systems.
- Electronic parts and components for wireless microwave communication system and electronic system equipment.

(2) Production, domestic and export sale
- Microwave and low-frequency IC and the substrate and capacitors used in IC.
- High frequency microwave, mm wave, and optoelectronic communication electronic parts and components.
- Microwave, mm wave and optoelectronic local system and system products.
- Local systems made from outsourced and self-manufactured microwave and optoelectronic parts and components and related products.

(3) Production, domestic and export sale of satellite simulcast TV materials and systems.

(4) Design and customization of the aforementioned products to the order of the customers.

(5) Provide the aforementioned products and the inspection, maintenance, processing, installation and necessary assistance and services for related business.

(6) Export and import trade of related products

(II). Company History

time	Milestone
1983	➢ Microelectronics Technology Inc. was officially established and located at Hsinchu Science Park. It is the first professional microwave and satellite communication company of Taiwan. ➢ Dr. Denny Ko was the Chairman and Mr. Patrick Wang was the first President of the Company.
1984	➢ Allied with Stratex of the USA in joint venture for the development of point-to-point land surface microwave communication product series.
1985	➢ Hewlett Packard of the USA invested in MTI and became the largest corporate shareholder.
1986	➢ Mr. Patrick Wang was appointed the Chairman of MTI. Dr. Chi Hsieh was appointed the 2nd term of President of MTI.
1987	➢ Successful development of satellite radio simulcast products to Ku frequency and entered the market of Europe. ➢ Participation in international telecommunication liberalization work and the successful launch of ground microwave communication products into the market of Europe.
1988	➢ Completion of Phase I Plant. The Company relocated to this address since then.
1989	➢ MTI established its technical support center in North America in response to the business growth in the region.
1990	➢ Approved by the Securities and Futures Commission for listing Category I Stock for trading at TWSE (Stock Code 2314).
1991	➢ MTI's Inmarsat gains world recognition during a Gulf War live satellite broadcast by CNN's Peter Arnett ➢ Joint venture with AT&T for the development of point-to-point microwave system and with HNS for the development of small satellite VSAT.
1992	➢ The founding of Sasson International Holdings Inc. for speeding up the expansion of the MTI Group.
1993	➢ Successful transfer of broadband microwave system product technology to build up system engineering capacity.
1994	➢ Initial offering of GDR ➢ Accreditation with the ISO-9001 international quality system
1996	➢ Successful entrance to the 2G mobile communication through the ODM/OEM mode of services and emerged as the major supplier of the major communication equipment firms in North America.
1997	➢ MTI underwent strategic adjustment and organization reengineering in response to the rapid changes in market.
1998	➢ Successful sale of 1 million sets of Satellite TV equipment.
1999	➢ Accreditation with the ISO-14001 international environmental management system.
2000	➢ Sale value surpassed US$100 million. ➢ MTI established the “LEE & MTI Center” for advanced network research at National Chiao Tung University in Hsinchu, Taiwan.

time	Milestone
2001	➢ MTI established Jupiter Technology (Wuxi) Co., Ltd. in Wuxi, China, for the manufacturing of related products. ➢ Accreditation with the TL-9000 communication electronics quality system standard. ➢ Engagement in a joint venture with NEC of Japan in the development of low-noise signal amplifier for stepping into the 3G market.
2002	➢ Entered into a strategic alliance agreement with Stratex that made MPI the sole contractor of its manufacturing business. ➢ Founding of Jupiter Technology in Wuxi, China, for the manufacturing of communication related products.
2003	➢ Formation of strategic alliance with UT Starcom for joint development of wireless broadband and 3G products. ➢ Successful entrance to the simulcast satellite TV market of North America as a major supplier of provide low noise block downconverter (LNB) to the satellite TV broadcasters.
2004	➢ Entered into a strategic alliance agreement with UT Starcom thereby MPI was outsourced as the manufacturer of the frequency amplifiers noise reducer of the “PHS phone” stations and wireless LAN products.
2005	➢ Mr. Allen Yen is appointed President and COO of MTI ➢ Launched into mass production of the Ka-band Transceivers for VSAT ground satellite stations.
2006	➢ Entered into a joint venture agreement with SR Telecom of USA on the development of Wimax broadband microwave products. ➢ MTI achieves 100K Ka-band VSAT Transceiver ODU delivery milestone; accounts for over 95% of total market share for all Ka-band VSAT Transceivers
2007	➢ Successful development of the new generation RFID reader with the application of Intel chip. ➢ MTI RFID Reader won the 2007 Innovation Product Award of Hsinchu Science Park ➢ MTI and Harris Stratex Networks entered into multi-year manufacture and supply agreement for TRuepoint RF Modules
2008	➢ The RFID EPC Gen 2 Reader of MPI won the 2008 Taiwan Excellence Award. This is the first time that an Asian product won the Gen2 label of EPCglobal. ➢ MTI receives the “16th Outstanding Enterprise Innovation Award” from Ministry of Economic Affairs due it its outstanding performance in corporate management and innovation in technology. ➢ The DODECA LNBF of MTI won the 2008 Innovation Product Award. This is the only LNB of the world that could be shared by 12 users at the same time for the time being. ➢ MTI received the 2008 Science Park Carbon Reduction Award from Hsinchu Science Park for its pursuit of energy saving and carbon reduction policy.

time	Milestone
2009	➢ The DODECA LNBF of MPI won the 2009 Taiwan Excellence Award. ➢ ODIN's SMART Container Powered by MTI Technology won the prestigious "BEST IN SHOW" Award at RFID Journal Live! 2009 ➢ The WiMAX MIMO Remote Radio Head (RRH) of MTI won the 2009 Innovation Product Award ➢ MTI acquired TeleASIC Communications Inc. at California, USA, to acquire the Remote Radio Head (RRH) product line with all tangible and intangible assets and the R&D team. This team is well seasoned in the R&D of wireless communication products and will be an input to the development of 3G/LTE products and international competitive power.
2010	➢ MTI's 3G/LTE Remote Radio Head and WiMAX Outdoor CPE Won the 18th Taiwan Excellence Award in 2010. ➢ The Point to Point Microwave IP Radio of MPI won the 2010 Innovation Product Award. ➢ MPI won the “R&D Accomplishment Award” from Hsinchu Science Park for the first time for its achievement of the first Ka satellite radio, the leading microwave Transceiver/DOU of the world, the first UHF RFID Reader accredited with EPC Gen2 in Asia, and the world-class professional design/manufacturing of LNB and RFID. ➢ MTI announced the entering into an agreement with RadioComp Aps of Denmark (hereinafter referred to as RadioComp) for the acquisition of its equity shares and intellectual property rights. MTI acquired the Danish company, RadioComp, through an overseas subsidiary as a wholly-owned subsidiary. RadioComp is a leader in the R&D of the software for wireless communication and could help to booster the capacity of MTI in software R&D. This core technology could be applied to the development of the 4G LTE technology for speeding up the development of current product line.
2011	➢ MTI Ku-band VSAT Transceiver won the 2011 Innovation Product Award ➢ MTI won the 1st "Taiwan Green Classic Award" of Ministry of Economic Affairs.
2012	➢ MTI announced the signing of a NTD 1,800 million private placement investment agreement and strategic cooperation agreement with Hyield Venture Capital Co., Ltd. and CyberTAN Technology Inc.
2013	➢ MTI UHF RFID MINI ME(TM) Reader won the Prestigious "2013 Taiwan Excellence Award" of the Bureau of International Trade, Ministry of Economic Affairs. ➢ MTI All Outdoor IP Radio won the 2013 Innovation Product Award of Hsinchu Science Park ➢ MTI announced decapitalization amounting to NT$1,439,077 thousand for offsetting carryforward loss. ➢ Retirement of Chairman Patrick Wang. Dr. Chi Hsieh is appointed Chairman of MTI

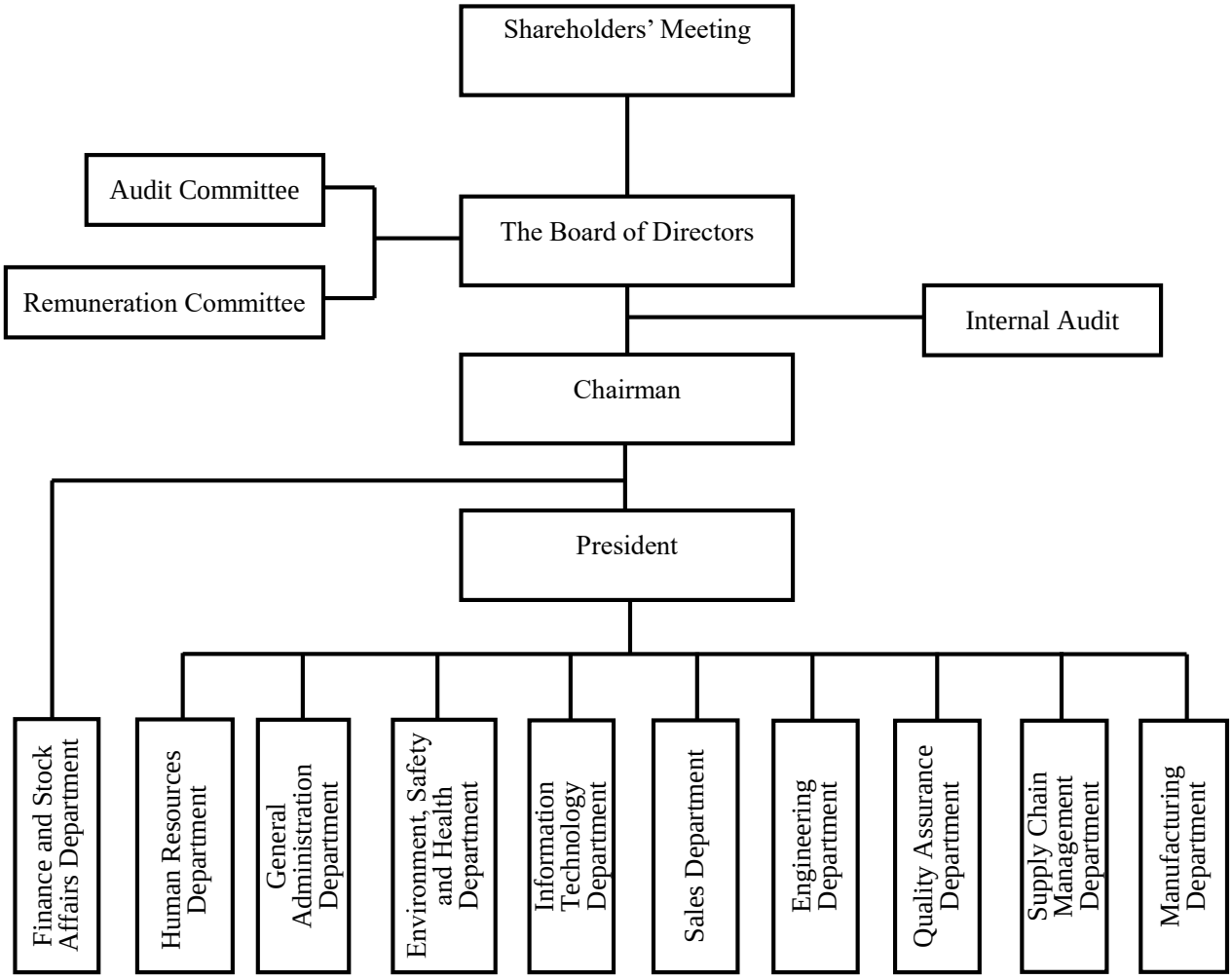
time	Milestone
2014	➢ Construction of Jupiter Technology (Wuxi) Co., Ltd. was completed. ➢ MTI Indoor Radio Head of LTE Base Station won the 2014 Innovation Product Award of Hsinchu Science Park
2015	➢ MTI Satellite DTH Broadband Digital-SWM LNB won the 2015 Innovation Product Award ➢ Disposal of the plant at Hsinchu to CyberTAN Technology Inc. for the efficient use of assets.
2016	➢ MTI announced decapitalization amounting to NT$2,003,226 thousand for offsetting carryforward loss. ➢ MTI raised additional capital by offering 13,000 thousand new shares and offered the 2nd issue of domestic secured convertible bonds of 4,000 lots for the retirement of short-term loans and fostering of financial structure. The amount of NT$674,200 thousand have been raised.
2017	➢ MTI ranked among the top 6%～20% in the "3rd Corporate Governance Evaluation" by Taiwan Stock Exchange Corporation for the first time. ➢ The 6-42GHz Next Generation Ultra High Throughput Advanced Microwave Radio won the Innovative Product Award of Hsinchu Science Park.
2018	➢ The satellite Broadband Outdoor Unit for VSAT of MTI won the Innovative Product Award.
2019	➢ Mr. Allen Yen was appointed the Chairman and CEO of MTI. Mr. Eugene Wu was appointed President of MTI.
2020	➢ MTI proceeded to the "LEO Satellite Communication End User RF Front-End Solution Development Project" funded by the Ministry of Economic Affairs under the "Taiwan Industry Innovation Platform Program". ➢ Accreditation with the AS9100 Aerospace Quality Standard management system. ➢ MTI's Open RAN radio units are deployed with DISH's successful 5G validation. ➢ MTI and Mavenir Launch First Evenstar Remote Radio Head to Accelerate OpenRAN Adoption. ➢ NEC announced today its establishment of an Open RAN laboratory in India to accelerate commercial-ready 5G ecosystem by collaborating with partners Altiostar, GigaTera, MTI and others.
2021	➢ Accreditation with the IATF 16949 Quality management system. ➢ Successfully connected to MTI's radio, JMA realizes viability of open networks in demonstrations at O-RAN plug fests in Europe and East Asia. ➢ MTI ranked 6%~10% among all TSE&OTC listed companies with market cap between NT$5~10 bn in the "7th Corporate Governance Evaluation" by Taiwan Stock Exchange Corporation. ➢ By combining JMA's software baseband with MTI's radio units, TIM, among the first operators in Europe and the only one in Italy to launch Open RAN solutions on the mobile network. ➢ NEC and MTI enter strategic partnership to accelerate Open RAN deployments globally.

time	Milestone
	➢ TIM launch Open RAN mobile network coverage in Piedmont and Open RAN solutions on mobile network in Matera
2022	➢ Chairman Allen Yen assumes the new role of Chief Strategy Officer; General Manager Eugene Wu assumes Allen's CEO role.
	➢ MTI raised additional capital by offering 10,000 thousand new shares for the retirement of short-term loans and fostering of financial structure. The amount of NT$520,000 thousand have been raised.
	➢ Mr. Chi Hsieh was appointed the Chairman due to the passing away of Chairman Allen Yen.

III. Corporate Governance Report

(I). Organization System

(i) Organizational Chart



(ii) Job functions of the Departments

Department	Job function
Internal Audit	➢ Audit of the internal rules and regulations and internal control system of the Company with recommendations for corrective action.
Manufacturing Department	➢ Coordinate with the R&D Engineering to administer R&D resources for the assurance of product development and launch for mass production as scheduled. ➢ Adopt effective production process through the improvement and design of products for reducing cost and assurance of product quality.
Supply Chain Management Department	➢ Coordinate the transportation of materials and products, integrate the commonality of raw materials and control the sources of materials through proper planning for achieving the production capacity objective.
Quality Assurance Department	➢ Establish the rules and regulations governing quality management operation of the Company and upgrade product quality of the Company, create a positive international quality image for the assurance of best quality for the customers.
Engineering Department	➢ Research and development new products, new production processes and new technologies in line with the product development strategy of the Company and the needs of the customers in market, develop new products in the best quality, best performance, and most efficient cost, pioneer the specifications in the industry through its leadership position in technology and easy for mass production, selling and for better profit.
Sales Department	➢ Design, development and market the products of the Company with increase of market share and upgrade brand image every year.
Information Technology Department	➢ Collection, arrangement, storage, and transmission of information with the use of information technology for generating reliable, effective, and integrated high-quality information for the users or for the management as reference or basis for business analysis and corporate management decision-making.
Environment, Safety and Health Department	➢ Establish and enforce management rules and regulations governing the environment, safety and health, fire safety and radioactive safety at workplace, implement the safety and health management system, environmental protection, and green projects.
General Administration Department	➢ Perform administrative duties, plant power supply, air-conditioning, water supply, maintenance and service, facility planning and utilization management.
Human Resources Department	➢ Plan, establish and maintain human resources recruitment, training, remuneration and benefit systems.
Finance and Stock Affairs Department	➢ Plan, establish, and maintain financial and accounting and related duties. ➢ Responsible for maintaining investor relation, administering corporate governance and related matters and share transfer and registration.

(II). Profiles of the Directors, President, Vice Presidents, Assistant Vice Presidents, function heads and branch heads.

(I) Directors

1. Director Profiles

2022.05.20

Title	Nationality or place of registration	Name	Sex and Age	Date of elected	Tenure	Date of initial term of office	Quantity of shareholding at the time of elected to office		Quantity of shareholding at present		Shareholding by spouse and children who are minors		Shareholding in the name of a third party		Major experience (education)	Also holding other positions in the Company or in other companies.	Spouse or kindred within the 2nd tier to other executives, directors or supervisors.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Chi Hsieh	Male 71-80	2019.06.19	3 years	1986.09.12	3,123,279	1.37%	2,803,279	1.18%	1,950	0%	0	0%	·PhD, Electrical Engineering, University of Santa Clara, USA ·Chairman of MTI ·Director, Microwave Circuit Dept, Harris Farinon Corporation, USA	Note 1	—	—	—
Director	R.O.C	CyberTAN Technology Inc.		2019.06.19	3 years	2013.06.14	60,924,995	26.72%	54,190,749	22.77%	0	0%	0	0%			—	—	—
	R.O.C	Representative:Gwong-Yih Lee	Male 61-70	2022.05.03	3 years	2022.05.03	0	0.00%	0	0.00%	0	0%	0	0%	·M.S., Electrical Engineering, The State University of New York at Stony Brook ·Chairman and CEO, CyberTAN Technology, Inc. ·Founder, Chairman and CEO, TransMedia Communication, Inc. ·Founder, Chairman and CEO, Digicom Systems Inc.	Note 2	—	—	—

Title	Nationality or place of registr-ation	Name	Sex and Age	Date of elected	Tenure	Date of initial term of office	Quantity of shareholding at the time of elected to office		Quantity of shareholding at present		Shareholding by spouse and children who are minors		Shareholding in the name of a third party		Major experience (education)	Also holding other positions in the Company or in other companies.	Spouse or kindred within the 2nd tier to other executives, directors or supervisors.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Rela-tion
Director	R.O.C	CyberTAN Technology Inc.		2019.06.19	3 years	2013.06.14	60,924,995	26.72%	54,190,749	22.77%	0	0%	0	0%			—	—	—
	R.O.C	Representative: Hank Hsieh	Male 51-60	2022.05.03	3 years	2022.05.03	0	0.00%	0	0.00%	0	0%	0	0%	·B.S., Department of Information Management, National Sun Yat-Sen University(NSYSU) ·Director and vice president, CyberTAN Technology, Inc. ·Director of Business Management for CNSBG, Foxconn Technology Group ·Finance Manager, Ambit Microsystems Corporation	Note 3	—	—	—
Director	R.O.C	CyberTAN Technology Inc.		2019.06.19	3 years	2013.06.14	60,924,995	26.72%	54,190,749	22.77%	0	0%	0	0%			—	—	—
	R.O.C	Representative: Kuoliang Ho	Male 51-60	2019.06.25	3 years	2019.06.25	0	0.00%	0	0.00%	0	0%	0	0%	·Master Degree in Communication Engineering, National Chiao Tung University ·Senior Director, Hon Hai Precision Industry Co., Ltd	Note 4	—	—	—

Title	Nationality or place of registr-ation	Name	Sex and Age	Date of elected	Tenure	Date of initial term of office	Quantity of shareholding at the time of elected to office		Quantity of shareholding at present		Shareholding by spouse and children who are minors		Shareholding in the name of a third party		Major experience (education)	Also holding other positions in the Company or in other companies.	Spouse or kindred within the 2nd tier to other executives, directors or supervisors.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Rela-tion
Independent Director	R.O.C	Yun Lin	Female 61-70	2019.06.19	3 years	2016.06.14	0	0.00%	0	0.00%	0	0%	0	0%	·Ph.D. in Economics, University of Illinois at Urbana Champaign ·Director of Eslite Spectrum Corporation ·Independent Director of Uni-President Group ·Director of Finance Department and Graduate School of Finance, National Taiwan University · Director, Securities and Futures Investors Protection Center ·IPO Committee member, Taipei Exchange	Note 5	—	—	—
Independent Director	U.S.A	Golub Drakulovic	Male 61-70	2020.06.18	3 years	2020.06.18	0	0.00%	0	0.00%	0	0%	0	0%	·M.B.A. - Fairleigh Dickenson University, Rutherford, NJ ·M.S. in Mechanical Engineering - NJIT, Newark, NJ ·VP China Wireless R&D - Lucent/Alcatel ·Director - Lucent CDMA Deployment Wireless Networks (US)	Note 6	—	—	—

Title	Nationality or place of registr-ation	Name	Sex and Age	Date of elected	Tenure	Date of initial term of office	Quantity of shareholding at the time of elected to office		Quantity of shareholding at present		Shareholding by spouse and children who are minors		Shareholding in the name of a third party		Major experience (education)	Also holding other positions in the Company or in other companies.	Spouse or kindred within the 2nd tier to other executives, directors or supervisors.		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Rela-tion
Indepen-dent Director	R.O.C	Jong Wang	Male 51-60	2021. 08.26	3 years	2021.08.26	0	0.00%	0	0.00%	0	0%	0	0%	·Executive Master of Business Administration, National Chiao Tung University ·Master of Law, Soochow University ·Partner, LEE and LI Attorneys-At-Law ·Vice President and Chief Legal Officer, Polytronics Technology Corp.	Note 7	—	—	—

Note 1： Other positions in the Company and other companies held by Dr. Chi Hsieh: Chairman and Chief International Marketing Officer of MTI, Director of Sasson International Holdings Inc., Director of Jupiter Technology (Wuxi) Co., Ltd., Chairman of Jupiter Network Corp., Chairman of Welltop Technology Co., Ltd., Director, MTI Laboratory Inc., Director, RadioComp ApS, Independent Director and Convener of Audit Committee and Remuneration Committee of Innolux Corporation, Director of Advanced Wireless Semiconductor Company, Chairman of Kopin Taiwan Corporation, Director of Kopin Corp., Director of Bright Led Electronics Corp., Director of Henan Bright Crystal Company Limited, Director of Taiwan Cement Corporation, Director of Bright Crystal Company Limited, Director of TCM limited, Director of Taicom Capital Limited, Director of KoBrite Corp.

Note 2： Other positions in the Company and other companies held by Mr. Gwong-Yih Lee: Chairman, CyberTAN Technology, Inc., Independent director, Hauman Technologies Corp., Managing Director, Translink Capital, Director, Creative Technology Ltd., Director, UNITX, Lab., Director, ITRI International Inc., Director, FOOTPRINTKU INC.

Note 3: Other positions in the Company and other companies held by Mr. Hank Hsieh: Director and Vice President of Business Management Center, CyberTAN Technology, Inc.

Note 4： Other positions in the Company and other companies held by Mr. Kuoliang Ho: Senior Director of Hon Hai Precision Industry Co., Ltd., Director of Taiwan Intelligent Fiber Optic Network Co.,Ltd., Director of BoniO Inc., Director of Omniguider Inc., Director of Nuwa Robotics Corp., Director of FG Innovation Company Ltd., Director of PCCW International OTT (Cayman Islands) Holdings Ltd., Chairman of Fu Hua Ke Precision Industry (Shenzhen) Co., Ltd., Director of Vossic Technology Co., Ltd., Representative of Ambit Microsystems Inc.

Note 5： Other positions in the Company and other companies held by Dr. Yun Lin: Member of Remuneration Committee of MTI, Adjunct Professor of the Dept of Finance, National Taiwan University, Director of Hua Nan Bank, Director of Eslite Spectrum Corporation, Independent Director and member of the Remuneration Committee of Uni-President Group.

Note 6： Other positions in the Company and other companies held by Mr. Golub Drakulovic: Convener of Remuneration Committee of MTI.

Note 7： Other positions in the Company and other companies held by Mr. Jong Wang: Vice President and Chief Legal Officer, Polytronics Technology Corp.

2. Dominant shareholders of the institutional shareholders

2022.04.26

Name of Institutional Director	Dominant shareholders of the Institutional Director	Proportion of shareholding
CyberTAN Technology Inc.	LGT Bank AG	4.29%
	Hon Yuan International Investment Co., Ltd.	3.05%
	Lin Yih International Investment Co., Ltd.	3.05%
	Foxconn Technology Co., Ltd.	3.05%
	Hyield Venture Capital Co., Ltd.	3.05%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.34%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.33%
	Hon Chi International Investment Co., Ltd.	0.86%
	Shi Teng Investment Co., Ltd.	0.73%
	Chih-Ming, Lin	0.69%

3. Dominant shareholders of the above institutional shareholders

2022.04.26

Name of institutional shareholder	Dominant Shareholders of the Institutional Shareholders	Proportion of shareholding
Hongyuan International Investment Co., Ltd. (Note)	Hon Hai Precision Industry Co., Ltd.	100%
Liyi International Investment Co., Ltd. (Note)	Hon Hai Precision Industry Co., Ltd.	100%
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	9.88%
	Bao Shin International Investment Co., Ltd.	8.92%
	Hyield Venture Capital Co., Ltd.	6.01%
	Shin Sheng Investment Co., Ltd.	4.71%
	Hongyuan International Investment Co., Ltd.	2.41%
	Hongqi International Investment Co., Ltd.	2.25%
	Taishin International Bank in custody for Cathay Sustainability High Dividend ETF	1.75%
	Standard Chartered in custody for Furstentum Liechtenstein bank	1.55%
	JPMorgan Chase Hosting Vanguard Developed Market Index Fund	1.09%
	JPMorgan Chase bank Hosting Vanguard STAR developed Market Index Fund	1.01%
Hyield Venture Capital Co., Ltd. (Note)	Hon Hai Precision Industry Co., Ltd.	97.95%
	Bao Shin International Investment Co., Ltd.	2.05%
Hongqi International Investment Co., Ltd. (Note)	Hon Hai Precision Industry Co., Ltd.	100%
Shi Teng Investment Co., Ltd. (Note)	Samoa Goldway Industries Limited	100%

Note: Information from MOEA

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors：

Condition / Name	Professional Qualifications and experience	Independence of Independent Directors	Number of independent directors of other public companies
Chi-Chia Hsieh	Dr. Chi-Chia Hsieh acts as Chairman and Chief International Marketing Officer of MTI. Dr. Hsieh was in charge the Microwave Design of Farinon Division in Harris Corporation before joining MTI, and was dedicated to RD technology of microwave communication products. As one of the co-founders in MTI, Dr. Hsieh also served as Vice President of Marketing Department in 1983, general manager from 1985 to 1999, Vice Chairman from 1999 to 2013, and then Chairman of MTI. Dr. Hsieh's abundant specialty and experience in marketing built up the foundation and strategic partnerships with MTI. Dr. Hsieh graduated from National Taiwan University, and holds a doctor degree in Electrical Engineering from Santa Clara University. Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	Not applicable	1
CyberTAN Technology, Inc. Representative： Gwong-Yih Lee	Mr. Gwong-Yih Lee has work experience in a specialization required by the business operation of the Company. He acts as the Chairperson of CyberTAN Technology, Inc., independent director of Hauman Technologies Corp., and director of multiple companies. He is also the founder of TransMedia Communication, Inc. and Digicom Systems Inc. and acted as Chairperson and president. Mr. Lee holds a master degree in Electrical Engineering from the State University of New York at Stony Brook U.S.A. Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	Not applicable	1

Condition / Name	Professional Qualifications and experience	Independence of Independent Directors	Number of independent directors of other public companies
CyberTAN Technology, Inc. Representative：Hank Hsieh	Mr. Hank Hsieh has work experience in a specialization required by the business operation of the Company. He acts as vice president and director of CyberTAN Technology, Inc. He has been Director of Business Management for CNSBG, Foxconn Technology Group and Finance Manager, Ambit Microsystems Corporation. He holds a bachelor degree in Department of Information Management, National Sun Yat-Sen University(NSYSU) Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	Not applicable	None
CyberTAN Technology, Inc. Representative：Kuoliang Ho	Mr. Kuoliang Ho is a director of Strategic investment department, Hon Hai Precision Industry Co., Ltd. He also served as director of several companies invested by Hon Hai Group. He has work experience in a specialization required by the business operation of the Company. He holds a master degree in communication engineering from National Chiao Tung University. Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	Not applicable	None

Condition / Name	Professional Qualifications and experience	Independence of Independent Directors	Number of independent directors of other public companies
Yun Lin	Dr. Yun Lin is the Convener of MTI Audit Committee. She is good at accounting and financial analysis. She acts as Adjunct Professor of Finance Department, National Taiwan University, also the director of multiple company. She is in the capacity of a tutor or above in a public or private school of higher education and has rich work experience. She holds a doctor degree in Economics from University of Illinois at Urbana-Champaign Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	1. Dr. Yun Lin is independent director of another listed company. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any MTI shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".	1
Golub Drakulovic	Mr. Golub Drakulovic is the convener of Remuneration Committee of MTI. He was VP China Wireless R&D of Lucent/Alcatel. He has extensive working experience in the wireless communication industry. He holds a master degree in mechanical engineering from New Jersey Institute of Technolog and M.B.A. from Fairleigh Dickenson University, Rutherford, NJ. Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau. 2. Independent Director (or nominee arrangement) as	None

Condition / Name	Professional Qualifications and experience	Independence of Independent Directors	Number of independent directors of other public companies
Jong Wang	Mr. Jong Wang is the vice president and Chief Legal Officer of Polytronics Technology Corp. He is a professional who has passed the national examination for lawyer. He acted as Partner at LEE and LI Attorneys-At-Law. He has more than 20 years of practice experience in Attorneys-At-Law and 10 years of industry experience. Mr. Wang holds master degree in law from Soochow University and EMBA from National Chiao Tung University. Not been a person of any conditions defined in Article 30 of the Company Act. (Note 1)	well as his/her spouse and minor children do not hold any MTI shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service".	None

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. if she/he does not have any or limited legal capacity; or
7. if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2:

1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
   (1) Not an employee of the company or any of its affiliates;
   (2) Not a director or supervisor of the company or any of its affiliates;
   (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
   (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
   (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law;
   (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
   (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
   (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
   (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

5. Diversification and independence of Board：

(1) Diversification of Board：

According to the Article of Incorporation, MTI adopts the candidate nomination system for elections of directors. The shareholders shall elect the directors from among the nominees listed in the roster of director candidates.In accordance with the Article 20 of MTI Corporate Governance Best Practice Principles, the board members should generally possess the necessary knowledge, skills and literacy to perform their duties.In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows:

1. Good judgement in operations.
2. Accounting and financial analysis capabilities.
3. Business management capabilities. (Including Subsidiary management)
4. Crisis handling abilities.
5. Industrial knowledge.
6. Vision to international market.
7. Leadership.
8. Decision-making ability.
9. Risk management knowledge and abilities.

The company pays attention to the professional competence and gender equality of the members of the board of directors. At present, 7 members of the board of directors (The vacancy for one director was filled by Mr. Hank Hsieh which was appointed by CyberTAN Technology, Inc.) all have rich operating management experience, International Market perspective and leadership decision-making ability. The target of directors with industry professional experience is more than half of all directors. At present, 5 of the 7 directors(71.43%) are qualified, including Dr. Chi-Chia Hsieh, Mr. Gwong-Yih Lee, Mr. Hank Hsieh, Mr. Guoliang Ho and Mr. Golub Drakulovic. Goal achieved. Dr. Yun Lin is good at accounting and financial analysis. Mr. Jong Wang is a professional lawyers with legal background. The goal of female directors is more than two-sevenths of all directors. Currently, Dr. Yun Lin is a female director (14.28%). The goal has not yet been achieved, so it will be one of the main considerations in the future director selection process. The number of independent directors is three (43%), and the term of office is between 1-6 years. The goal is to set more than four independent directors with a consecutive term of no more than nine years. It is expected that the goal will be achieved in the 18th and 19th board of directors.

Diversific-ation / Name	Nationality	Gender	Concurrent Employee	Years of independent director	Operation Management	Leadership & Decision-making	Finance & Accounting	International Market perspective	Risk Planning	Trend analysis of the industry
Chi Hsieh	R.O.C	M	V	-	V	V	-	V	V	V
Gwong-Yih Lee	R.O.C	M	-	-	V	V	-	V	V	V
Hank Hsieh	R.O.C	M	-	-	V	V	V	V	V	V
Kuoliang Ho	R.O.C	M	-	-	V	V	-	V	V	V
Yun Lin	R.O.C	F	-	3~6 years	V	V	V	V	V	-
Golub Drakulovic	U.S.A	M	-	Within 3 years	V	V	-	V	V	V
Jong Wang	R.O.C	M	-	Within 3 years	V	V	-	V	V	-

(2) Independence of Board：

There are 3 Independent Directors in the Board (43%) who conform to the status of independence. The Board is independent. One director (14.28%) who is also an employee of the company. Chairperson Dr. Chi-Chia Hsieh acts as Chief Internationl Marketing Officer, and (sub) subsidiary company's director, including Sasson International Holdings Inc., Welltop Technology Co., Ltd., Jupiter Network Corp., Jupiter Technology (Wuxi) Co., Ltd., MTI Laboratory Inc. and RadioComp ApS. He does not serve as the company's president or CEO. Dr. Chi-Chia Hsieh is the top ten shareholders of the company. Mr. Gwong-Yih Lee, Hank Hsieh and Guoliang Ho are the legal representatives of CyberTAN Technology, Inc. CyberTAN is a major shareholder holding more than 10% of the company and the company has financial and business dealings with them. Mr. Gwong-Yih Lee acts as Chairperson of CyberTAN. Mr. Hank Hsieh acts as vice president and director of CyberTAN. None of the directors of the company has any relationship within the spouse or second-degree relative.

(II) Key Managers

1 Information on the President, Vice Presidents, Assistant Vice Presidents, and Function and Branch Heads:

2022.04.18

Title	Nationality	Name	Sex	Date of Elected	Quantity of Shareholding		Shares Held by Spouse and/or Children who are Minors		Shareholding in the name of a third party		Major experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President And CEO	R.O.C.	Eugene Wu	Male	2019.07.03	105,617	0.04%	68,036	0.03%	0	0.00%	• M.S. Electrical Engineering, University of Pittsburgh, USA • Vice President of Sales, MTI	·Director, Welltop Technology Co., Ltd. ·Director, Jupiter Network Corp. · Director, Jupiter Technology (Wuxi) Co., Ltd. ·Director, MTI Laboratory Inc. ·Director, RadioComp ApS	—	—	—
Vice President and CFO	R.O.C.	Hualin Chi	Female	2010.06.18	27,372	0.01%	0	0.00%	0	0.00%	• MBA, University of Florida, USA • BS, Dept of Business Administration, National Cheng Chi University. • Asst VP of Finance, MTI.	·Director, Welltop Technology Co., Ltd. ·Director, Jupiter Network Corp. · Supervisor, Jupiter Technology (Wuxi) Co., Ltd. ·Director, MTI Laboratory Inc. ·Director, RadioComp ApS	—	—	—
Vice President of Operation	R.O.C.	Dunga Wu	Male	2019.07.03	25,000	0.01%	0	0.00%	0	0.00%	• M.S. Transportation Engineering and Management, National Chiao Tung University • VP, Manufacturing and SCM, MTI.	·Director, Jupiter Technology (Wuxi) Co., Ltd.	—	—	—
Vice President of Engineering	R.O.C.	Hunter Huang	Male	2007.06.11	55,276	0.02%	217	0.00%	0	0.00%	• B.S. Electrical Engineering, Feng Chia University • Asst VP of Engineering, MTI.	·Director, Jupiter Technology (Wuxi) Co., Ltd.	—	—	—
Asst VP of Engineering	R.O.C.	Chia-Yu Chou	Male	2003.09.01	0	0.00%	0	0.00%	0	0.00%	• B.S. Electrical Engineering, National Taiwan University • Engineering Manager of MTI	None	—	—	—
Asst VP of Engineering	R.O.C.	Jui-Yun Chen	Male	2007.06.11	32,000	0.01%	0	0.00%	0	0.00%	• M.S. in Electrical Engineering, University of South California, USA • Engineering Manager of MTI	None	—	—	—

Title	Nationality	Name	Sex	Date of Elected	Quantity of Shareholding		Shares Held by Spouse and/or Children who are Minors		Shareholding in the name of a third party		Major experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Asst VP of Engineering	R.O.C.	Kuo-Tien Chang	Male	2010 06.18	0	0.00%	0	0.00%	0	0.00%	• B.S., Electrical Engineering, National Central University • Engineering Manager of MTI	None	—	—	—
Asst VP of Manufacture	R.O.C	Yi-Shan Chang	Male	2007. 06.11	27,951	0.01%	0	0.00%	0	0.00%	• M.S. in Electrical Engineering, National Sun Yat-Sen University • Engineering Manager of MTI	·General Manager, Jupiter Technology (Wuxi) Co., Ltd.	—	—	—
Asst VP of Sales	R.O.C	Wan-Ping Su	Female	2020. 03.17	20,609	0.01%	0	0.00%	0	0.00%	• M.S. in Industrial Engineering, State University of New York at Buffalo, USA • Sales Manager of MTI	None	—	—	—
Asst VP of SCM	R.O.C	Yu-Cheng Liu	Male	2020. 03.17	25,187	0.01%	0	0.00%	0	0.00%	• PhD in Industrial Engineering and Mamagement, National Chiao Tung University • SCM Manager of MTI	None	—	—	—
Asst VP of Manufacture	R.O.C	Zheng-Wei Chen	Male	2021. 03.17	0	0.00%	0	0.00%	0	0.00%	• M.S. in Business Administration, National Taiwan University of Science and Technology • MFG Director of Aten International	None	—	—	—
Asst VP of Sales	R.O.C	Yan-Liang Chen	Male	2021. 05.05	320,174	0.13%	62,000	0.03%	0	0.0%	• BS in Electrical Engineering, University of BRITISH COLUMBIA • Sales Manager & Business Development Manager of Mobile business	None	—	—	—
Chief Accounting Officer	R.O.C	Sheng-Xiong Yu	Male	2020. 11.03	3,000	0.00%	0	0.00%	0	0.00%	• B.S. in Finance, National Chengchi University • Account Manager of MacroWell Technology	None	—	—	—

(III) Remuneration to the Directors, President and Vice Presidents

1. Remuneration to the Directors (including Independent Directors)

2021.12.31

Unit: NT$ Thousands

Title	Name	Director Fee								The sum of A + B + C + D in proportion to net income(%)		Remuneration in the capacity as employees								The sum of A + B + C + D + E + F + G in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries
		Remuneration (A)		Pension and severance payment (B)		Director fee (C)		Professional subsidy (D)				Salaries, bonus, and special allowance(E)		Pension and severance payment (F) (Note 1)		Remuneration to employees (G)						
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI		All companies included in the financial statements		From MTI	All companies included in the financial statements	
																Cash	Stocks	Cash	Stocks			
Chairman	Allen Yen (Note 2)	0	0	0	0	0	0	0	0	0	0	5,194	5,194	0	0	0	0	0	0	5,194 (1.15)%	5,194 (1.15)%	None
Director	Chi Hsieh	0	0	0	0	0	0	0	0	0	0	4,612	4,612	0	0	0	0	0	0	4,612 (1.02)%	4,612 (1.02)%	None
Director	Roger Wu (Note 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Kuoliang Ho (Note 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent Director	Yun Lin	570	570	0	0	0	0	0	0	570 (0.127)%	570 (0.127)%	0	0	0	0	0	0	0	0	570 (0.127)%	570 (0.127)%	None
Independent Director	Golub Drakulovic	1,111	1,111	0	0	0	0	0	0	1,111 (0.61)%	1,111 (0.61)%	0	0	0	0	0	0	0	0	1,111 (0.61)%	1,111 (0.61)%	None
Independent Director	Jong Wang (Note 3)	150	150	0	0	0	0	0	0	150 (0.033)%	150 (0.033)%	0	0	0	0	0	0	0	0	150 (0.033)%	150 (0.033)%	None

1) According to the Articles of Incorporation of the Company, the remuneration to the Independent Directors may be submitted to the board of directors, which is expressly authorized to resolve on that matter and shall take into account the general pay levels in the industry. In addition, the Company shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. The Board shall determine the appropriation of no more than 1% of the earnings of the Company as remuneration to the Directors depending on the profit status of the year.

2) Other than disclosure in the above table, Directors remunerations earned by providing services for all of the companies listed in the financial reports (e.g. providing consulting services as a non-employee): None.

Note 1: The pension for retirement covers the old and new systems of retirement. Note 2: Representative of CyberTAN Technology Inc.

Note 3: Jong Wang took office, effective August 26, 2021

2. Remuneration to the President and the Vice Presidents.

2021.12.31
Unit: NT$ Thousands

Title	Name	Salary (A)		Pension and severance payment (B) (Note 1)		Bonus and special allowance (C)(Note 2)		Amount of remuneration as an employee (D)				The sum of A+B+C+D in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI		All companies included in the financial statements		From MTI	All companies included in the financial statements	
								Cash	Stocks	Cash	Stocks			
CEO	Allen Yen	15,219	15,219	432	432	3,088	3,088	0	0	0	0	18,739 (4.164)%	18,739 (4.164)%	None
President	Eugene Wu													
Vice President and CFO	Hualin Chi													
Vice President, Strategic Business Development	Dunga Wu													
Vice President of Engineering	Hunter Huang													

Note 1: The pension for retirement covers the old and new systems of retirement.
Note 2: The Company did not issue any ESO and restricted stock in 2021.

3. Remuneration to the top five management personnel.

2021.12.31
Unit: NT$ Thousands

Title	Name	Salary (A)		Pension and severance payment (B) (Note 1)		Bonus and special allowance (C) (Note 2)		Amount of remuneration as an employee (D)				The sum of A+B+C+D in proportion to net income(%)		Remuneration from investee companies other than the subsidiaries
		From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI	All companies included in the financial statements	From MTI		All companies included in the financial statements		From MTI	All companies included in the financial statements	
								Cash	Stocks	Cash	Stocks			
CEO	Allen Yen	4,197	4,197	0	0	997	997	0	0	0	0	5,194 (1.154)%	5,194 (1.154)%	None
President	Eugene Wu	3,123	3,123	108	108	581	581	0	0	0	0	3,812 (0.847)%	3,812 (0.847)%	
Chief International Marketing Officer	Chi Hsieh	2,802	2,802	0	0	1,810	1,810	0	0	0	0	4,612 (1.025)%	4,612 (1.025)%	
Vice President of Engineering	Hunter Huang	2,707	2,707	108	108	590	590	0	0	0	0	3,405 (0.757)%	3,405 (0.757)%	
Vice President, Strategic Business Development	Dunga Wu	2,596	2,596	108	108	483	483	0	0	0	0	3,187 (0.708)%	3,187 (0.708)%	

Note 1: The pension for retirement covers the old and new systems of retirement.
Note 2: The Company did not issue any ESO and restricted stock in 2021.

4. Bracket of remuneration along the payment scale to the President and Vice Presidents

2021.12.31

Brackets of remuneration along the payment scale to the President and each Vice President	Names of the President and the Vice Presidents	
	The Company	All companies included in the financial statements
Less than NT$1,000,000	-	-
NT$1,000,000～NT$2,000,000	-	-
NT$2,000,000～NT$3,500,000	Hualin Chi, Dunga Wu, Hunter Huang	Hualin Chi, Dunga Wu, Hunter Huang
NT$3,500,000～NT$5,000,000	Eugene Wu	Eugene Wu
NT$5,000,000～NT$10,000,000	Allen Yen	Allen Yen
NT$10,000,000～NT$15,000,000	-	-
NT$15,000,000～NT$30,000,000	-	-
NT$30,000,000～NT$50,000,000	-	-
NT$50,000,000～NT$100,000,000	-	-
More than NT$100,000,000	-	-
Total	5 persons	5 persons

5. Names of managers with remuneration as employees and the payment

2021.12.31

Unit: NT$ Thousands

Title	Name	Amount of stock dividend	Amount of cash dividend	Total	Ratio to net income (%)
Chairman and CEO	Allen Yen	0	0	0	0%
President	Eugene Wu				
Vice President	Hualin Chi				
Vice President	Dunga Wu				
Vice President	Hunter Huang				
Asst Vice President	Chia-Yu Chou				
Asst Vice President	Yi-Shan Chang				
Asst Vice President	Jui-Yun Chen				
Asst Vice President	Kuo-Tien Chang				
Asst Vice President	Wan-Ping Su				
Asst Vice President	Yu-Cheng Liu				
Asst Vice President	Zheng-Wei Chen (Note 1)				
Asst Vice President	Yan-Liang Chen (Note 2)				

Title	Name	Amount of stock dividend	Amount of cash dividend	Total	Ratio to net income (%)
Chief Accounting Officer	Sheng-Xiong Yu				

Note 1: Zheng-Wei Chen took office, effective March 17, 2021
Note 2: Yan-Liang Chen Chen took office, effective May 5, 2021

(IV) Compare the total amount of payment to the directors, president and vice presidents from the Company and all the companies included in the consolidated financial statements as remuneration in the last 2 years and the proportion to net income, and explain the policy of remuneration, standards and combination, procedure for determination of the remuneration, and association with operation performance and the risk in the future

1. Analysis of the total remuneration in proportion to net income

title	Total remuneration in proportion to net income in 2021 (%)		Total remuneration in proportion to net income in 2020 (%)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director President and Vice Presidents	(5.59)%	(5.59)%	(28)%	(29)%

In 2021 and 2020, the Company and all the companies included in the consolidated financial statements effected payment of NT$25,182 thousand and NT$27,649 thousand to the aforementioned directors, president and vice presidents as remuneration, respectively. The payment method was the same as was before.

2. Note to the policy of remuneration
   - The remuneration to the Directors
     (1) The remuneration to the Directors is fixed. According to the Article 16 of Articles of Incorporation of the Company, the remuneration to the Directors may be submitted to the board of directors, which is expressly authorized to resolve on that matter and shall take into account the general pay levels in the industry.
     (2) According to the Article 25 of Articles of Incorporation of the Company, the Board shall determine the appropriation of no more than 1% of the earnings of the Company as remuneration to the Directors depending on the profit status of the year.
     (3) According to the Article 9 of"Procedures for Performance Evaluation of Board of Directors Meeting", the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. Evaluation methods including: Participation in the operation of the company, Improvement of the quality of the board of directors' decision making, Election and continuing education of the directors etc.

   - The remuneration to the Managerial officers
     (1) The Salary to Managerial officers is fixed.
     (2) According to the Article 25 of Articles of Incorporation of the Company, the Board shall determine the appropriation of no more than 7% of the earnings as

remuneration to the employees depending on the profit status of the year.

(3) The standard of the remuneration to the Managerial officers in accordance with participation in the operation of the company and personal performance assessment. In addition, according to the Article 4 and 7 of Remuneration Committee Chart, the Committee with its professionally and objectively status take into account the result of various performance evaluation, then submit recommendations to the board of directors for its reference in decision-making.
Evaluation methods including:
Practical theory of business, corporate culture, and considering the goal achievement rate, profitability, operating efficiency, contribution, internal management, and other special contributions of Managerial officers to calculate the reasonable remuneration. Routine review of the status of operation and applicable laws for determining the remuneration to the Directors and the Managerial officers. Even if the company has not achieved the goal of operating performance, the individual with special performance can also get corresponding remuneration.

(III).The pursuit of corporate governance

(I) The function of the Board

1. The convention of the Board

The Board convened for 5 times in 2021 (A) and the attendance of the Directors is shown below:

title	Name	Actual attendances (B)	Attended by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	CyberTAN Technology Inc. Representative: Allen Yen	5	0	100	Got re-elected on June 19, 2019
Director	CyberTAN Technology Inc. Representative: Roger Wu	5	0	100	Got re-elected on June 19, 2019
Director	CyberTAN Technology Inc. Representative: Kuoliang Ho	5	0	100	Took office on June 25, 2019
Director	Chi Hsieh	5	0	100	Got re-elected on June 19, 2019
Independent Director	Yun Lin	5	0	100	Got re-elected on June 19, 2019
Independent Director	Golub Drakulovic	5	0	100	Got re-elected on June 18, 2020
Independent Director	Jong Wang	2	0	100	Got re-elected on August 26, 2021

The attendance of the Independent Directors in the sessions of the Board in 2021 is shown below:

Name	1st	2nd	3rd	4th	5th
Yun Lin	○	○	○	○	○
Golub Drakulovic	○	○	○	○	○
Jong Wang	-	-	-	○	○

○:Attend in person; ☆:Attend by proxy; ∗:Absence; -: Not applicable

2. The conduct of evaluation of the Board

Frequency of Evaluation	Evaluation Period	Scope of evaluation	Method of evaluation	Content of evaluation
Self-Evaluation conducted once annually	2021/01/01 to 2021/12/31	Evaluation of the performance of the Board, members of the Board, and members of the functional committees.	Self-Evaluation of the Board, Self-Evaluation of the Directors, Self-Evaluation of the members of functional committees.	The summary of the content of different aspects of evaluation is shown below: 1 Evaluation of Board performance: Level of participation in the operation of the Company, qualify of decision-making by the Board, the organization and structure of the Board, the election and continuing education of the Directors, and internal control. 2 Evaluation of Director performance:

				The grip of company objective and mission, realization of the responsibilities of Directors, level of participation in the operation of the Company, cultivation of internal relations and communications, professional standing and continuing education of the Directors, and internal control. 3 Evaluation of functional committee members performance: The level of participation in the operation of the Company, realization of the responsibilities of the functional committee, quality of decision-making of the functional committee, the organization and appointment of the members, and internal control.
External Evaluation conducted every 3 years	2021/01/01 to 2021/12/31	The composition of the board of directors, guidance, authorization, supervision, communication, self-discipline, internal control, risk management, and meeting support.	Questionnaires and video interviews	"Taiwan Corporate Governance Association" submitted an appraisal report on December 23, 2021. The comments and suggestions of the institution, please refer to Corporate Governance of MTI official website for further information. The appraisal result and improvement plan has been reported to the Board in 2022 Q1.

3. Additional information on the sessions of the Board

(1) If any of the following occurs to the operations of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

A. The particulars exhibited in Article 14-3 of the Securities and Exchange Act: Not applicable, MTI has established the Audit Committee.

B. Further to the aforementioned matters, any adverse opinion or qualified opinion of the independent directors against the resolutions of the Board: None.

(2) Recusal of the directors from motions involved their private interest:

Pursuant to Paragraph 2 in Article 206 of the Company Act, Directors recused from the discussion and voting of motion related to their remuneration. The other Directors in session passed the motion with common consent. The Board convened for 5 times in 2021, among the Board meeting:

A. Independent Director Jong Wang recused from the discussion and voting of motion related to his remuneration.

B. Chairman Allen Yen recused from the discussion and voting of motion related to his

appointment as Chief Strategy Officer.

C. Director Roger Wu who is the president of CyberTan recused from the discussion and voting of motion related to the acquisition of right-of-use assets of factory & office lease contracts with CyberTan Technology, Inc.

(3) The objective of the Board in fortifying its function in the recent and present year (such as the establishment of the Auditing Committee, and enhancement of transparency) and assessment of the attainment:

A. In 2019, the Board approved the “Procedures for Performance Evaluation of Board of Directors Meeting”. Conduct evaluation of the Board, and report the result to the Board. In addition, Remuneration Committee would propose directors’ remuneration by referring to the results of evaluation of the Board.

B. In 2019, the Board appoint Ms. Hualin Chi, current chief finance officer, as a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs.

C. At the end of 2021, "Taiwan Corporate Governance Association" is appointed to conduct MTI’s assessments of board performance. The appraisal period is from December 1, 2020 to November 30, 2021. An appraisal report was submitted on December 23, 2021.

(II) The function of the Audit Committee:

1. The convention of the Audit Committee

The Audit Committee has convened for 5 times in 2021 (A). Main issues for review in the meetings specified as follows:

(1) Eavualution of the the internal control system for assurance of effectiveness

(2) The status of derivative transactions

(3) Evaluation of the status of independence and suitability of the CPAs and remuneration

(4) Review of the financial statements and accounting policy

(5) Law and compliance

(6) Amendments of the “Internal Control System”

(7) The fund raising to issue the common shares

(8) Ratification of the acquisition of right-of-use assets of factory & office lease contracts with CyberTan Technology, Inc.

The Committee members’s attendance status in 2021 is shown in the following table.

title	Name	Actual attendance (B)	Attended by proxy	Actual attendance rate (%) (B/A)	Remark
Independent Director	Yun Lin	5	0	100	None
Independent Director	Golub Drakulovic	5	0	100	Took office on June 18, 2020
Independent Director	Jong Wang	2	0	100	Took office on August 26, 2021

2. Additional information on the Audit Committee

(1) If any of the following applies to the operation of the Auditing Committee, specify the date of the meeting and the session of the Board, the content of the motion, the objection, reservation or major suggested content of independent directors, the resolutions of the Auditing Committee, and the response of the Company to the opinions of the Auditing Committee.

A. The particulars exhibited in Article 14-5 of the Securities and Exchange Act: resolutions made by all Independent directors with common consent.

Date Session	Major resolutions
2021.03.17 The 7th session of the 2nd Audit Committee	1. 2020 Business Report and Financial Reports of the Company 2. Proposal of the 2020 losses covering 3. Assessment of the effectiveness of the internal control system and the statement of 2020 internal control 4. Amendment of the "Internal Control System" 5. Independence and suitability evaluation and 2021 remuneration of the CPAs
2021.05.05 The 8th session of the 2nd Audit Committee	1. 2021 Q1 MTI financial reports
2021.08.10 The 9th session of the 2nd Audit Committee	1. 2021 Q2 MTI financial reports
2021.11.05 The 10th session of the 2nd Audit Committee	1. 2021 Q3 MTI financial reports 2. 2021 annual internal audit plan 3. Approval of the fund raising to issue the common shares
2021.12.15 The 11th session of the 2nd Audit Committee	1. Ratification of the acquisition of right-of-use assets of factory & office lease contracts with CyberTan Technology, Inc.

B. Further to the aforementioned matters, motions rejected by the Auditing Committee but passed by the Board with the consent of more than 2/3 of the directors: Not applicable.

(2) The recusal of the Independent Directors from motions involving the interest of the Independent Directors: Not applicable.

(3) The communication between the Independent Directors and the Chief Internal Auditor and the CPAs:

The Independent directors met with the Chief Internal Auditor and the CPAs in the sessions of the Audit Committee quarterly.

A. The Chief Internal Auditor compiles the audit reports monthly for the review of each independent director, and attend the quarterly session of the Audit Committee as an observer to communicate with issues pertinent to the audit plan and status of corrective action, and exchanges views on the result of the internal audits. Communication between the Chief Internal Auditor and the Independent Directors is positive.

B. The CPAs attend the session of the Audit Committee in the review of the quarterly financial statements, and explain the process of financial auditing, the scope of audit and legal update, and engaged in thorough discussion with the Independent Directors. Communication between the CPAs and the Independent Directors is positive.

Issues for communication between the Independent Directors and the Chief Internal Auditors and the CPAs:

A. The communication between the Independent Directors and the Chief Internal Auditors and the CPAs, and the summary of the result: the independent directors have no objections against the following issues and passed the motions after review or approval with report to the Board.

Date Session	Communication focus
2021.03.17 The 7th session of the 2nd Audit Committee	1. The pursuit of the audit plan from November 2020 to March 2021, and the corrective action taken in response to the audit findings 2. Declaration of Internal Control System in 2020
2021.05.05 The 8th session of the 2nd Audit Committee	1. The pursuit of the audit plan from March to April, 2021, and the corrective action taken in response to the audit findings
2021.08.10 The 9th session of the 2nd Audit Committee	1. The pursuit of the audit plan from May to July, 2021, and the corrective action taken in response to the audit findings
2021.11.05 The 10th session of the 2nd Audit Committee	1. The pursuit of the Audit Plan from August to October, 2021, and the corrective action taken in response to the audit findings 2. 2022 Annual Audit Plan.

B. The communication between the Independent Directors and the CPAs and the summary of the result: the independent directors have no objections against the following issues and passed the motions after review or approval with report to the Board.

Date Session	Communication focus
2021.03.17 The 7th session of the 2nd Audit Committee	1. Audit report on 2020 MTI financial reports 2. Communication of key audit matters 3. Other materiality in accounting and audit
2021.05.05 The 8th session of the 2nd Audit Committee	1. Audit report on 2021 Q1 MTI financial reports 2. Communication of key audit matters
2021.08.10 The 9th session of the 2nd Audit Committee	1. Audit report on 2021 Q2 MTI financial reports 2. Communication of key audit matters
2021.11.05 The 10th session of the 2nd Audit Committee	1. Audit report on 2021 Q3 MTI financial reports 2. Communication of key audit matters

(III) The pursuit of corporate governance and the variations with the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies, and the reason:

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and made disclosure?	V		The Corporate Governance Best Practice Principles approved by the Board of the Company and effective from December 22, 2014. Until now, it had been amended for three times. The latest edition has disclosed the detail at the official website of the Company and MOPS.	Nil
II. The Equity Structure and Shareholders Equity of the Company (I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	V		Proceed in accordance with the “Procedure for the Processing of Inside Information in Material Aspects” and the “Corporate Governance Best Practice Principles.” The Company has a viable system of spokesperson and window for investor relation available for solving related problems. In the event of a dispute, the Company has designated legal affairs personnel to respond to the suggestions or disputes of the shareholders.	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	V		The Company keeps abreast of the latest state of affairs of the Directors, Managers, and shareholders who holds more than 5% shares with routine disclosure under law.	Nil
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	V		The management of the financial and business relation between the Company and its affiliates was performed in accordance with the rules and regulations of the Company and of the subsidiaries. Respective subsidiaries have conducted internal audits in accordance with relevant internal control operation.	Nil
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	V		For the establishment of the management system for the prevention of insider trade, the Company has passed the amendment to the “Procedure for the Processing of Inside Information in Material Aspects) in the 19th session of the 14th Board on 2016.03.18.	Nil
III. The Organization and Function of the Board (I) Has the Board developed its policies in diversity, specific management goals and has it properly pursued these policies?	V		The 7 Directors of the Board of the Company were selected through a cautious procedure. The diversities of their background (including industry background, finance & accounting, marketing or	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			technology), professional competence and experience were taken into consideration carefully. According to Article 20 of MTI's Corporate Governance Best Practice Principles, all members of the board shall have knowledge, skills, and experience necessary to perform their duties. The company focuses on professional knowledge, skills and gender equality in the composition of the Board of Directors. All the 7 members of the Board are good at corporate management and operation, with international market view and capacity in leadership and decision-making. The Company had achieved the first target of having more than half of directors experienced in relevant industries, including Dr. Chi Hsieh, Mr. Gwong-Yih Lee, Mr. Hank Hsieh, Mr. Kuoliang Ho, and Mr. Golub Drakulovic. Dr. Yun Lin is good at accounting and financial analysis. She can give advice on the financial reports in a timely manner. She communicates and discusses with CPAs and internal audit every time the audit committee is held. Mr. Jong Wang is a professional practicing lawyer with a legal background. He can provide more rigorous	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			recommendations, and can provide substantial assistance to the company's implementation of the effectiveness and content of the internal control system. Please refer to pages 27-28 of this annual report for the director diversity policy, specific management objectives and implementation.	
(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?		V	The Company has established the Remuneration Committee and the Audit Committee. The Company will establish different functional committees as required for the operation in the future.	Nil
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, and has it conducted performance evaluations at regular intervals each year?	V		The Board of the Company resolved to establish the “Regulations Governing the Evaluation of Board Performance” on 2019.03.19 thereby the performance of the Board would be subject to evaluation once annually. An external evaluation would be conducted by an external professional and independent institutions or a team of scholars and experts once every 3 years. Please refer to pages 37-38 of this annual report for the methods for the evaluation of Board performance. According to the statistics compiled from the	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			questionnaires responded by the Board, Directors, and members of the functional committees, the scoring falls within the range of 4.93~4.98 (5 for strongly agree, 4 for agree). The performance evaluation result indicated Outstanding. At the end of 2021, "Taiwan Corporate Governance Association" is appointed to conduct MTI's assessments of board performance. The appraisal period is from December 1, 2020 to November 30, 2021. The appraisal result reported to the Remuneration Committee and the Board in the session of the Board held on 2022/3/16. The Company has reported on the evaluation result of Board Performance in 2021 in the session of the Board held on 2022/3/16. The remuneration committee and the Board would base its nomination and determination of an individual director's remuneration on the evaluation results of performance of the board.	
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	V		The Audit Committee and the Board conduct a review of the CPAs once annually as required for assurance of their independence and suitability.	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			Evaluation standards: There is no other financial interest and business relation between the CPAs and the Company except the service charge from financial and tax auditing and certification. The families of the CPAs shall also duly observe the requirement of independence. No penalty or demerit point has been given by the Financial Supervisory Commission. The rotation of the CPAs has also been made in conformity to related requirements. Following the PwC internal position rotate, Mr. Daniel Li and Ms. Chien-Yu Liu will replace Mr. Daniel Li and Ms. Amenda Lin as MTI's certified public accountants. The evaluation result was presented to the Audit Committee and the Board on 2022.03.16. As evaluated, Mr. Tian-Yi Lee and Ms. Yu-Kuan Lin, CPAs of PwC Taiwan, meet the standards of independence and suitability of the Company and eligible of acting as the external auditors for the Company.	
IV. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs	V		The Finance and Stock Affairs Department is in charge of corporate governance related business under the supervision of the Corporate Governance Office of the Company. The primary functions are as	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
(including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?			follows: 1. Assist Independent Director and General Directors in performing their duties, providing required information and continuing education. (1) Provide board members the revision of the latest laws and regulations related to corporate governance once on board and updated regularly. (2) Provide company information required by directors, and maintain smooth communication channel between directors and managers. (3) In accordance with the Corporate Governance Best Practice Principles, the Independent directors meet with the Chief Internal Auditor and the CPAs individually, to understand the development of the company's financial business in the sessions of the Audit Committee quarterly. (4) Assist Independent Directors and General Directors in planning annual training schedule and arranging courses based on the company's industry characteristics and	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			directors' background. 2. Assist the Board of Directors and Shareholders Meeting procedures and resolutions for legal compliance matters: (1) Report the corporate governance implementation status to the Board of Directors, Independent Directors, and Audit Committee. Confirm whether the company's shareholders meeting and the board of directors meet the relevant laws and Corporate Governance Best Practice Principles. (2) Assist and remind directors to comply with the laws and regulations when conducting business or making formal board resolutions. (3) Review the release of material information of important resolutions of the Board with legality and correctness to guarantee the information symmetry of all investor. (4) Handle the performance evaluation of the board of directors and various functional committees, and report the results to the Board of Directors.	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			3. Draft the agenda of the Board of Directors and notify the directors 7 days in advance, convene the meeting and provide meeting materials. Remind the Directors if there are conflicts of interest issues of the resolutions. The minutes of the board of directors should be delievered within 20 days after the meeting. 4. Handle the registration of shareholders meetings' date, prepare meeting notices, meeting handbooks, and meeting minutes. Handle the company registration when there are amendments of the articles of association or the re-election of directors and so on…. 5. Take care of company information disclosure and public relations maintenance. Communicate with investors through institution investor conference and annual shareholders' meetings. Update the company website irregularly. Investors can know the company's financial, business, corporate governance and other related information in time in order to protect their rights and interests. 6. Assist in the implementation and promotion of	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			all corporate governance related work in the company. The Board assigned MTI's CFO, Ms. Hualin Chi to be the Corporate Governance Officer on March 19, 2019. Ms. Chi has been in a managerial position for more than ten years in MTI to handle financial affairs. She also acts as the corporate secretary who is in charge with the duties of supervising the pursuit of corporate governance. The Corporate Governance Officer has completed 18 hours courses within her first year. She has completed 12 hours of continuing education courses and additional 6 hours in 2021. 2021 Education courses: 2021/7/29 Securities and Futures Institute The value of information security in the post-epidemic era and the U.S.-China trade war 3 hours 2021/9/1 Financial Supervisory Commission The 13th Taipei Corporate Governance Forum（13th TAICGOF） 6 hours 2021/9/30 Taiwan Investor Relations Institute Digital transformation in the post-epidemic era 3 hours 2021/11/7 Taiwan Stock Exchange Corporation 2021 Cathay Sustainable Finance and Climate	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			Change Summit 6 hours	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	V		The Company has set up a section for the stakeholders at its official website at to provide related information and methods of contact for relevant departments so that the stakeholders can make inquiry and express their opinions. This helps the Company to understand the needs of the stakeholders and could respond to their needs and handle the concerned issues of stakeholders properly.	Nil
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders' Meeting?	V		The Company has appointed a professional stock affairs agent, the "Stock Affairs Department of Taishin Securities Co., Ltd." for handling share transfer the investor services.	Nil
VII. Disclosure of Information (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	V		The Company has installed its official website in Chinese and English at for the disclosure of the financial and business information, and the pursuit of corporate governance of the Company from time to time.	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of ae spokesman system, and videotaping institutional investor conferences)?	V		As always, the Company spares no effort in the timely disclosure and transparency of information. Related measures are: installation of an official website in Chinese and English with routine updates, designated personnel have been appointed to collect and disclose related information on the Company, a perfect system of spokespersons and a window for handling investor relations, holding institutional investors conference and colloquium from time to time for the better protection of the right of the investors.	Nil Nil
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	The Company has announced and declared its annual report within 3 months after the end of the fiscal year, and has announced and declared the quarterly reports in Q1, Q2, and Q3 within 45 days after the end of each quarter in the fiscal year, and the monthly business report by the 10th day of the next month	The Company has announced and declared financial reporting and business report in accordance with Article 36 of the Securities and Exchange Act.
VIII. Is there any other essential information that would help us to understand the pursuit of corporate governance (including but not	V		➢ Employee rights and employee concerns: 1. No discrimination against race, social class, nationality, religion, physical impairment,	Nil

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?			gender, sexual preference, union members, political affiliation or age in the selection and employment of personnel. 2. Prohibition of employing forced labor and minors. 3. Establishment of an overall remuneration policy and framework under applicable laws governing labor force to attract, motivate, reward and keep good people. 4. Through channels for communication were provided for the employees in expression of constructive opinions and protection of their employment right, and provide them a work environment free of sexual harassment with proper preventive measures, corrective action, and punishment for the offenders. ➢ Investor relation: The Company values investor relations and has established a viable spokesperson system and window for handling investor relation. In addition, the Company also holds institutional investors conference and colloquium from time to time for the timely disclosure and transparency of information for the	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			protection of the right of the investors. ➢ Supplier relation: The Company has a strict system for the evaluation of suppliers. Once a suppler relation is established, the Company seeks to maintain such relation in the long run in a stable development for the assurance of smooth production and sale. ➢ Maintaining stakeholder rights: The Company seeks to maintain positive cooperative relation with the stakeholders for the protection of the rights through reliable and effective communications. ➢ Continuing education of the Directors of the Company: for further information, visit MOPS. ➢ Risk management policy and the pursuit of the standard for risk measurement: The Company takes preventive measures to manage risk. In addition to a viable internal control system, the Company examines the effectiveness of the system through internal control reguarly. The Company has taken related insurances like property insurance, product transportation and liability insurance, account receivable insurance,	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			and employee loyalty insurance to avoid risks. ➢ The pursuit of customer policy: Under the policy of customer first, the Company provides customization, design and development, and mass production services for the customers. The Company has been accredited with the ISO9001/TL9000, ANSI/ESD S20.20, ISO/IEC 17025, ISO14001, ISO45001, CNS45001, AS9100, IATF 16949 and management systems for assurance of the highest standard in product design, manufacturing, and production process to the full satisfaction of the customers. ➢ The professional liability insurance for the Directors of the Company: The Company has taken professional liability insurance for the protection of the directors. For further information, visit the MOPS. ➢ The Company established “Procedure for the Processing of Inside Information in Material Aspects” to prevent inappropriate information leakage and ensure the consistency and accuracy published information. This procedure can be find at the Company’s website.	

Items for Evaluation	The Pursuit			Variations from the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
IX. Corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action: In the 8th Corporate Governance Evaluation, MTI ranked in top 6%~20% among all TWSE listed companies, and in top 21%~40% among all TWSE/TPEx listed electronics companies with market cap over NT$10 billion. In 2021, MTI disclosures remuneration of directors and salaries of senior managers based on the evaluation results of his or her performance in the annual report. Furthermore, we arranged online training programs to directors under the impact of Covid-19 epidemic. The priority in 2022 will be to arrange to set up a functional committee other than statutory. In addition, we will hold conference twice a year to communicate with investors.				

(IV) The function of the Remuneration Committee:

1. Profiles of the members of the Remuneration Committee

Identity	Condition / Name	Professional Qualifications and experience	the status of independence	Number of public companies that the Independent Director also holds the position as independent director in.
Independent Director	Golub Drakulovic	Please refer to page 25 for professional qualifications of directors and information disclosure of independent directors' independence	Please refer to page 25 for professional qualifications of directors and information disclosure of independent directors' independence	0
Independent Director	Yun Lin	Please refer to page 25 for professional qualifications of directors and information disclosure of independent directors' independence	Please refer to page 25 for professional qualifications of directors and information disclosure of independent directors' independence	1
Others	Chi-Yuan Chang	He holds a Master degree of EMBA from Michigan State University, USA. He has worked in the semiconductor department of Taiwan American General Equipment Corporation (GIT), and worked in Taiwan Industrial Technology Research Institute for 10 years. Since 2008, he has been the deputy director general and the mainland director of the Taiwan Electrical and Electronics Industry Association. Since 2009, he has served as the secretary general of the Taiwan Science Park Association. None of the conditions in Article 30 of the Company Law.	Mr. Chang, his spouse, relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; have not provided the company or its affiliated companies with business, legal, financial, accounting and other services in the past 2 years The amount of remuneration received.	0

2. Information on the function of the Remuneration Committee

The Remuneration Committee of the Company is consisted of 3 members. Tenure of the members for the 4th Remuneration Committee: 2019.07.03 to 2022.06.18. The Remuneration Committee has convened 2 times (A) in 2021 with the attendance of the members specified below:

Title	Name	Actual attendances (B)	Attended by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Golub Drakulovic	2	0	100	Took office on 2020.12.17
Member	Yun Lin	2	0	100	-
Member	Chi-Yuan Chang	1	0	50	-

Additional information:

I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee: Not applicable.

II. If a specific member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members: Not applicable.

3. Motions for discussion by the Remuneration Committee and resolutions: The following has been reviewed or approved by the members with no objection, and reported to the Board for final approval.

Date Session	Major resolutions
2021.03.17 The 6th Session of the 4th Remuneration Committee	1. Recommendation for the remunerations to Directors and managerial officers in 2021.
2021.05.05 The 7th Session of the 4th Remuneration Committee	1. Recommendation for the remuneration to the by-elected director and new senior manager in 2021.

(V) Sustainable Development Implementation Status:

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
I. Has the Company established a designated full-time (or part-time) body or position for the advocacy of sustainable development administered by the senior management at the empowerment of the Board and reporting to the Board regularly?	V		For vitalizing the management of corporate social responsibility, the ESH Department of the Company is the designated (part-time) body for the advocacy of corporate social responsibility, and is responsible for the proposal of the corporate social responsibility policy, system, or action plans, and reports to the Board the performance once annually. (Reported on March 16,2022) The Company compiles the Sustainability Report annually for reporting to the stakeholders (including the customers, employees, suppliers, participation in social charity and environmental protection) on the operations, environmental protection, corporate social responsibility and other non-financial strategy and events. The content was posted at the official website of the Company and MOPS.	Nil
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		The Company has conducted risk assessment on environmental, social, and corporate governance issues pertinent to the operation of the Company, followed materiality principle to conduct risk assessment, and established risk management related policy or strategy. Please refer to page 69 to 71 note1. The company has published the Sustainability Report.	Nil
III. Environmental Topic (I) Has the Company established an appropriate environmental management system relevant with the specific nature of its industry?	V		The Company was accredited with the ISO 14001 standard by a third-party accreditor in 1999 and has conducted internal and external audits annually.	Nil

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(II) Has the Company made efforts in the efficient use of all resources, and used renewable materials to mitigate the impact on the environment?</td><td>V</td><td></td><td>The Company demands the R&D personnel to start the evaluation from the engineering design stage for assurance of friendly to the environment, including the carbon footprint, recycling rate, the use of hazardous substances in sequential analysis.</td><td>Nil</td></tr>
<tr><td>(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</td><td>V</td><td></td><td>In dealing with the potential risk and opportunities deriving from climate change on the enterprise at present and in the future, MTI has conducted evaluation on measures for energy (water) saving, and compiled statistics on the volume of greenhouse gas emission.
Please refer to page 72 note2.</td><td>Nil</td></tr>
<tr><td>(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?</td><td>V</td><td></td><td>The data for greenhouse gas emissions, water usage and waste quantity in the past two years:
<table><tr><th>Year
Item</th><th>2020</th><th>2021</th></tr><tr><td>greenhouse gas emissions (tonne)</td><td>5,240</td><td>4,765</td></tr><tr><td>water usage (degree)</td><td>45,085</td><td>42,336</td></tr><tr><td>waste quantity(tonne)</td><td>20.2</td><td>39.5</td></tr></table>Note: The data covers MTI. The greenhouse gas emissions included subsidiary Jupiter(Wuxi).
➢ Energy savings and carbon reduction strategy:
1. Assurance of power shut off at idle zones to reduce waste of electrical energy.
2. Flexible adjustment of the air-conditioning and the number of ice machine for functioning and loading in line with seasonal changes and the environmental conditions.</td><td>Nil</td></tr>
</table>

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			➢ Water saving strategy: 1. Collection of rainwater for irrigation. 2. Efficient use of water (including household use and industrial use) 3. Fitting of water saving devices to the taps. Water consumption objective: the average person's total consumption of water was 5.44 units/month, which is lower than the target level of 7.36 units/month. The energy saving strategy is shown below: ➢ Waste reduction strategy: 1.The lighting of the underground parking lot is controlled by sensor switch. 2. The lighting of the new production line was changed from T8 fluorescent tubes to LED tubes. Energy saving record: the average person's power consumption was 1,129.7Kwh/month, which is lower than the target level by 1,203.6 Kwh/month. ➢ The green power construction strategy in 2021 is as follows. The company develops the construction and investment of double-panel solar farms and contributes to the development of environmental renewable energy.	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Case</th><th>Electricity Production (MW/year)</th><th>Discharge Coefficient (Kg CO2e / Degree)</th><th>Ratio of MTI investment</th><th>CO2eequivalent conversion (Tonne /year)</th></tr>
<tr><td>Qigu (south salt light -TPC)</td><td>150</td><td rowspan="5">0.509</td><td rowspan="5">8%</td><td>6.11</td></tr>
<tr><td>Pingtung Ysolar</td><td>75</td><td>3.05</td></tr>
<tr><td>Tainan (Baoji Section)</td><td>21</td><td>0.86</td></tr>
<tr><td>GreenHarvest (Government Primary and Secondary School Project)</td><td>30</td><td>1.22</td></tr>
<tr><td>Zhangbin</td><td>10.2</td><td>0.42</td></tr>
<tr><td>Total</td><td>286.2</td><td>0.509</td><td>8%</td><td>11.65</td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Social Topic
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</td><td>V</td><td></td><td>MTI duly observes the principles of several international conventions of human rights such as the “Universal Declaration of Human Rights”, “The United Nations Global Compact”, “The OECD Declaration and Decisions on International Investment and Multinational Enterprises”, and the “UN Guiding Principles on Business and Human Rights” to institute the policy for the protection of human rights such</td><td>Nil</td></tr>
</table>

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			as freedom of association, collective bargaining right, concern for the social vulnerable groups, prohibition of child labor, elimination of forced labor of any form, and elimination of discrimination against employment so that there is no discrimination against gender, race, social class, age, marital status and family condition in the human resources policy. Related declarations and action plans are inscribed in the Corporate Social Responsibility Report. In addition, MTI also receive the training provided by the Ministry of Labor on the SDGs of the United Nations, and spares no effort to cultivate amicable labor-management relation and a proper balance between work and family. The substantive measures taken include: ・Arrangement of safe and healthy work environment ・Elimination of unlawful discrimination and assurance of equal opportunity of employment ・Prohibition of child labor ・Prohibition of forced labor ・Development of a favorable environment for communication and liberal mode of management. ・Assistance to employees in keeping physical and mental health and maintaining balance between work and living. ・Review and evaluation of related systems and actions at regular intervals. ・Arrangement of education and training pertinent to respect of human rights and occupational safety.	

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			In addition, MTI is committed to provide a friendly workplace environment and create positive labor - management relations. In this respect, MTI regularly conducts multifaceted education trainings(including education training and employee activities related to human rights) to ensure the physical and mental health of employees with work-life balance: (1)New employee training: MTI always conducts training for new employees, not only to familiarize new employees with the company business but also to promote the protection of employees' rights and human rights, including the procedure of employee complaint channels, sexual harassment, and workplace bullying complaint. Hope to protect the rights and interests of employees the best. In 2021, more than 330 employees had completed the training. (2) Supervisor communication and care skills training: In order to help employees to interact well with supervisors and communicate smoothly, MTI regularly arranges supervisor function training to improve supervisors' skills in caring for subordinates, empathy, work guidance, and work problem handling to create a friendly team and workplace culture. There were five events in 2021, with nearly 200 participating supervisors and senior employees. (3)Health promotion activities: In order to help the good health of employees, MTI holds health examination for all employees once a year. Also, conducted many health promotion activities in 2021, including ultrasound	

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			examinations, bone density examinations, intraocular pressure tests and influenza vaccine administration activities. The total cumulative number of participants is close to 1,000 employees. (4)Work-Life Balance Activities: In order to enable employees to promote parent-child relationship and relieve work and life pressure in a timely manner, there were a parent-child fitness course and 6 DIY courses and information seminars in 2021, including hand-made skin care products, leather carving key rings, and Zentangle paintings, financial management courses, etc., with a total of 100 participants. (5) In-plant safety and health training: In order to equip employees with hazards and safety-related knowledge and response capabilities, MTI conducted 82 training courses in 2021, including general safety and health, general hazard knowledge training, fire safety training, waste classification and management training. There were nearly 675 employees participate.	
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		MTI provides a wide array of benefits for the employees, including the subsidy of tourist travelling every year, subsidy in matrimonial, bereavement and maternity occasions, payment for hospitalization due to injury or illness, a variety of social activities, gifts for the Mid-Autumn Festival and Dragon Boat Festival, Labor Day celebration and citation of outstanding employees, and employee canteen. There is also an emergency aid program and subsidy in severe disasters.	Nil

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	V		The Company was accredited with the ISO 14001, ISO45001 and CNS45001 environmental safety and health management system, and has provided health examination and organized seminars on occupational safety and health for the employees annually.	Nil
(IV) Has the company provided effective training in career planning for the employees?	V		According to the rules and regulations of the Company governing education and training, all employees have mapped out their training blueprint by nature of their assigned duties, including orientation, professional qualification training, management and general training, quality and environmental safety training.	Nil
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?	V		This item of evaluation is not applicable, as MTI is not a manufacturer of end products.	Nil
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		In the procurement procedure, MTI demands all suppliers to duly observe related rules and regulations governing environmental protection and occupational safety and health of the Company, and conduct audits on environmental protection and occupational safety and health at regular intervals of the year for assurance of compliance with the rules and regulations governing environmental protection and	Nil

Assessment Item	Implementation Status			Variations from the Sustainable Development Practice Principles for TWSE Listed and TPEx Listed Companies and the reasons.
	Yes	No	Summary Description	
			occupational safety and health of the Company. There is no defects found in the audits of environmental protection and occupational safety and health of the Company which may violate applicable laws.	
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?		V	MTI follows the instructions of GRI in compiling its Sustainability Report for disclosure of non-financial information. This report is posted at the official website of the Company and also the MOPS website for the viewing of the public. The CSR Report has not be accredited by a third party for validation or guarantee.	MTI has not been accredited by a third party for validation or guarantee of its Sustainability Report.
VI. Whether the Company has instituted the sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for the TWSE Listed and TPEx Listed Companies," specify the implementation of these principles and the variation with the Sustainable Development Best Practice Principles for the TWSE/TPEx-listed Companies: The Company has established the Sustainable Development Best Practice Principles. There is no significant difference between the Sustainable Development Best Practice Principles of the Company and the practice of Sustainable Development.				
VII. Is there any other essential information that helps to understand the performance of sustainable development: Further information is accessible from the official website of the Company				

Note1:

Major issues	Risk assessment items	Risk management policies or strategies	Related company internal regulations
Environment	Environmental protection and ecological conservation	1. The company bases on the environmental and occupational health and safety policies of "Compliance with law and regulations, emphasis on communication, education and training, continuous improvement, prevention, and sustainable development" to forcefully promote RoHS and WEEE related work in the factory and to guide the suppliers to implement it synchronously. 2. In addition, for the management of conflict minerals, the company does not directly purchase metal materials and does not use cassiterite (Sn), wolfram (W), tantalum (Ta), gold (Au), and other metals from the Democratic Republic of Congo and surrounding countries and regions. Also, the company values the impact of environmental pollution on the overall living environment; therefore, audits the suppliers regularly and demands the identified nonconformities to be corrected accordingly. 3. The company strives to protect the environment and respond to green and clean production. In addition to passing and obtaining ISO 14001 environmental management system verification and certificates, the company also adopts measures, such as, process management and formulating environmental management plans, to reduce pollution emissions and environmental impacts.	1. The CEO has the environmental and occupational health and safety policies signed, announced, and implemented. 2. The company has formulated MTI-M0028 procurement management operating procedures, which have been implemented accordingly. 3. The company has formulated the MTI-M0087 Environmental and Occupational Health and Safety Management Manual, which has been implemented accordingly.
Society	Occupational safety	The company obtained the ISO 45001 and CNS 45001 occupational safety and health management system verification and certificates. Beside comply with local occupational safety and health-related law and regulations, the company promises to lower the risk of manufacturing processes, facilities, and activities on the occupational health and safety risks of employees, suppliers, contractors, by-standers, and related groups. At the same time, formulates corresponding occupational safety and health management documents and plans for implementing related work in the factory for securing a safe operating environment in the factory.	The company has formulated the MTI-M0087 "Environmental and Occupational Health and Safety Management Manual," which has been implemented accordingly.
	Product Safety	1. The company actively promotes green products and green production in response to international trends and customer needs. The company has also implemented the concept and action of green procurement into the supply chain in order to prohibit the use of toxic and hazardous substances; also, regularly reviews the performance	Formulate MTI-M0141 green product verification operating procedures, MTI-M0141-01 Green Product

Major issues	Risk assessment items	Risk management policies or strategies	Related company internal regulations
		of suppliers. 2. The company has established a “Green Product (GP) management system” and has incorporated it into the existing management system. The company has the contact window of each department integrated to formulate product specifications and related operating procedures; it also assists suppliers in establishing their green supply chain system to complete the introduction of the lead-free manufacturing processes. 3. The company, through product life cycle management, introduction of green innovative design, product environment-friendly design, enhancement of the green supply chain system, and regular customer satisfaction surveys, has conducted a customer questionnaire survey with a focus on the product design expertise, quality stability, urgent order support, customer complaint handling, prompt information feedback, and communication. Analyze the problems and needs responded by customers with the corresponding improvement measures implemented, continuously improve the company’s product quality, after-sales service, and customer satisfaction; also, further enhance the good relationship between parties.	RoHS Inspection Operation Specification, and MTI-M0145 Green Product Operation Manual, which have been implemented accordingly.
Corporate Governance	Society economy, and legal compliance	Ensured all personnel and operations of the company actually comply with relevant law and regulations by establishing an internal corporate governance mechanism and implementing internal control.	Operational risk management standards for companies, boards of directors, etc.: (1) Articles of Incorporation (2) Board Meeting Procedure and Rules (3) Measures of the Election of directors and supervisors (4) Procedures for Performance Evaluation of Board of Directors Meeting (5) Shareholders Meetings Rules of Procedure (6) Audit Committee Charter (7) Remuneration Committee

Major issues	Risk assessment items	Risk management policies or strategies	Related company internal regulations
			Charter Rules Governing Financial Risks: (1) Procedures for Handling Acquisition and Disposal of Assets (2) Procedures for Loaning of Funds (3) Regulations Governing Making of Endorsements / Guarantees (4) Corporate Governance Best Practice Principles (5) Guidelines for the Adoption of Codes of Ethical Conduct (6) Ethical Corporate Management Best Practice Principles (7) Sustainable Development Best Practice Principles (8) Procedures for Handling Material Inside Information (9) Whistle-Blowing Policy Rules Governing Information Security Risk: (1) Trade Secrets Regulations (2) Intellectual Property Rights Regulations

Note2:

item	Climate Risk	Potential Financial Impact	Climate Opportunity	Potential Financial Impact	Potential Financial Impact
1	Natural Disaster (drought)	The water lowering of the reservoir result in production affect and the risk of financial losses	Strengthen resilience to natural disasters	Reduce the probability of operation interruption and the risk of losses	Implement water-saving control measures for toilets/pantry rooms, and set water-saving goals
2	The goal and commitment of CO2 Reduction	Increase the cost of carbon-reduction equipment installation and operation	Energy-Saving equipment purchase and subsidies	Reduce the cost of equipment purchase and operation	Purchase energy-saving lamps and flexibly adjust the number and load of air-conditioning equipment based on environmental conditions
3	Temperature rise	Energy consumption and carbon emission increased	Promote Energy-Saving and green manufacturing activities	Save energy costs	To reduce the indoor temperature and to save electricity and load for air-conditioning equipment, the windows of the production line are covered with curtains
4	Cost of developing low-carbon energy saving products	Increase the cost of developing low-carbon energy-saving products	Develop or increase Energy-Saving products and services	Develop or increase Energy-Saving products and services	Invested in the development of Energy-Saving products

(VI) The Practice of Ethical Corporate Management:

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		Integrity" has always been a vital part of the corporate culture of MTI, which is also a critical part of its core value. As always, MTI lives up with high moral standard and requests all employees to follow the policy of integrity in all activities. MTI has instituted the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Ethic Code of Conduct", and the "Ethical Corporate Management Procedure and Code of Conduct" for demonstrating its intent of assuming corporate social responsibility and the code of corporate ethics, and resolved by the Board. Also, provide the whistleblower's notification method, and protect the rights and interests of the whistleblower, and then formulate the "Whistle-Blowing Policy". MTI demands all employees, including the members of subsidiaries to observe and preserve high moral standard, reputation of the Company and abide applicable legal rules as essential responsibilities.	Nil
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates	V		For a better understanding of ethical practices among the employees from time to time, MTI has instituted separate rules and regulations governing anti-corruption,	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			anti-harassment/discrimination, environmental protection, compilation of financial statements/internal control, insider trade, protection of intellectual property rights, protection of confidential information, protection of personal information, and keeping and destruction of documents. Further to posting related internal rules and regulations at the intranet of the Company for the viewing of the employees at any time, MTI also promote the persistence of the Company of such core value through training, poster, and a wide array of channels. MTI elaborates its ethical corporate management policy and the commitment of the realization of its corporate policy by the Board and the management through annual report, corporate website, and the CSR Report.	
(III) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaints procedures, and periodically reviews and revises such policies?	V		For assurance of strong demand for compliance with applicable laws in the conduct, the procedure for reporting illegal acts and response procedure are explicitly stated in related rules and regulations. MTI also provides the system for complaint of any unethical practices to impose strict punishment and take legal action timely against any unethical practices in operation. In addition, MTI demands all employees to read related laws and internal code thoroughly and make the right business and moral judgment. This demand extends to the subsidiaries of MTI that the same standard is applied in compliance and legal matters. The	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
			internal audit function of MTI plays a critical role in matters pertaining to compliance with applicable laws and the ethic code of conduct. This functional unit conducts audits in accordance with the annual audit plans approved by the Board, and report to the Board and the management the audit findings and subsequent corrective action plans for the best result of audits.	
II. Implementation of Ethical Corporate Management (I) Has the Company assessed the record of the counterparties in business integrity, and has it specified the clause of ethical practices in business transactions in the contracts binding the Company and the counterparties?	V		The clause of business ethics has been inscribed in all contracts binding the Company and the suppliers. It is explicitly stated that suppliers should engage in business activities fairly, with transparency, integrity and lawfully. There shall be no bribery or offering of commission for private interest, and no damage to the interest or image of the Company. An undertaking of integrity and confidentiality has been signed for declaration annually. The internal auditors will examine on a selective basis for assurance of no bribery. The Company expects and takes action for assist customers, suppliers, and other business partners to understand and recognize the moral standard and culture of MTI in business.	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
(II) Whether the Company has set up a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		For the proper pursuit of ethical corporate governance, the HR Department of the Company is responsible for the amendment, interpretation, inquiry service and notification of the content of related operation procedures and code of conduct, and will conduct inspection and follow up with the development in accordance with the "Ethical Corporate Management Procedure and Code of Conduct" and "Whistle-Blowing Policy". A status report on the operation of the year would be presented to the Board in March of the next year. (Reported on March 16, 2022) In addition, the Auditing Committee of MTI has instituted the procedures for the supervision of accounting, internal audits, and financial reporting for assurance of viable internal control procedure and reliability.	Nil
(III) Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system?	V		The Company posted the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles" and the "Ethical Code of Conduct" at its official website, and educated the employees of ethical corporate management procedure and code of conduct at regular intervals. Proceed in conformity to the requirements of the "Ethic Code of Conduct", "Ethical Corporate Management Best Practice Principles" and "Whistle-Blowing Policy". In case of the conflict of interest in the course of business	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
			conduct, employees should report to the supervisor or recuse from the transaction to avoid the conflict of interest. The principle of recusal is in effect at the Board on motions entailing a conflict of interest. Accordingly, the Directors concerned will recuse from the discussion and voting of the motion.	
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		The Company established its accounting system in accordance with the Securities and Exchange Act, Company Act, Business Entities Accounting Act, Criteria for the Compilation of Financial Statements by Public Companies, and the IFRS, IAS, IFRIC and SIC recognized by Financial Supervisory Commission with reference to the reality of business operation of the Company. The Company also retains CPAs to audit the financial statements. The Company established its internal control system in accordance with applicable legal rules including the “Regulations Governing the Establishment of Internal Systems by Public Companies” and acts accordingly. The audit function of the Board also examines the accounting system and the internal control system for assurance of compliance, and report to the Board of the findings.	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
(V) Has the Company provided internal and external trainings on topics of ethical corporate management at regular intervals?	V		Law and compliance education constituted a vital part of the training of the Company. Through the routine education and training on legal topics, the employees could understand the latest regulatory environment and applicable laws and be more determined of their promise to ethical corporate management. As for the suppliers and contractors, the Company will invite them to take part in the education of the ethic code of conduct of the Company for assurance of their compliance. The Company held internal and external training (including the compliance with applicable laws governing ethical corporate management, the management of occupational safety environment, accounting system, internal control and the risk of information security). The total number of participants is nearly 1300. Due to the impact of COVID-19, the number of classes was less, and most of them were in the form of group discussions. 1. Integrity training for new employees: To let employees be aware of integrity management regulations and policies, the Company regularly held relevant trainings for new employees and reminded employees to abide strictly. In 2021, more than 330 new employees have completed the training. 2. In-plant safety and health training: In order to equip	Nil.

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
			employees with hazard and safety-related knowledge and response capabilities, MTI held 82 trainings in 2021, including general safety and health, hazard general knowledge training, fire safety training, waste classification and management training, etc. There were total nearly 675 employees attended. 3. Accounting system and internal control: The company's accounting and auditors regularly participate in relevant education trainings. In 2021, 4 employees participated in a total of 66 hours. 4. Information security risk: The company's information personnel regularly participate in system security, network security and information security maintenance and other related trainings. In 2021, 7 employees participated in a total of 178.5 hours.	
III. The Function of the Reporting System of the Company (I) Has the Company established substantive systems for reporting and rewards for facilitating the reporting of unethical practices, and appointed designated persons for dealing with the persons being reported?	V		The Company has established an independent mail box and hotline for reporting of unethical practices. MTI encourages whistle blowing on unethical practices or illicit behaviors by insiders and outsiders. If the employees realize suspected unethical practices, report to the supervisors, head of human	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
			resource or report through the established channels of filing complaints.	
(II) Has the Company established standard operation procedures for investigation of reports on unethical practices and related mechanisms for confidentiality of the procedures?	V		The Company has established independent mail box and hotline for reporting of unethical practices and misconduct at the official website and intranet of the Company for both the insiders and the outsiders. The Company takes caution in protecting the identity of the whistle blower, the content of complaint and subsequent investigation in strict confidence, and has explicitly stated in relevant rules and regulations. There was no formal complaints on violation of ethical corporate management ever filed through the mechanisms that led to investigation, action, and settlement in 2021.	Nil
(III) Has the Company established related measures for the protection of the informants from undue treatment?	V		The personnel responsible for handling reports on unethical practices and misconduct shall declare in writing of keeping the identity of the informants and the content of the complaints in confidence. Any kind of reprisal is strictly prohibited. The Company will do the best to to protect the whistle blower, and this has been stated explicitly in the internal regulations.	Nil

Items for Evaluation	The Pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	Summary Description	
IV. Intensification of Disclosure Has the Company disclosed the content of its ethical corporate management best practice principles on its official website and MOPS, and the results of implementation?	V		The Company has established an official website in Chinese and English for the disclosure of overview, basic data, financial and business information, including the content of ethical corporate management best practice principles and the results of implementation of the Company in real-time and in transparency. Disclosure will also be made at MOPS and company's official website at regular intervals.	Nil
V. If the Company has established the ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies," specify the state of implementation and the variation with the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies:" The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Ethic Code of Conduct" and the practice of which is no different from the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies."				
VI. Any other essential information that helps to understand the implementation of ethical corporate management of the Company: The Company discloses information on MOPS and company's official website in materiality in real-time to the public and holds institutional investors conference and seminar from time to time. This is the manifestation of the sense of responsibility of the Company to the investors and the shareholders.				

(VII) The method of inquiry of the ethical corporate governance best practice principles and related rules and regulations instituted by the Company:
The ethical corporate governance best practice principles and related rules and regulations instituted by the Company were disclosed at the official website of the Company as well as MOPS.

(VIII) The Implementation of the Internal Control System:

1. Declaration of Internal Control

Microelectronics Technology Inc.
Declaration of Internal Control System

Date: 2022.03.16

MTI has conducted internal audit in accordance with its Internal Control System covering the period from January 1 to December 31, 2021, and hereby declares as follows:

I. The company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the Board and the managers and that the company has already established such system. The purpose it to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules.

II. There is limitation inherent to the internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the company features the self-monitoring mechanism. Once identified, any shortcoming will be corrected immediately.

III. The company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria"). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely, 1. Control environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the "Criteria" for detail.

IV. The company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.

V. Based on the aforementioned audit findings, the company holds that it has reasonably preserved the achievement of the aforementioned goals of internal control (including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective, as of December 31 2020.

VI. This statement of declaration shall form an integral part of the annual report and prospectus on the company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.

VII. This statement of declaration has been approved by the Board on March 16 2022, with none of the six attending directors expressing dissenting opinions, and the remainder all affirming the concent of this Statement.

Microelectronics Technology Inc.

Chairman: Allen Yen

President: Eugene Wu

Remark: The format prescribed in Article 24 of the "Criteria for the Establishment of Internal Control System of Public Offering Companies" is applicable to the declaration of the effectiveness of the design and implementation of the internal control system – declaration of compliance with applicable laws after the annual self-assessment of the internal control system conducted by the Company.

2. The Company did not retain CPAs to review the internal control system that no Review Report of the CPAs is available.

(IX) The penalty to the Company and its insiders under law, the punishment of the insiders in violation of the internal control system by the Company in the most recent year to the date this report was printed, the major shortcomings and state of corrective action: Not applicable.

(X) Major resolutions of the Board and the Shareholders Meeting in the most recent year to the day this report was printed:

1.Resolutions of the Board:

Date Session	Major resolutions
2021.03.17 The 12th session of the 16th Board	1. the date and the subjects to be reported on in the 2021 Annual Shareholders' Meeting 2. the proposed resolutions to be voted on in the 2021 Annual Shareholders' Meeting 3. 2020 business report and financial reports 4. Proposal for the 2020 losses covering 5. Amendment of the Measures of the Election of Directors 6. The nomination of an Independent Director 7. Assessment of the effectiveness of the internal control system and the statement of 2020 internal control 8. Amendments of the Internal Control System 9. Independence evaluation and 2020 remuneration of the certified public accountant 10. The change of Sr. Managers 11. Approve the 2021 remuneration for the Board Directors and Sr. Managers
2021.05.05 The 13th session of the 16th Board	1. 2021 Q1 financial reports 2. Renewal of bank facilities 3. The change of Sr. Managers 4. Approve the "Venture Capital Limited Partnership" investment
2021.08.10 The 14th session of the 16th Board	1. Approve to change of the date of 2021 Annual Shareholders' Meeting 2. 2021 Q2 financial reports 3. Renewal of bank credit facilities 4. Amendment of the Corporate Governance Best Practice Principles
2021.11.05 The 15th session of the 16th Board	1. 2021 Q3 financial reports 2. 2022 annual internal audit plan 3. Approve the bank credit facilities 4. Approve the 2021 remuneration for the new Independent Director and Sr. Managers 5. Approve the fund raising to issue the common shares
2021.12.15 The 16th session of the 16th Board	1. 2022 business plan and budget 2. 2022 capital expenditure budget 3. Ratify the acquisition of right-of-use assets of factory & office lease contracts with CyberTan Technology, Inc. 4. Approve the renewal of bank credit facilities 5. Approve the change of Sr. Managers

Date Session	Major resolutions
2022.01.25 The 17th session of the 16th Board	1. Approve the issuing price for 2021 capital injection 2. Approve the employees' subscription program for 2021 capital injection 3. Approve the 2022 remuneration for Directors and Managers
2022.03.16 The 18th session of the 16th Board	1. Approve the date and agenda for the 2022 Annual Shareholders' Meeting 2. Approve the 2021 business report and financial statements 3. Approve the proposal of the 2021 covering of loss 4. Approve the election of new Directors 5. Approve the nomination of Directors 6. Approve the release of non-competition restrictions on the Directors and their representatives 7. Approve the amendment to the "Procedures for Handling Acquisition and Disposal of Assets" 8. Approve the assessment of the effectiveness of the internal control system and the declaration on the 2021 internal control 9. Approve the reshuffle of the certified public accountant and the independence and suitability evaluation and 2022 remuneration of the certified public accountant 10. Approve the change of bank credit facilities
2022.03.29 The 19th session of the 16th Board	1. Approve the election of the Chairperson of the meeting 2. Approve the election of the new Chairperson of the 16th Board of Directors 3. Approve the change of subsidiaries' Board members

2.Resolutions of the 2021 Shareholders Meeting and follow-up with the resolutions:

Time: 2021.08.26

Major resolutions:

Motion (I): 2020 Business Report and Financial Statements for acknowledgement. (Proposed by the Board of Directors)

Action status: the motion was approved by the participating shareholders.

Motion (II): 2020 covering of losses for acknowledgement. (Proposed by the Board of Directors)

Action status: MTI's net loss after tax for the 2020 fiscal year was NT$95,414,779. So there will be no dividend distribution this year.

Motion (III)：The amendment of the Measures of the Election of Directors for resolution. (Proposed by the Board of Directors)

Action status: the motion was approved by the participating shareholders. Revised Measures of the Election of Directors was posted at the official website of the Company and MOPS.

Motion (IV): By-elect a new independent director of the Company. (Proposed by the Board of Directors)

Action status: List of Independent Directors Elected: Jong Wang
This change has been approved by and registered at the Hsinchu Science Park Bureau, Ministry of Science and Technology on 2021/09/11 and posted at the official website of the Company.

(XI) Adverse opinions of the Directors or Supervisors on major resolutions of the Board on record or in written declaration in the most recent year to the day this report was printed: Not applicable.

(XII) Resignation/dismissal of the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer or R&D Manager of the Company in the most recent year to the day this report was printed:

to the day this report was printed

Title	Name	On-board date	Resignation date	Reason
Chairman	Allen Yen	2019.06.19	2022.03.24	death

(IV). Information on Payment for the CPAs:

Unit：NT$ Thounsands

Name of CPA office	Name of CPA	Examination Period	Audit fee	Non-audit fee	Total	Remark
PwC Taiwan	Tian-Yi Lee	110.01.01~110.12.31	3,730	1,120	4,850	-
	Yu-Kuan Lin	110.01.01~110.12.31				

Note: Non-audit fee was mainly Tax Compliance Audit fee NT$850,000, the translation fee of Financial Report NT$100,000, and other expenses were in lieu of.

(I) The payment of the non-audit fee to the CPAs retained for certification, the CPA firm, and its subsidiaries exceeds 1/4 of the auditing fee: Not applicable

(II) Replacement of CPA Office and the service charge was less than the previous year: Not applicable.

(III) The audit fee decreased by more than 10% from the previous year: Not applicable when compare on the same basis.

(V). Information on replacement of CPAs:

1. Former CPA

Date of replacement	March 16, 2022			
Reason for replacement and note	Due to the internal adjustment needs of PwC Taiwan, the independent auditors were changed from CPA Tian-Yi Lee and CPA Yu-Kuan Lin to CPA Tian-Yi Lee and CPA Chien-Yu Liu.			
Termination or appointment rejection by the appointer or CPAs	Interested party / Condition		Certified Public Accountant	Appointer
	Active termination		Not applicable	Not applicable
	Appointment/reappointment rejection		Not applicable	Not applicable
Opinions in and reason for audit reports issued other than unqualified opinion in the last two years	None			
Disagreement with the issuer (Yes/No)	Yes		Accounting principles or practices	
			Disclosure of financial statements	
			Audit scope or procedure	
			Others	
	No	V		
	Notes: Not applicable.			
Other disclosures (Matters to be disclosed as set out in Sub-clause 10.6.1.4 through 10.6.1.7 of these Regulations)	None			

2. Former CPA

Name of CPA firm	PwC Taiwan
Name of CPA	Tian-Yi Lee、Chien-Yu Liu
Date of appointment	March 16, 2022
Consultancy and result before appointment concerning the accounting practices or principles for specific transactions and the opinions possibly offered on financial statements	Not applicable
New CPA's written opinion on the matters on which the former CPA had different opinions	Not applicable

(VI). The Chairman, President, and managers charged with accounting or financial functions of the Company have been working with the service CPA firm or its affiliates in the recent year: Not applicable

(VII). The transfer of equity shares or change in the pledge of shares under lien by the Directors, Managers, and shareholders holding more than 10% of the shares issued by the Company in the most recent year to the date this report was printed:

(I) Changes in shareholding of the Directors, Managers, and the dominant shareholders:

Title	Name	2021		2022.04.16	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Chairman	Chi Hsieh	(380,000)	(500,000)	60,000	0
Director and major shareholder	CyberTAN Technology Inc.	(8,571,000)	0	1,836,754	0
Representative of Institutional Director Chairman and CSO	Allen Yen (Date of relief from office: 2022/03/24)	(110,000)	0	47,866	0
Representative of Institutional Director	Roger Wu	0	0	0	0
Representative of Institutional Director	Kuoliang Ho	0	0	0	0
Independent Director	Yun Lin	0	0	0	0
Independent Director	Golub Drakulovic	0	0	0	0

Title	Name	2021		2022.04.16	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Independent Director	Jong Wang (Date of appointment:: 2021/08/26)	0	0	0	0
President and CEO	Eugene Wu	(50,000)	0	47,054	0
Vice President and CFO	Hualin Chi	(26,000)	0	15,419	0
Vice President	Hunter Huang	(18,000)	0	13,000	0
Vice President	Dunga Wu	(46,696)	0	25,000	0
Asst Vice President	Chia-Yu Chou	0	0	0	0
Asst Vice President	Yi-Shan Chang	0	0	26,066	0
Asst Vice President	Jui-Yun Chen	(1)	0	32,000	0
Asst Vice President	Kuo-Tien Chang	0	0	0	0
Asst Vice President	Wan-Ping Su	0	0	20,020	0
Asst Vice President	Yu-Cheng Liu	0	0	20,175	0
Asst Vice President	Zih-Ying Chen (Date of relief from office: 2021/05/07)	0	0	Not Applicable	Not Applicable
Asst Vice President	Zheng-Wei Chen (Date of appointment: 2021/03/17)	0	0	0	0
Asst Vice President	Yen-Liang Chen (Date of appointment: 2021/05/05)	40,000	0	30,174	0
Chief Accounting Officer	Sheng-Xiong Yu	0	0	3,000	0

(II) The transferee of share transfer is a related party: Note applicable.

(III)The counterparty of lien is a related party: Not applicable.

(VIII). Information on the top 10 shareholders by quantity of shareholding that are related parties, spouses, or kindred within the 2nd tier under the Civil Code to one another:

NAME	SHAREHOLDING BY THE PERSON		SHARES HELD BY SPOUSE AND/OR CHILDREN WHO ARE MINORS		TOTAL SHAREHOLDING IN THE NAME OF A THIRD PARTY		THE TITLES OR NAMES AND RELATIONS OF THE TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR SPOUSES, OR KINDRED WITHIN THE 2ND TIER UNDER THE CIVIL CODE TO ONE ANOTHER.		REMARK
	Shares	%	Shares	%	Shares	%	Title (or name)	Relation	
CyberTAN Technology Inc.	54,190,749	22.77%	0	0.00%	0	0.00%	None	-	-
UBS Europe SE	10,258,950	4.31%	0	0.00%	0	0.00%	None	-	-
Guo-Ming Huang	3,624,951	1.52%	0	0.00%	0	0.00%	None	-	-
Chi Hsieh	2,803,279	1.18%	1,950	0.00%	0	0.00%	None	-	-
Gun-Fang Cheng	1,488,186	0.63%	0	0.00%	0	0.00%	None	-	-
Hui-Chen Chuang	1,427,362	0.60%	0	0.00%	0	0.00%	None	-	-
MERRILL LYNCH INTL-MAIN TRADING-FIA	1,064,673	0.45%	0	0.00%	0	0.00%	None	-	-
Chun-Chieh Yen	1,040,000	0.44%	0	0.00%	0	0.00%	None	-	-
Ping Tseng	939,385	0.39%	0	0.00%	0	0.00%	None	-	-
Nan-Ying Hsu	857,698	0.36%	0	0.00%	0	0.00%	None	-	-

(IX). The total quantity of shares of particular re-investment company held by the enterprises under the direct or indirect control of the Company, the directors and managers of the Company

2022.04.16

Unit: Share/%

Re- investment Company (Note)	Investment of the Company		Investment of the business under the direct or indirect control of the Directors and Managers		Overall investment	
	Quantity of shares	%	Quantity of shares	%	Quantity of shares	%
Sasson International Holdings Inc.	3,920	100.00%	0	0.00%	3,920	100.00%

Note: Re-investment of the Company accounted for under the equity method

IV. State of offering

(I). Capital and shares

(i) Sources of capital stock

2022.04.18

Unit: NT$ Thousands/1,000 shares

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT$1,000)	Investment by assets other than cash	Others
1994.04	10	160,000	1,600,000	146,871	1,468,713	Capitalization of retained earnings 121,934 Capitalization of capital reserves 121,934 Capitalization of employee bonus 5,502	None	Securities & Futures Commission, Ministry of Finance 1994.04.02 Letter No. (83) Taiwan-Finance-Securities-I-18244
1994.04	10	160,000	1,600,000	159,871	1,598,713	Capital injection 130,000	None	Securities & Futures Commission, Ministry of Finance 1994.04.26 Letter No. (83) Taiwan-Finance-Securities-I-48488
1994.05	10	330,000	3,300,000	192,415	1,924,154	Capitalization of retained earnings 159,871 Capitalization of capital reserves 159,871 Capitalization of employee bonus 5,698	None	Securities & Futures Commission, Ministry of Finance 1995.05.22 Letter No. (84) Taiwan-Finance-Securities-I-26716
1996.05	10	330,000	3,300,000	232,213	2,322,134	Capitalization of retained earnings 192,415 Capitalization of capital reserves 192,415 Capitalization of employee bonus 13,149	None	Securities & Futures Commission, Ministry of Finance 1996.05.07 Letter No. (85) Taiwan-Finance-Securities-I-28256
1997.06	10	330,000	3,300,000	255,435	2,554,347	Capitalization of capital reserves 232,213	None	Securities & Futures Commission, Ministry of Finance 1997.06.14 Letter No. (86) Taiwan-Finance-Securities-I-46566

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT$1,000)	Investment by assets other than cash	Others
2000.05	10	450,000	4,500,000	312,863	3,128,631	Capitalization of retained earnings 510,869 Capitalization of employee bonus 63,413	None	Securities & Futures Commission, Ministry of Finance 2000.05.17 Letter No. (89) Taiwan-Finance-Securities-I-42594
2001.05	10	450,000	4,500,000	383,093	3,830,934	Capitalization of retained earnings 625,726 Capitalization of employee bonus 76,577	None	Securities & Futures Commission, Ministry of Finance 2001.05.10 Letter No. (90) Taiwan-Finance-Securities-I-126609
2002.05	10	700,000	7,000,000	426,162	4,261,626	Capitalization of retained earnings 383,093 Capitalization of employee bonus 47,599	None	Securities & Futures Commission, Ministry of Finance 2002.05.20 Letter No. (91) Taiwan-Finance-Securities-I-127232
2004.03	10	700,000	7,000,000	429,148	4,291,479	Convertible bonds 29,853	None	Securities & Futures Commission, Ministry of Finance 2002.05.31 Letter No. (91) Taiwan-Finance-Securities-I-127708
2007.07	14.7	700,000	7,000,000	429,172	4,291,720	Employees exercise stock options to issue common stock 240	None	Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park 2007.07.30 Administration Yuan-Shang-Zi No. 19971
2007.09	14.1~ 20.3	700,000	7,000,000	435,018	4,350,180	Employees exercise stock options to issue common stock 58,460	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities-I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park 2007.09.29 Administration Yuan-Shang-Zi No. 26482

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT$1,000)	Investment by assets other than cash	Others
2007.11	14.1~ 20.3	700,000	7,000,000	436,179	4,361,790	Employees exercise stock options to issue common stock 11,610	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities-I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park 2007.11.29 Administration Yuan-Shang-Zi No. 31920
2008.04	14.1~ 20.3	700,000	7,000,000	419,354	4,193,540	Capital Reduction via Buyback Treasury Stocks Nullifing 178,000,000 Employees exercise stock options to issue common stock 9,750	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities-I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970010653
2008.07	14.1~ 20.3	700,000	7,000,000	420,740	4,207,400	Employees exercise stock options to issue common stock 13,860	None	Securities & Futures Commission, Ministry of Finance 2002.05.23 Letter No. (91) Taiwan-Finance-Securities-I-128274 Securities & Futures Commission, Ministry of Finance 2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970018132
2008.09	13.3~ 14.1	700,000	7,000,000	421,360	4,213,600	Employees exercise stock options to issue common stock 6,200	None	2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970025417

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT$1,000)	Investment by assets other than cash	Others
2008.11	13.3	700,000	7,000,000	409,459	4,094,590	Capital Reduction via Buyback Treasury Stocks Nullifing 120,000 Employees exercise stock options to issue common stock 990	None	2003.01.07 Letter No. (92) Taiwan-Finance-Securities-I-09100169535 Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970033151
2008.12	9.7	700,000	7,000,000	408,475	4,084,750	Capital Reduction via Buyback Treasury Stocks Nullifing 9,840	None	Hsinchu Science Park Administration Yuan-Shang-Zi No. 0970036033
2009.07	10	700,000	7,000,000	412,968	4,129,682	Capitalization of retained earnings 44,932	None	Hsinchu Science Park Administration 2009.07.29 Yuan-Shang-Zi No. 0980020674
2011.03	16.80	700,000	7,000,000	413,037	4,130,372	Employees exercise stock options to issue common stock 690	None	Hsinchu Science Park Administration 2011.03.29 Yuan-Shang-Zi No. 1000008688
2012.12	9.00	700,000	7,000,000	415,337	4,153,372	Private Equity Convertible Bond to issue common stock 23,000	None	Hsinchu Science Park Administration 2012.12.14 Yuan-Shang-Zi No. 1010039187
2013.01	10.00	700,000	7,000,000	271,429	2,714,295	Capital reduction plan to offset company losses 1,439,076	None	Hsinchu Science Park Administration 2013.01.17 Yuan-Shang-Zi No. 1020001922
2013.04	13.77	700,000	7,000,000	294,450	2,944,505	Private Equity Convertible Bond to issue common stock 230,210	None	Hsinchu Science Park Administration 2013.04.03 Yuan-Shang-Zi No. 1020009670
2013.10	13.77	700,000	7,000,000	335,285	3,352,857	Private Equity Convertible Bond to issue common stock 408,351	None	Hsinchu Science Park Administration 2013.10.09 Yuan-Shang-Zi No. 1020030843
2015.10	13.77	700,000	7,000,000	400,645	4,006,452	Private Equity Convertible Bond to issue common stock 653,594	None	Hsinchu Science Park Administration 2015.10.13 Yuan-Shang-Zi No. 1040029287
2016.08	10	700,000	7,000,000	200,323	2,003,226	Capital reduction plan to offset company losses 2,003,226	None	Hsinchu Science Park Administration 2016.08.05 Chu-Shang-Zi No. 1050021609
2016.11	21	700,000	7,000,000	213,323	2,133,226	Capital injection 130,000	None	Hsinchu Science Park Administration 2016.11.29 Chu-Shang-Zi No. 1050033064

YY MM	Offering price (Face value)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of equity capital (NT$1,000)	Investment by assets other than cash	Others
2017.05	10	700,000	7,000,000	215,176	2,151,755	Convertible bonds 18,529	None	Hsinchu Science Park Administration 2017.05.25 Chu-Shang-Zi No. 1060014454
2017.08	10	700,000	7,000,000	220,528	2,205,284	Convertible Bond to issue common stock 53,529	None	Hsinchu Science Park Administration 2017.08.21 Chu-Shang-Zi No. 1060022853
2017.11	10	700,000	7,000,000	224,712	2,247,122	Convertible Bond to issue common stock 41,838	None	Hsinchu Science Park Administration 2017.11.23 Chu-Shang-Zi No. 1060032024
2018.01	10	700,000	7,000,000	228,028	2,280,283	Convertible Bond to issue common stock 33,161	None	Hsinchu Science Park Administration 2018.01.03 Chu-Shang-Zi No. 1061002905
2022.3	10	700,000	7,000,000	238,028	2,380,283	Capital injection 10,000	None	Hsinchu Science Park Administration 2022.03.16 Chu-Shang-Zi No. 1110007948

(ii) Types of shares issued

2022.04.16
Unit: share

Type of shares	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common shares	238,028,320	461,971,680	700,000,000	-

(iii) Information on inclusive declaration system: Not applicable.

(iv) Shareholder Structure:

2022.04.16

Shareholder Structure: / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign Institutional Shareholders and Individuals	Total
Number of Persons	1	9	163	53,769	74	54,016
Quantity of shares held	3	1,011,924	55,527,266	166,662,792	14,826,335	238,028,320
Proportion of shareholding	0.00%	0.43%	23.33%	70.02%	6.23%	100.00%

(v) Dispersion of Shareholdings:

2022.04.16

NT$10/share in face value

Shareholdings Along the Scale of Share Quantity	Number of Shareholders	Quantity of shares held	Proportion of shareholding
1 to 999	25,836	4,351,065	1.83%
1,000 to 5,000	23,079	44,069,206	18.51%
5,001 to 10,000	2,700	20,063,306	8.43%
10,001 to 15,000	829	10,217,032	4.29%
15,001 to 20,000	476	8,585,495	3.61%
20,001 to 30,000	408	9,960,315	4.18%
30,001 to 40,000	180	6,235,911	2.62%
40,001 to 50,000	109	4,905,917	2.06%
50,001 to 100,000	230	15,581,703	6.55%
100,001 to 200,000	94	12,794,801	5.38%
200,001 to 400,000	44	11,402,026	4.79%
400,001 to 600,000	12	5,768,566	2.42%
600,001 to 800,000	7	4,707,498	1.98%
800,001 to 1,000,000	4	3,487,329	1.47%
More than 1,000,001	8	75,898,150	31.89%
Total	54,016	238,028,320	100.00%

(vi) List of Dominant Shareholders:

2022.04.16

Shares / Names of Dominant Shareholders	Quantity of shares held	Proportion of shareholding
CyberTAN Technology Inc.	54,190,749	22.77%
UBS Europe SE	10,258,950	4.31%
Guo-Ming Huang	3,624,951	1.52%
Chi Hsieh	2,803,279	1.18%
Gun-Fang Cheng	1,488,186	0.63%
Hui-Chen Chuang	1,427,362	0.60%
MERRILL LYNCH INTL-MAIN TRADING-FIA	1,064,673	0.45%
Chun-Chieh Yen	1,040,000	0.44%
Ping Tseng	939,385	0.39%
Nan-Ying Hsu	857,698	0.36%

(vii) Market value, net value, earnings and dividends per share in the last 2 years and related information.

Item \ Year			2020	2021	2022.04.30 (Note 9)
Market price per share (Note 1)	Highest		35.50	96.50	77.00
	Lowest		11.95	27.00	52.40
	Average		22.77	53.64	62.24
Net value per share (Note 2)	Cum-dividend		10.61	8.60	10.03
	Ex-dividend		10.61	- Note 8	-
Earnings per share (Note 3)	Weighted average quantity of shares		228,028	228,028	238,028
	Cum-dividends earnings per share		(0.42)	(1.97) Note 8	(0.61)
	Ex-dividends earnings per share		-	-	-
Dividends per share	Cash dividend		0	0 Note 8	-
	Stock dividends	Capitalization of retained earnings into new shares for distribution	-	-	-
		Capitalization of additional paid-in capital into new shares for distribution	-	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Analysis of ROI	Price/Earnings ratio (Note 5)		(54.21)	(27.22) Note 8	-
	Price/Profit ratio (Note 6)		N/A	N/A Note 8	-
	Cash dividends yield rate (Note 7)		N/A	N/A Note 8	-

Note 1: Specify the highest and lowest market price of each common share in relevant years, and calculate the average market price of the relevant year with reference to the trading value and volume.

Note 2: Fill in the information on the basis of the quantity of outstanding shares on the last day of the year, and the resolution of the Board of Director or Shareholders Meeting for distribution of the year.

Note 3: If stock dividends were paid with a retroactive adjustment, state the earnings per share before and after adjustment.

Note 4: If the issuance of equity securities allowed for the accumulation of undistributed dividends of the year to the year with earnings as a condition for offering, disclose the undistributed dividends accumulated to current period.

Note 5: P/E Ratio = The average closing price per share of the year/earnings per share.

Note 6: P/P Ratio = The average closing price per share of the year/cash dividends per share.

Note 7: Cash Dividends Yield = Cash dividend per share/the average closing price per share of the year

Note 8: Pending on the decision of the Shareholders' Meeting.

Note 9: The net value and earnings per share is the based on the information presented in the audited consolidated financial statements of 2022 Q1.

(VIII) Dividends Policy and the Implementation of the Policy:

1. Dividend Policy as Stated in the Articles of Incorporation:
   The Company is now at the stage of stable growth in operation. In consideration of the macroeconomic environment and the specific nature of the industry, the capital needs and long-term financial planning of the Company for sustainable development and stable development, and the assessment of the capital expenditure and requirement of the future, the Company could appropriate at least 30% of its earnings as dividend for the shareholders. If the accumulated earnings available for distribution are less than 5% of the paid-in capital, no dividend will be paid. Cash dividends are preferred among other forms of shareholders' dividends. The percentage of cash dividends will range from 30-100% of the total dividends of the year for payment. The remainder could be paid by stock dividends. The Board shall propose the plan for the distribution of earnings and present to the Shareholders' Meeting for final approval.

2. The payment of dividend proposed to current session of the Shareholders' Meeting:
   The Board dated on 2022/3/16 had approved no dividend distribution this yeas because the accumulated earnings available for distribution now were less than 5% of the paid-in capital.

(IX) The influence of issuance of bonus shares discussed in current session of the Shareholders' Meeting on the operation performance and earnings per share of the Company:
Not applicable. No issuance of bonus shares this year.

(X) Remuneration to the Employees and Directors:

1. Information on the remuneration to the employees and directors as Stated in the Articles of Incorporation
   If the Company made a profit in the year, appropriate at least 7% as remuneration to the employees, which will be paid in cash or by stock as determined by the Board. The targets of payment include employees of subsidiaries meeting the designated conditions. The Company will, depending on the profit of the year, determine to appropriate no more than 1% of the earnings as remuneration to the directors in the care of the Board.
   The proposal for the remuneration to the employees and the directors shall be reported to the Shareholders Meeting. The Company shall appropriate for covering carryforward loss, if applicable, and appropriate for the remuneration to the employees and Directors in the aforementioned percentages.

2. Information on the proposal of the Board on remuneration to the employees and the Directors.
   (1) There was no remuneration to the employees and the Directors this year.
   (2) The amount of remuneration to the employees by stock in proportion to the net income presented in the separate financial statements in current period and to the total remuneration to the employees: Not applicable.

3. The actual amount of remuneration to the employees and the Directors and the difference from the stated amount of remuneration to the employees and the directors in the previous year, the reason for the difference and response: There was no remuneration to the employees and the Directors in 2021.

(XI) The repurchase of shares by the Company: Nil.

(II) The offering of corporate bonds: Nil

(III) The offering of preferred shares: Nil

(IV) The issuance of overseas depository receipts: Nil

(V) The issuance of ESO: Nil

(VI) The issuance of restricted stocks: Nil

(VII) Merger and acquisition, or acceptance of shares from assignment of other issuers: Nil

(VIII)Fund utilization plan:

1. The cash capital increase plan process of implementation

A. Particulars of the plan and implementation schedule:

Unit: NT$ Thousands

Item/Plan	Estimated Completion Date	Total funds required	Scheduled fund utilization progress
			2022Q1
Repay bank loan	2022Q1	600,000	600,000
Total		600,000	600,000

B. Implementation Situation

Unit: NT$ Thousands

Item/Plan	Completion Date and Implementation situation				Reasons for progress ahead or behind schedule and improvement plans
Repay bank loan	2022Q1	Amount	Scheduled	600,000	The repayment of the bank loan has been completed according to the estimated progress.
			Actual	600,000	
		Process	Scheduled	100%	
			Actual	100%	

The company's capital utilization plan for the 2021 cash capital increase and issuance of new shares has received all the money due on March 8, 2022. The funds raised are NT$520,000,000. As of the end of the first quarter of 2022, the actual expenditure amount was NT$600,000,000, all of which have been used to repay the bank loan. The insufficient part of the raised funds has been paid for by bank loan or other means, and the progress of using the funds has been completed on schedule.

2. Assessing the difference between the expected benefit and the actual achievement—repay bank loan

A. Expectation effect as of 2022Q1

Unit: NT$ Thousands

Institution	Interest(%)	Contract period	Currency	Purposes	The amount of loan	The amount of repayment	Reduced interest	
							2022	Future
DBS	0.80	2021.10.15~2022.10.15	NTD	Operating Turnover	100,000	100,000	600	800
Land bank	0.96	2020.12.22~2021.12.22	NTD	Operating Turnover	260,000	250,000	1,800	2,400

Taishin	0.89	2021.07.31~2022.07.31	NTD	Operating Turnover	250,000	250,000	1,669	2,225
Total						600,000	4,069	5,425

Note 1：The above financing contracts can be used cyclically during the contract period, and the extension of the loan has been (will) be processed considering the availability of funds.

Note 2：It is expected that the repayment will be made immediately after the fundraising is completed in March 2022, and the interest will be saved in 9 months in 2022.

This capital utilization plan is expected to complete the cash capital increase and issuance of new shares in the first quarter of 2022. The short-term bank loan of NT$600,000,000 will be repaid in the first quarter. After considering the amount, interest rate level and loan term of each loan repayment by the company, it is calculated based on the company's actual bank loan interest rate of 0.80%~0.96%. It is estimated that in 2022, it can save NT$4,069,000 in interest expenses, and NT$5,425,000 in interest expenses every year in the future, which can moderately reduce the financial burden of the company, improve its solvency, and increase capital flow. It is very beneficial to the future operation of the company.

B. Actual benefit as of 2022Q1

Unit: NT$ Thousands

Institution	Interest(%)	Contract period	Currency	Purposes	The amount of loan	The amount of repayment	Reduced interest	
							2022	Future
DBS	0.80	2021.10.15~2022.10.15	NTD	Operating Turnover	100,000	100,000	600	800
Land bank	0.96	2020.12.22~2021.12.22	NTD	Operating Turnover	260,000	250,000	1,800	2,400
Taishin	0.89	2021.07.31~2022.07.31	NTD	Operating Turnover	250,000	250,000	1,669	2,225
Total						600,000	4,069	5,425

Note 1：The above financing contracts can be used cyclically during the contract period, and the extension of the loan has been (will) be processed considering the availability of funds.

Note 2：It is expected that the repayment will be made immediately after the fundraising is completed in March 2022, and the interest will be saved in 9 months in 2022.

The company's capital utilization plan for repayment of bank loans has been fully implemented in the first quarter of 2022. The benefits lie in saving interest expenses, improving financial structure, reducing dependence on banks, increasing flexibility in capital scheduling and reducing operational risks. If calculated based on the company's actual repayment of bank loan details, it can save NT$4,069,000 in interest expenses in 2022, and NT$5,425,000 in interest expenses every year from 2023.

3. The reasonableness of the purposes for unused capital

The issuance of new shares to be publicly offered has been completed in the first quarter of 2022. The plan and progress is on schedule. The actual expenditure is NT$520,000,000. There is no undisbursed funds. As a result, it is not applicable.

4. Whether there has been any deviation from the capital utilization plan

As of the end of the first quarter of 2022, the company has not changed its plans and projects, and the repayment of bank loans has been used up as scheduled, and there has been no deviation from the capital utilization plan.

V. Business Overview

(I).Business Contents

(i) Main business Contents and their business distribution

(The financial figures herein are excerpted from the Company's financial statements which are audited and certified by the accountants)

Our main business contents in 2021 included two categories: Satellite Communication Products and Telecommunication Products. The Satellite Communication Products consist of the satellite TV receiving equipment and commercial private satellite communication system; while the Telecommunication Products consist of the cell site equipment and digital microwave communication products. In 2021, the satellite communication system and its devices approximately account for 63.8% of the combined sales amounts, while telecommunication system and its devices approximately account for 36.2%

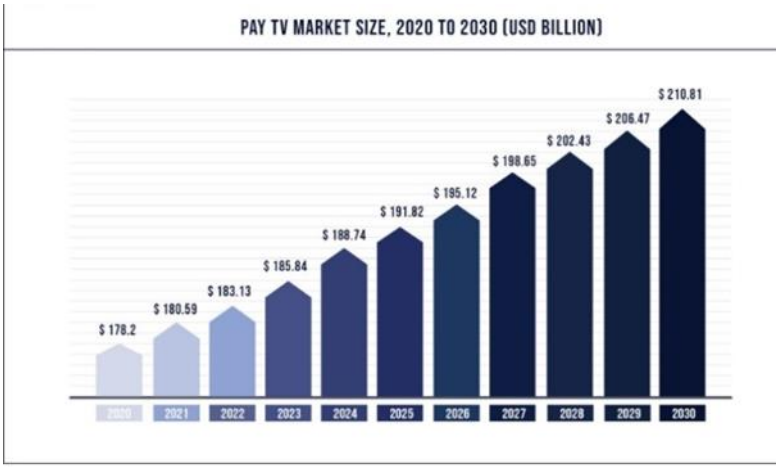
(ii) Industry overview and its future development as well as trends

The industry overview and its future development as well as trends are reviewed for the satellite communication system as well as its devices, and the telecommunication system as well as its devices:

Satellite communication system and its devices

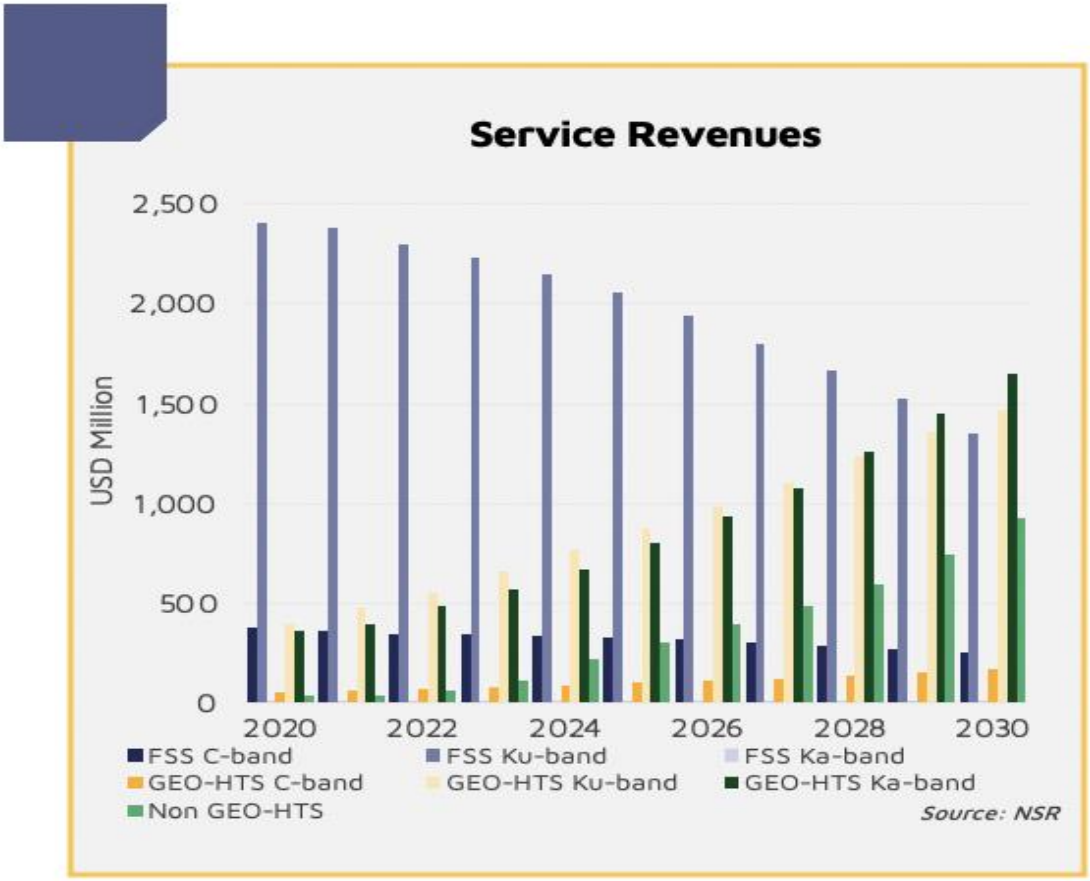
The global satellite TV markets mainly consist of America, Europe, Asia Pacific, Middle East, and Africa. Among them, America is the most mature market with the highest HD rate. Nearly 60 % of global HDTV channels serves America; Europe is a traditional market with a HD rate lower than America's and its broadband satellite market is still growing and getting mature; Asia Pacific is a thriving and emerging market. In recent years, it has gradually become the largest market in the world. Additionally, Latin America has likewise been gradually growing.

Despite the evolution of technology, pay-TV operators can meet consumers' demand for TV entertainment through satellite TV, cable TV or Internet video and audio streaming services. Satellite live TV covers a wide range and lower external interference. It is relatively convenient and has low deployment costs in emerging markets. It can also meet the needs of high-definition live broadcast markets in developed countries. Global live pay-TV is expected to continue to grow and drive related demand for satellite reception equipment.



Source: Precedence Research, 2020

The Very Small Aperture Terminal (VSAT) is mainly used to provide the broadband satellite services, such as the high-speed two-way voice, digital communications, and Internet, to the subscribers in the remote areas for which cable modems and DSL are unavailable. In response to the unprecedented demands for high data rate transmission business and broad-band multimedia applications, the HTS (High Throughput Satellite) system has been invented. For the satellite communication system, the C/Ku bands (each with 500 MHz bandwidth was commonly utilized at the early stage. Nowadays, the high-frequency Ka band (2.5 GHz bandwidth) or even Q/V bands (each with 10 GHz bandwidth) are used, which drives the rapid development of the broadband satellite communications. As the broadband communication satellite system and space network technologies develope, the satellite communications have gradually entered the era of the Internet, with the advent of satellite Internet access. Currently, several airlines have provided the "in-flight Internet access" service. In the 5G era, LEO satellite communication will complement with the 5G base stations, which covers high mountain, desert, ocean and other areas that could not be penetrated by 5G base stations into the scope of communication. For this reason, the newly emerged satellite service providers, such as Space X, and OneWeb, have started to launch satellite to provide worldwide satellite communication service aiming at the realization of worldwide Internet. MTI is actively engaged in joint ventures with LEO satellite service providers recently to develop communication equipments for small size ground satellite stations.



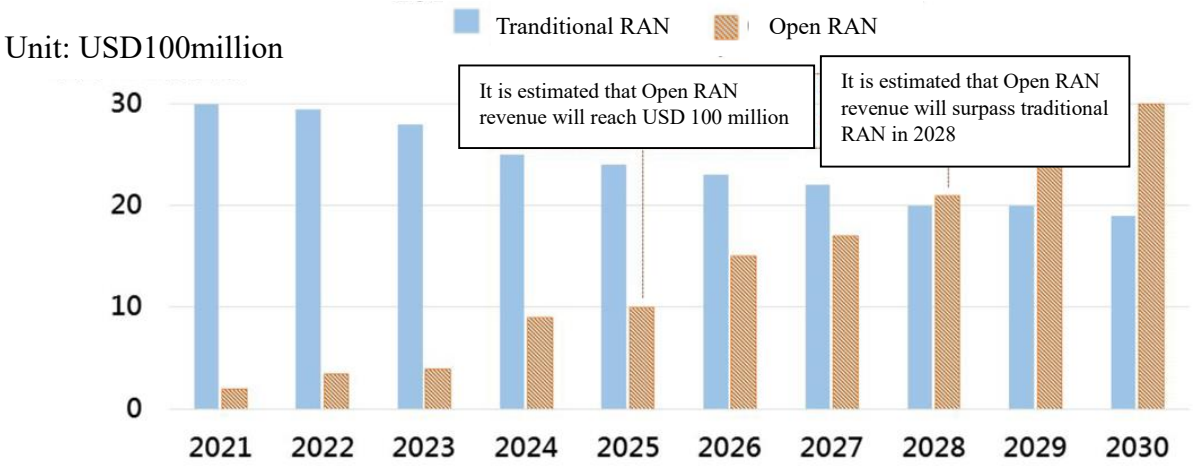
Source: NSR Report, 2021

Mobile Communications 5G Open RAN Products

Radio unit manufacturers can directly supply products to system integrators or operators under the Open RAN standard; therefore, they no longer rely on traditional telecom manufacturers, which comes with many business opportunities. Under this open industry chain, companies with smaller market shares in the past, including Fujitsu, NEC, Samsung, and service-level software manufacturers, including Altiostar, Parallel Wireless, Mavenir, JMA Wireless, and Radisys, all hope to corner a large market share by having industrial ecology changed through Open RAN technology. Global leading operators have been actively testing Open Radio Access Network (Open RAN) network performance since 2020. Actually, more and more small and medium-sized telecom operators (also known as “Greenland Field”), such as DISH and Rakuten, also choose Open RAN equipment and systems when participating in service network construction from ground zero. MTI is a professional Radio Unit (RU), designer and manufacturer, focusing on outdoor transceivers, Sub-6GHz, multi-band or single-band, etc.. Also, it has successfully developed several RU models and provided them to service providers, system integrators, and service-grade software providers for Ecosystem Interoperability (IoT) testing and performance tests for wireless (E2E) with a total solution ready to be provided and international competitiveness to be built up.

According to the current and future adoption plans of international operators for Open RAN, the market is expected to grow continuously along with the increasing test and validation cases of traditional operators and the network deployment and operation performance of emerging operators, such as DISH and Rakuten. According to the research report of ABI Research, the market share of O-RAN has been developed since 2021 and will be the equal to traditional RAN by 2028, which is shown as follows:

2021-2023Public network RAN equipment revenue forecast



Note: RAN(Radio Access Network)
Source: ABI Research, DIGITIMES Research 2021/7

Many generations are involved throughout the evolution of telecom networks with many communication standards to follow and old equipment that is hard to retire. Therefore, the open networking industry chain is still centralized on the RAN, including CU/DU, Fronthaul network, RU, etc. To secure a market share in the 5G service and equipment market, the company has started to analyze the market, accumulate R&D and technologies, cultivate strategic partners, and actively develop the 4G/5G eCPRI O-RAN Split Option. 7.2x Multi-Band Radio Unit (RU) that conforms to the O-RAN standard in order to meet the needs of the 4G/5G telecom market for Macrocell.

(iii) Linkage of industry upstream, midstream, and downstream

Upstream	Midstream (where the company is located)	Downstream
Suppliers of parts and components	Manufacturers of equipment	System integrators Telecoms or satellite service providers
Semiconductors, transistors, resistors, capacitors, printed circuit boards, transformers, filters, mechanical components, antennas	Companies specializing in R&D, manufacturing, assembly, etc.	System integrators Mobile communication/telecoms service providers Satellite TV service providers

(iv) Technological research and development

1. Based on the core RF(Radio Frequency) technology, the Company continues to develop the most niche products in the wireless communication market.
2. To meet the growth of our businesses, MTI has been investing in researching, developing and manufacturing of the following product lines:

    - User terminal equipment of LEO
        - To finish LEO transceiver/antenna module and establish key tech
        - The mass production transceiver and trial production of phased array antenna and monopole antenna
    - Virtualization of wireless protocol
        - Calibrate with rising vRAN/ORAN solution provider to support the infrastructure construction of 4G/5G RRH/RRU operators.

3. Key R&D plans in 2021:

    - Developed LTE Open RAN RRH and NR Open RAN RU
        - B1, 4T4R, 4x40W RRH
        - B1/B7, Dual Band 4T4R, 2x4x40W RRH
        - Triple Low Band RU
            - ✓ 4Tx/ 4Rx n71+2Tx/ 4Rx n26+2Tx/ 0Rx n29
    - Established the system test capability of frequency Band I&V
        - 3GPP TS36.141(4G LTE) and TS 38.141-1(5G NR) RF Conformance Software and hardware development of test system
        - Perform design verification of RF Conformance of various types of RRHs
    - Established Base Band O-RAN Processing development capability
        - L2 Switch (RU daisy chaining)
        - Fragmental, Dynamic/Static Compression Mode
    - Completed IOT interoperability test verification with several DU manufacturers
        - Participated in 2021 Europe Open RAN and TIP Plug fest
        - B3 4x40W RRH acquired Telecom Infra Project(TIP) Operator Tested Ribbon and Requirement Compiant Ribbon
    - Complete product certification
        - B3 and B1 4x40W RRHs acquired EU CE Certification(including 4G LTE and 5G NR RF Conformance and Electromagnetic Compatibility and Prodect Safety)

- GEO related projects
  - Complete customer verification- Gateway ODU of new generation Ka-band consumer satellite system and implemented mass production
  - Complete customer verification- UT ODU of new generation Ka-band consumer satellite system and implemented mass production
- LEO related projects
  - Small batch production of 3W Ku-bank Transceiver and implemented LEO UT system integration and mass production
  - Started Beamforming array antenna small batch production

4. Patents related to newly developed technologies in 2021

Item	Name of Application Case	Applied Country	Type	Certificate No.	Approval Date
1.	MICROWAVE FEEDING MODULE AND CIRCUIT BOARD STRUCTURE	USA	Invention	US 10,923,792	2021/02/16
2.	POWER SPLITTER AND SATELLITE SIGNAL RECEPTION SYSTEM	EU	Invention	EP3273627	2021/11/24

5. The R&D plan of main products in 2022 are described below:

(1) Focus on 5G NR RU new tech R&D and RU product mix, including
- O-RAN eCPRI protocol 7.2x protocol New Software Requirement
- DSP Back End and Front End IP
- Multi-band of RRH/RU new product mix
  - B7, 4T4R, 4x40W RRH
  - Dual Mid Band RU
    - ✓4Tx / 4Rx Band n66 + 4Tx / 4Rx Band n70
    - ✓4Tx / 4Rx n48 + 4Tx / 4Rx n77sub (TDD)

(2) Step into 3GPP FR2 mmWave phased array antenna development

(3) GEO related projects
- Maritime Software-define ODU of new generation Ka-band consumer satellite system

(4) LEO related projects
- Research on 1W Ka-band TDD Mode transceiver and system test of LEO UT
- Complete verification of Phased Array Antenna Fast Measurement Technique and implemented mass production
- LEO Ku Band UT implemented mass production

(5) Estimated 2021 R&D expenditure: It is estimated that the R&D expenditure invested in 2022 approximately accounts for 10%~14% of the revenue

6. The R&D expenditure

(1) Stand-alone information

Unit: NT$ Thousands

Year	2020	2021	2022 Q1
R&D expenditure	495,085	648,522	183,162
% of revenue	16%	18%	20%

(2) Consolidated information

Unit: NT$ Thousands

Year	2020	2021	2022 Q1
R&D expenditure	604,499	701,953	176,208
% of revenue	15%	18%	19%

(v) Long and short-term business plans

1. Short-term business plan

- Strengthen current customers' relationships. By closely cooperating with our customers, the Company provides customized products and services with higher value. With the win-win relationship, it provides more cost-effective products to improve customer's competitiveness and increase its market share.
- Work with large system operators in each region of distribution to enhance the network of channels to provide timely services for customers and grasp business opportunities.
- Increase the contribution of the high value-added products to the total turnover, and take advantage of the Company's leading product development and technology capabilities to establish a marketing network to support key customers, improve the management of the supply chain, and shorten the delivery period.
- Continue to cultivate outstanding R&D talents, stay technological competitiveness, and rapidly launch new competitive products.
- Gather more information about the upstream and downstream of the industry to quickly respond to market demands and create niche products.

2. Long-term business plan:

- To achieve the goal of becoming the world-class supplier of professional RF communication equipment, continue to expand our customer base, and explore the market.
- To establish a long-term partnership with the suppliers of key components and good subcontractors to create a win-win strategy
- To forge alliances with the vendors of key technologies in the industry for technical cooperation, improvement of R&D strength, and building of a market-oriented and responsive R&D team.

(II). Market and sales overview

(1) Market analysis

1. Services and sales of main products

The Company has rich experience in professional ODM/OEM experience while our sales model is mainly ODM/OEM. For many years, we have been committed to forging alliances with global renowned communications companies and leading system vendors to provide rapid and flexible design and manufacturing services, and sell our products to every corner of the world through the global sale channel of system vendors.

2. Market supply and demand for products in 2021

Unit: NT$ Thousands

Region of distribution	MTI Alone sales	Proportion	Consolidated sales	Proportion
America	1,397,147	39%	1,467,459	37%
Europe	347,688	9%	347,688	9%
Asia and others	1,861,403	52%	2,114,705	54%
Total	3,606,238	100%	3,929,852	100%

Satellite communication system and its devices

As the demand for Video on Demand (VOD), Personal Video Recorder (PVR), and interactive TV, the high-end Multi-output LNB has become the mainstream in the market when combined with the high-end set-top box (STB). Over recent years, in addition to the investment in high end Multi-Output and Multi-Satellite products for the LNB lineup, we have designed more digital products to replace their analog counterparts to become of the main suppliers of LTB for the global top satellite Pay-TV operators. For the product lineup, our high-end products are mainly sold to the US market while mid-end and low-end products are mainly sold to the European and Latin American markets. The low-end LNB are mainly available in Asia, especially in India.

For Broadband Satellite products, the core product is Ka-band broadband VSAT Transceiver. Currently, Microelectronics Technology is the first professional manufacturer of the Ka-band VAST transceivers, and continues to invest in R&D of new products. In addition to the high-speed satellite Internet access, the applications include the in-flight broadband access during high-speed moving, which are offered to the main operators in North American broadband satellite market.

Ground station communication equipments

Microelectronics Technology Inc. (MTI) became a member of the Open RAN Alliance in 2019, hoping to directly provide telecom operators wit 4G and 5G network RU equipment in the O-RAN ecosystem. Microelectronics Technology Inc. has strategically cooperated with the top SDN/NFV software companies in the United States to carry out various interoperability tests, receive product trial orders, and enter the O-RAN market in Europe,

Southeast Asia, and India for on-site validations. In addition, benefiting from the company's long-term and stable relationship with Dish Network in the satellite business, a Multi-Band Radio Unit (RU) product research and development and product procurement contract was signed with Dish Wireless in September 2020 to provide radio frequency units equipment. The dish had also announced in early December 2020 that its 5G O-RAN structure would be built with the RU products of Microelectronics Technology Inc. The construction goal is to meet the needs of 20% of the U.S. population in the first half of 2022 and to meet the needs of 70% of the U.S. population in the first half of 2023.Many models are gradually entering the stage of the "System Acceptance Test" (SAT) in the first half of this year. It is estimated that the shipments will be made starting from the second half of this year to meet the needs of customers. Such progress will help the company to be on the new equipment vendor list of the telecommunication operators in Europe and America. The company will also continue to initiate various market plans to understand local needs worldwide, the network coverage of telecom companies, operating costs, terminal equipment performance, etc. in order to win procurement contracts from local telecom companies with multiple tests performed.

Microelectronics Technology Inc. has professional design and manufacturing (ODM/OEM) experience in Taiwan and Wuxi. The company can provide engineering trial samples in real-time according to the needs of each customer; also, can help customers quickly start mass production. The company has two important R&D teams in the United States and Denmark; it also owns the new generation 4G LTE/5G NR radio access network (RAN) technology. The company aims to directly provide telecom operators with 4G and 5G network station radio unit (RU) equipment in the O-RAN ecosystem.

The new generation RU supports the Split 7.2x of the O-RAN Alliance, which complies with the 3GPP standards and the interface specifications of the O-RAN Alliance. It includes power amplifier modules, duplexers, RF linearization modules, power supplies modules, the circuit signal bridge module, and the RoE interface of the customer baseband unit (DU) with the eCPRI communication protocol adopted. The core of the software, firmware, and hardware used by RU are all independently developed by the company's R&D teams in America and Denmark with the autonomy of technology fully grasped.

3. Competitive niche

- With its solid and outstanding RF design capability, the Company continue to focus on the product development of satellite communication system, cell sites, and microwave transmission equipment. By working with international companies, we develop the most niche products in the wireless communication market, help customers optimize their products, and enhance our market leadership.
- We have more-than-thirty-year experience in professional ODM/OEM/JDM. We are

capable of providing engineering samples in real time and perform mass production. We can also provide flexible and trustworthy production services based on customer needs, which are well recognized by international companies.

- Through manufacturing consolidation and cost control, we can maintain competitive production costs, improve the operation performance, and profitability.
- The Company has been granted several management system certificates, such as ISO9001/TL9000, ANSI/ESD S20.20, ISO/IEC 17025, ISO14001, ISO45001, CNS4001, AS9100, and IATF 16949 to ensure the design and manufacture processes meet the highest standards, include the comprehensive design, optimized manufacturing processes, complete quality feedback and control system. We are committed to providing the product and services with the highest quality.

4. Positive and negative factors for future development

◆ Positive factors

- Wireless communication trend

  - The output value of the global wireless communications is increasingly growing with the growth of the global mobile phones and Internet which drive the demands for wireless transmission.
  - The global 5G NR RU wireless communication market is expanding actively.
  - O-RAN hybrid network allow operators to reduce the network deploument costs and improve flexibility.
  - The digital satellite TV and broadband satellite market needs to be tapped.
  - The trend of Low Earth Orbit (LEO) satellite communications is clearly developing.
  - The broadband technology becomes the mainstream. For the wireless broadband technology, the Company has started development of future-proof broadband technology in addition to its immense strength in satellite broadband technology over years.

- Large European and US companies seek outsourcing

  - Considering the production cost and professional division of labor of, large European and US companies have gradually outsourced their products which will create huge potential opportunities for Microelectronics Technology's ODM/OEM products.
  - The Company's 35-year ODM/OEM capability of RF products are well-received by many large international companies in the industry.
  - The outsourcing trend created by large communication companies will continue and require OEM to provide more extensive services from design, assembly to warranty. This trend enables Microelectronics Technology to take advantage of its outstanding engineering and logistics management.

- Invested by CyberTAN and Foxconn Technology Group

  - Since September 2012, CyberTAN and Foxconn Technology Group have jointly

invested in the Company, and become the largest shareholders. It is expected that with the technical expertise and advantages of three companies, in terms of technological R&D, production manufacturing, and customer marketing, the Company can grasp enormous business opportunities which will be created by the new generation 4G/LTE communication technology and satellite communication demand.

◆ Negative factors

- Affected by COVID-19, the global economic situation has become highly uncertain.
- The international situation is treacherous and changeable
- Satellite TV market is shrinking with the surge in the popularity of OTT streaming media services. In the global market, as the international telecom companies have performed the integration of the technology, services and products, it is more difficult to establish a relationship with the marketing channel which may affect the benefits of new products.
- The global market is facing a shortage of materials, and the entire semiconductor market is facing a shortage of materials. The preparation time for key materials has been extended to 52 weeks, which may affect the shipment of new products.

When facing the development opportunities of the industry in the future, with our strength, in addition to actively control cost, explore the market, and enhance R&D, all of our staff will “perform continuous improvement and pursue the highest quality” to seize business opportunities in the market. It is believed that collective efforts can overcome various difficulties and create a better tomorrow.

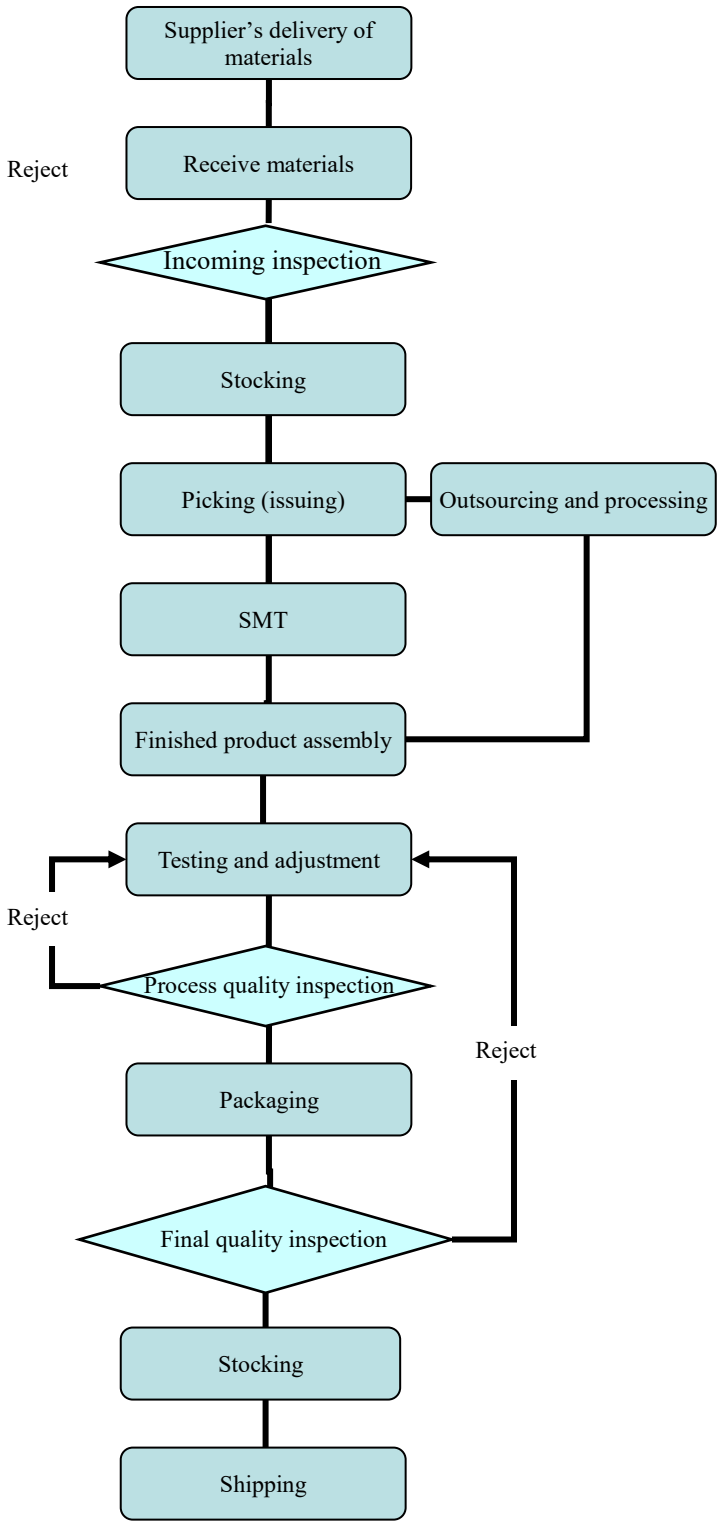
(2) Main product applications and production processes:

1. Main applications of our two key products:

Product items		Main applications
Satellite communication system and its devices	Low-Noise Block Downconverter (LNB)	- Direct Broadcasting Satellite (DBS). DBS broadcasts TV shows directly with high-power Ku-band satellites. Users can receive satellite TV programs with a small antenna of approximately 45-60 cm width.
	Very Small Aperture Terminal (VSAT)	➢ The traditional commercial small satellite communication system uses satellite networks to provide immediate transmission of sound, data and images. The main applications include: - Private networks, such as bank account inquiries and transaction records, factory inventory management, and hotel reservations, etc. - Telephones in rural areas, such as developing countries with large geographical areas, scattered populations in rural areas, or countries dotted with islands such as Indonesia and the Philippines. - Distance education and telemedicine. - Video conferencing. - Disaster recovery. ➢ In recent years, broadband satellites have been used to provide services such as multimedia and high-speed Internet. Applications include: - SME (Small and Medium Enterprises) and household Internet access. - High-speed broadband Internet access for large enterprises or public hotspots. - Broadband Internet access for moving vehicles, such as sailing, aviation, and ground transportation.
Telecommunica-tion system and its devices	Digital Microwave Radio	- Cellular Network Back-haul. - Transportation - Telephony in Developing Countries. - Disaster Recovery.
	Radio Frequency Identification (RFID)	➢ The Company's RFID products are mainly UHF (850MHz-930 MHz), which can provide a longer reading range and higher reading speed. ➢ RFID has a wide variety of applications including: - Inventory and material management - Identification and tracking of valuables. - Transportation and supply chain tracking. - Object management for industries such as healthcare.

Product items		Main applications
	LTE/5G NR Remote Radio Head	- MTI ‘s new generation of RU supports the Split 7.2x architecture of the O-RAN Alliance, and also complies with the interface specifications of 3GPP standard and O-RAN Alliance, including power amplifier module, duplexer, RF linear module, power supply module, circuit signal bridging module, and RoE interface of customer DU with the use of eCPRU communication protocol , it assists our customers phase in mass production quickly and meet the latest generation of 4G LTE/5G NR RU or equipment, which can be supplied as follows : - Single Band RU (B1/B3/B5/B7/B20/B28/B71) supports different LTE/5G NR frequency bands and carrier combinations. - Dual Band or Triple Band RU(n1+n7/n66+n70 or n26+n29+n71)supports LTE/5G NR in one enclosure. - Both Single Band or Dual Band and Triple Band RU supports 2T/2R and 4T/4R MIMO operations.

2. The production process of the Company's products is as follows:



(3) Supply of key materials

The Company's materials are high-frequency thin film Microwave Integrated Circuit (MIC), transistor, Monolithic Microwave Integrated Circuit (MMIC), Application Specific Integrated Circuit (ASIC), Radio Frequency Integrated Circuit (RFIC), diode and casing. The Company designs and manufactures the thin film Microwave Integrated Circuit (MIC) through special manufacturing processes. We also have the ability to design and develop the MMIC, RFIC and ASIC. Since the Company has maintained good cooperative relations with the aforementioned suppliers for many years, it can control the supply status; the casing is manufactured by domestic manufacturers in accordance with the specifications; for GaAs field effect transistors (GaAs FET) and diodes, it chooses domestic and foreign manufacturers with stable supply and good quality. The Company has always maintained good cooperative relations with domestic and foreign suppliers, and adopted strategic procurement methods for important components to achieve the stability and autonomy of the supply; for the quality management of the incoming materials, the quality inspection is performed in accordance with the TL-9000 policy to meet international standards.

Based on supplier's technology, quality, service, delivery period and cost, the Company makes an overall assessment to select good suppliers for long-term cooperation. The Company develop the supplier management guidelines based on the above principles:

- The Company regularly visits the factory by senior personnel at least every six months, share the market and price information with suppliers, and cooperates with manufacturers to make the company and customers more competitive in the market.
- In the initial stage of product design, the Company asks suppliers to participate in development of parts, so that they can meet the cost target of parts and their manufacturability will meet its needs.
- The Company provides a score and improvement report on the overall performance for major suppliers monthly so that they have a better understanding of their performance.
- Every year the suppliers with good performance are publicly recognized in to encourage manufacturers to coexist.
- For the EU RoHS (Restriction of Hazardous Substances Directive) in 2006, the Company has launched a green environmental protection plan, and each supplier has performed an improvement plan, and cooperate with Microelectronics Technology to introduce it.

(4) The suppliers and customers whose total purchases and total sales are more than 10% in one year of the last two years, and their purchase and sales amount as well as ratio

➢ Supplier data

Amount Unit: NT$ Thousands

2020				2021				Q1 2022			
Name	Amount	Ratio of annual net purchase	Relationship with the issuer	Name	Amount	Ratio of annual net purchase	Relationship with the issuer	Name	Amount	Ratio of annual net purchase as of the previous quarter of the year	Relationship with the issuer
Vendor G	217,236	7%	None	Vendor G	530,804	12%	None	Vendor G	191,242	21%	None
Vendor I	158,827	5%	None	Vendor A	195,524	4%	None	Vendor J	34,995	4%	None
Others	2,818,171	88%	-	Others	3,645,634	84%	-	Others	698,542	75%	-
Net purchase	3,194,234	100%	-	Net purchase	4,371,962	100%	-	Net purchase	924,779	100%	-

Difference between two years (1) In 2021, the increase in purchases of Vendor G's materials is due to the increase of product's shipment.

➢ Customer data

Amount Unit: NT$ Thousands

2020				2021				Q1 2022			
Name	Amount	Ratio of annual net sales	Relationship with the issuer	Name	Amount	Ratio of annual net sales	Relationship with the issuer	Name	Amount	Ratio of annual net sales as of the previous quarter of the year	Relationship with the issuer
Customer A	897,004	23%	None	Customer G	678,895	17%	None	Customer G	142,440	15.25%	None
Customer G	675.301	17%	None	Customer B	583,255	15%	None	Customer B	214,674	22.99%	None
-	-	-	-	Customer A	541,568	14%	None	Customer A	109,825	11.76%	None
-	-	-	-	Customer L	260,652	7%	None	-	-	-	-
Others	2,377,692	60%	-	Others	1,865,483	47%	-	Others	466,956	50.00%	-
Net sales	3,949,997	100%	-	Net sales	3,929,852	100%	-	Net sales	933,895	100%	-

Comparisons between two years: The increase in sales to Customer G&B in 2021 when compared to those in 2020 is due to increase in demand from this customer.
The decrease in sales to Customer A in 2021 when compared to those in 2020 is due to loss demand from this customer.

(5) Production over the Last Two Years

Unit: Piece (set)
Value: NT$ Thousands

Year / Production value / Product type	2020			2021		
	Production capacity	Yield	Output value	Production capacity	Yield	Output value
Satellite communication and Telecommunication system and devices	15,065,438	8,646,642	3,054,533	12,075,790	5,788,729	3,088,262
Total	15,065,438	8,646,642	3,054,533	12,075,790	5,788,729	3,088,262

(6) Sales over Last Two Years

Unit: Piece (set)
Value: NT$ Thousands

Year / Quantity & Value / Product type	2020				2021			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Satellite communication/ Telecommunication system and its devices	117,245	285,004	8,597,423	3,664,993	94,338	289,940	5,853,856	3,639,912
Total	Quantity: 8,714,668 Value: 3,949,997				Quantity: 5,948,194 Value: 3,929,852			

(III). Number of employees over the last two years as of the published date, average seniority, average age and distribution of education level

Year		2020	2021	Apr 30 2022
Number of employees	Production	695	513	502
	Engineering	265	270	264
	Sales	36	38	40
	Administration	85	187	200
	Total	1081	1008	1006
Average age		37.9	39.2	39.33
Average seniority		7.6	7.9	8.29
Distribution of education level	Doctorate degree	1.20%	0.65%	0.68%
	Master's degree	14.80%	20.65%	21.69%
	Bachelor's degree	36.08%	47.80%	47.80%
	High school graduate	47.92%	30.89%	29.83%

(IV). Environmental expenditure information

The annual expenses related to work safety in 2021 are based on the requirements of environmental and occupational health and safety policies. The Company continues to promote environmental protection and occupational safety and health. The main completed tasks are as follows

1. Continuous waste sorting and clean-up management: Strict control of the general and hazardous waste storage, and clean-up process. Select good waste clean-up companies, verify the legal clean-up channel, and do recycling properly. The waste clean-up proposal and on-line application should be submitted for the storage, clean-up and output of wastes in accordance with the laws and regulations.
2. Regular inspection of the air pollution, waste (sewage) water, waste and working environment: Commission qualified inspection agencies every year to perform inspection to ensure that the pollutant discharge, waste disposal and working environment of the Company can meet the regulatory requirements.
3. Promotion of the ISO-14001, ISO-45001 and CNS45001 management systems, implementation of the autonomous management system, and maintenance of employees' safety and health: On January 3, 2020, the Company passed the annual certification by the Certification Body (BSI) to ensure that the management system functions properly and the certificate effectiveness is maintained.
4. Enhanced promotion of the safety and health concepts: In addition to the newly-recruited/on-job EHS training based on the annual education and training program, the new GHS system is promoted among employees and the emergency response team performs the evacuation drills.
5. In 2021, MTI has accomplished the revision of the Occupational safety and health management entities and personnel report, COVID-19 prevention management plan, COVID-19 confirmed cases notification and emergency response drill management plan, SMT reflow fernance & hole fishing machine project improvement management plan, Health Improvement Advocacy Plan, Protection of Radiation from Ionizing Radiative Equipement Plan, Waterproof Work at the boundary of Phase I/III on Top Floor Project, Energy Efficiency in Lighting Program – replacement of LED fixtures, in order to realize clean production through improvement of production process and operation environment and continued upgrading of safety and health performance in the environment.
6. Continuous implementation of zero-disaster working hour activities: Continue to promote safety and health activities, and the concept of hazard prevention. As of December 2021, the Company's accumulated zero-disaster working hours reach 10,572,975.
7. Promotion of green product solutions: In addition to the establishment of the ISO14001 environmental management system, Microelectronics Technology has established a "Green Product (GP) Management System" in response to RoHS requirements to meet customer and international environmental law and regulations, and requires suppliers to announce the compliance with REACH and conduct inventory.
8. Each environmental and energy saving indicator in 2021:

2021	Average monthly water usage per person	Average monthly electricity usage per person	Waste recovery rate
Performance	5.44 Unit/month	1129.7 Unit/month	53%
Goal	7.36 Unit/month	1203.6 Unit/month	50%
Status	Achieved	Achieved	Achieved

9. CO2 emissions over last year and performance of emission reduction

Year	CO2 emissions	CO2 emission reduction
2021	4,765 Eq (tons)/year	475 Eq (tons)/year
2020	5,240 Eq (tons)/year	443 Eq (tons)/year

10. Compliance with laws and regulations: The Company complies with the requirements of the safety and health / fire / radiation control law and regulations, without any violations, or is never fined by related authorities.

(V).Labor relations

1. Harmonious labor relations - shared concern and mutual growth

The communication industry involves a wide range of technologies and rapid technological development. It requires a long-term cultivation of talents. The Company has been committed to industrial upgrading and accelerated integration over the years. In the field of microwave and satellite communications, it has cultivated many professionals to lay a foundation for domestic related fields. As a result of cultivation over many years, we have created a dynamic and innovative working environment and excellent team:

- With excellent staff quality, the employees actively pursue excellence and challenge themselves; As the distribution of education level shows, the employees of the Manufacturing Department at least have a high school diploma or above. To know the education level of our talents is also helpful for correct operation of the manufacturing processes. The marketing, research and sales personnel mostly have a bachelor degree or above. This will greatly benefit the company's consistent technology leadership and R&D innovation.

- In the organization of training, an open learning space is available with flexible functions of the target team, flexible use of human resources and organizational management, the use of advanced equipment and equipment, in continuous pursuit of excellence and teamwork. We continuously invest in research and development. In the vertical integration process, through systematic planning of education and training required for various duties, on-the-job training, and caring and respecting employees, while emphasizing professionalism and teamwork, we have cultivated a considerable number of outstanding talents to meet the rapidly changing technical challenges and fierce competitiveness in the future. Those have laid a solid foundation.

- In the pursuit of quality, through the certification and education training of ISO9001/TL9000, ANSI/ESD S20.20, ISO/IEC 17025, ISO-14001, ISO45001, CNS45001, AS9100, and IATF 16949, each employee has been asked to respect the quality and system specifications. In terms of cost, technology, engineering services and sales, they are committed to "continuous improvement, in the pursuit of the highest quality" to achieve and exceed the international standards.

- In terms of technical strength, the Company's R&D personnel account for about 30% of all employees so that the Company is a task-oriented project organization, improving technical standards and satisfying employees' sense of accomplishment, and cultivating professionals with different fields through vertical integration experience over many years. It has enhanced the strength of domestic microwave and satellite communications, and has also created a number of system integration technologies, which have considerable potential for meeting the rapid development of future business.

2. Employee Behavior and Ethics

By caring for and respecting the employees, the internal documents prepared by Microelectronics Technology serve as the basis of the behavior and ethics to convey that the employee should have a cautious and loyal working attitude, and maintain Microelectronics Technology's assets, interests, and image. Their contents are:

- Non-compete clause: The employee may not engage in, be employed by or participate in any business that directly or indirectly competes with Microelectronics Technology Inc. or its affiliates without permission.

- Prevention of conflict of interest: The employee may deal with official duties with an objective attitude and should avoid situations in which individuals have potential conflicts of interest with the Company.

- Avoid opportunities for self-dealing: employees must not handle private business on behalf of Microelectronics Technology, or use authority to take advantage of personal interests.

- Responsibility for protecting the Company's business secrets: Except for the information authorized or required by laws and regulations for disclosure, the information of Microelectronics Technology or the customer should be kept confidential.

- Respect the intellectual property rights of the Company and others: Comply with the with the provisions of the Copyright Act and related regulations of intellectual property rights

- Fair Trade: Microelectronics Technology's customers, suppliers, competitors and employees should be treated in a fair and objective manner.

- Protect and properly use company assets: The employees are responsible for protecting the assets of Microelectronics Technology and ensuring that it can be used effectively and legally in business matters.

3. Education and training and development

Microelectronics Technology's education and training system is based on organizational strategy, departmental goals, personal performance development and personal functions. It plans the implementation direction of the education and training, and provides a learning blueprint for a working environment for continuous learning and development.

Its development system for education and training includes the following five items:

- Training about product applications: Expertise or skills training related to product and product applications.
- Training of professional functions: In addition to products and product applications, training

about other technical or business-related professional knowledge and skills includes various working procedures, processes, instrument and facilities management and environmental management.

- Quality management training: Improve quality related knowledge and skills training
- Management training: To improve management-related knowledge and skills,
- General education and training: Related to the Company's values, various rules and regulations, or necessary training used to enhance the common knowledge, ability, labor safety and environmental management, and environmental management.

Microelectronics Technology plans a complete knowledge management platform to accumulate human capital, upholds a humanized management system for employees, and makes employees happy to work. This is the belief that MTI has always upheld. In addition to providing a comprehensive education and training program and environment, MTI also emphasizes development of employees' career. The diverse resources are provided for on-the-job training, work authorization, task assignment, project participation, mentor system, job rotation and external training opportunities, and talent training management, combined with performance management system to stimulate employees' potential and achieve organizational performance improvement for the personal growth.

4. Existing important labor agreements and their implementation

- Employee benefits:
  The Company's Employee Welfare Committee was established on December 11, 1984 and approved by the Hsinchu Science Park Bureau on December 23, 1984. Since its establishment, each business unit has performed according to the regulations and has good performance.
- Retirement system:

(1) The Company's Supervisory Committee of Business Entities' Labor Retirement Reserve was established on December 11, 1985 and was approved by Hsinchu Science Park Bureau on December 23, 1985. Since the establishment of the committee, the monthly appropriated labor pension reserve funds based on the total salary ratio, and the standard and method of application for pension payment are handled in accordance with Labor Standards Act. Since July 1, 2005, the company was based on the "Labor Pension Act". The Ordinance has a retirement scheme that is determined to be applicable to employees of this nationality. The Company selects the part of the labor pension system stipulated in the "Labor Pension Act" for employees. It pays 6% of the salary to the individual accounts of the employees of the Bureau of Labor Insurance every month. The payment of the employee's pension is based on the individual pension of the employee. The amount of the special account and the accumulated income will be collected by monthly pension or one pension.

(2) Our subsidiary, Jupiter Technology (Wuxi) Co., Ltd., in Mainland China has appropriated 16% of the total salaries of the local employees as pension fund every month in conformity to the law of the People's Republic of China governing the retirement and pension system.

(3) Our subsidiary, MTI Laboratory Inc., does not need to pay pension fees in accordance with local laws and regulations; RadioComp ApS provides a salary fee of 5% of the total salary as pension in accordance with local laws and regulations.

- Other important agreements: None

5. Losses due to the labor dispute over last three years: None

(VI). Information Security Management: Please refer to Page 140.

(VII). Important contracts

The date of the annual report, the date of publication, the date of publication and the most recent annual supply and sales contract, technical cooperation contract, engineering contract, long-term loan contract and other important contracts that affect shareholders' equity, the main content, the restrictions and the date of commencement of the contract:

Contract property	Interested parties	Contract date	Main content	Restrictions
Factory rental	CyberTAN Technology, Inc.	2020.07.01 ~ 2022.06.30	The Company rents an area of 6,825 square meters as factories.	None
Land access	Wuxi Land and Resources	2008.09.29 ~ 2058.09.28	Jupiter Technology has acquired the land access for Research and Development Park of Taihu International Technology Park, Wuxi, with an area of 15,249.6 square meters.	None
Long-term debt payable	Mega International Commercial Bank	2019.12.23~ 2025.12.15	"Loans for Returning Overseas Taiwanese Business" 6-year Loan for Machine & Equipment Purchare NT$340 million.	"Loans for Returning Overseas Taiwanese Business" Only for the purchase of machinery & equipment, not for revolving
Long-term debt payable	Mega International Commercial Bank	2020.09.30~ 2026.09.15	"Loans for Returning Overseas Taiwanese Business" 6-year Loan for Working Capital Need NT$200 million.	Provide the working capital need "Loans for Returning Overseas Taiwanese Business" cannot be revolved.
Long-term debt payable	Land Bank of Taiwan	2021.02.05~ 2026.03.15	"Loans for Returning Overseas Taiwanese Business" 5-year Loan for Working Capital Need NT$250 million	Provide the working capital need "Loans for Returning Overseas Taiwanese Business" cannot be revolved.
Long-term debt payable	The Shanghai Commercial	2020.03.31~ 2025.03.15	"Loans for Returning Overseas Taiwanese Business"	Provide the working capital need "Loans for Returning

Contract property	Interested parties	Contract date	Main content	Restrictions
	& Savings Bank		5-year Loan for Working Capital Need NT$300 million	Overseas Taiwanese Business" cannot be revolved

VI. Financial Position

(I). Condensed Balance Sheets and Comprehensive Income Statements covering the period from 2017.01.01 to 2021.12.31

1. Condensed Consolidated Balance Sheet - IFRS

Unit: NT$ Thousands

Item \ Year		Financial information of the period from 2017.01.01 to 2021.12.31 (Note 1)					Financial information of current period to 2022.03.31 (Note 2)
		2017	2018	2019	2020	2021	
Current assets		4,282,998	4,383,047	3,245,272	3,451,306	4,563,530	4,888,117
Property, plant and equipment (Note 3)		547,887	540,951	495,226	522,570	573,940	597,599
Intangible assets		303,073	301,060	302,120	304,576	298,072	296,718
Other assets		616,264	693,130	981,606	1,121,331	1,116,808	1,115,799
Total assets		5,750,222	5,918,188	5,024,224	5,399,783	6,552,350	6,898,233
Current liabilities	Cum-dividend	2,673,156	2,833,598	1,778,982	1,888,517	3,281,470	3,180,134
	Ex-dividend	2,698,755	2,879,204	1,778,982	1,888,517	(Note 4)	(Note 4)
Non-current liabilities		306,920	325,033	589,787	1,091,736	1,308,514	1,329,244
Total liabilities	Cum-dividend	2,980,076	3,158,631	2,368,769	2,980,253	4,589,984	4,509,378
	Ex-dividend	3,005,675	3,204,237	2,368,769	2,980,253	(Note 4)	(Note 4)
Shareholders equity attributable to the parent company		2,770,090	2,759,557	2,655,455	2,419,530	1,962,366	2,388,855
Capital stock		2,280,283	2,280,283	2,280,283	2,280,283	2,280,283	2,380,283
Additional paid-in capital		402,937	402,937	402,937	402,937	402,937	830,132
Retained earnings	Cum-dividend	402,937	402,937	402,937	402,937	(339,909)	(481,157)
	Ex-dividend	402,937	402,937	402,937	402,937	(Note 4)	(Note 4)
Other equity		(83,446)	(193,426)	(248,576)	(364,752)	(380,945)	(340,403)
Treasury shares		-	-	-	-	-	-
Uncontrolled equity		56	-	-	-	-	-
Total equity	Cum-dividend	2,770,146	2,759,557	2,655,455	2,419,530	1,962,366	2,388,855
	Ex-dividend	2,744,547	2,713,951	2,655,455	2,419,530	(Note 4)	(Note 4)

Note 1: The Financial information in the period of 2017.01.01 to 2021.12.31 was based on the audited financial statements of the Company.

Note 2: The financial information covering 2022 Q1 was based on the audit financial statements of the Company.

Note 3: No asset re-evaluation has been conducted in the aforementioned periods.

Note 4: The proposal for the 2021 covering of losses is pending the final approval of the Shareholders' Meeting and is not presented here.

2. Condensed Consolidated Comprehensive Income Statement- IFRS

Unit: NT$ Thousands

Year / Item	Financial information of the period from 2017.01.01 to 2021.12.31 (Note 1)					Financial information of current period to 2022.03.31 (Note 2)
	2017	2018	2019	2020	2021	
Revenue	7,550,804	7,969,155	5,798,880	3,949,997	3,929,852	933,895
Gross profit	1,157,736	1,066,361	952,277	739,872	515,172	110,117
Operating income	187,846	55,192	12,781	(137,009)	(475,162)	(135,499)
Non-operating income and expense	11,894	26,478	(2,256)	56,464	16,754	2,671
Earnings before taxation	199,740	81,670	10,525	(80,545)	(458,408)	(132,828)
Net income of continuing operations in current period	160,595	52,109	1,684	(95,415)	(450,016)	(141,248)
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss) in current period	160,595	52,109	1,684	(95,415)	(450,016)	(141,248)
Other comprehensive incomes in current period (Net income)	(80,796)	(17,092)	(60,180)	(140,510)	(7,148)	40,542
Total comprehensive income in current period	79,799	35,017	(58,496)	(235,925)	(457,164)	(100,706)
Net income attributable to the shareholders of parent company	160,595	52,109	1,684	(95,415)	(450,016)	(141,248)
Net income attributable to uncontrolled equity	-	-	-	-	-	-
Total comprehensive income attributable to the shareholders of parent company	79,800	35,073	(58,496)	(235,925)	(457,164)	(100,706)
Total comprehensive income attributable to uncontrolled equity	(1)	(56)	-	-	-	-
Earnings per share	0.73	0.23	0.01	(0.42)	(1.97)	(0.61)

Note 1: The Financial information in the period of 2017.01.01 to 2021.12.31 was based on the audited financial statements of the Company.

Note 2: The financial information covering 2022 Q1 was based on the audit financial statements of the Company.

3. Condensed Stand-alone Balance Sheet - IFRS

Unit: NT$ Thousands

Item \ Year		Financial information of the period from 2017.01.01 to 2021.12.31				
		2017	2018	2019	2020	2021
Current assets		2,709,570	2,850,464	2,200,703	2,507,893	3,618,560
Property, plant and equipment (Note 2)		46,630	80,754	93,334	119,451	177,033
Intangible assets		164,753	157,552	163,085	166,109	163,048
Other assets		1,975,431	2,039,497	2,219,892	2,401,619	2,349,632
Total assets		4,896,384	5,128,267	4,677,014	5,195,072	6,308,273
Current liabilities	Cum-dividend	1,830,090	2,047,787	1,513,458	1,753,740	3,096,197
	Ex-dividend	1,855,689	2,093,393	1,513,458	1,753,740	Note 3
Non-current liabilities		296,204	320,923	508,101	1,021,802	1,249,710
Total liabilities	Cum-dividend	2,126,294	2,368,710	2,021,559	2,775,542	4,345,907
	Ex-dividend	2,151,893	2,414,316	2,021,559	2,775,542	Note 3
Shareholders equity attributable to the parent company		2,770,090	2,759,557	2,655,455	2,419,530	1,962,366
Capital stock		2,280,283	2,280,283	2,280,283	2,280,283	2,280,283
Additional paid-in capital		402,937	402,937	402,937	402,937	402,937
Retained earnings	Cum-dividend	402,937	402,937	402,937	402,937	(339,909)
	Ex-dividend	402,937	402,937	402,937	402,937	Note 3
Other equity		(83,446)	(193,426)	(248,576)	(364,752)	(380,945)
Treasury shares		-	-	-	-	-
Uncontrolled equity		-	-	-	-	-
Total equity	Cum-dividend	2,126,294	2,368,710	2,655,455	2,419,530	1,962,366
	Ex-dividend	2,151,893	2,414,316	2,655,455	2,419,530	Note 3

Note 1: The Financial information in the period of 2017.01.01 to 2021.12.31 was based on the audited financial statements of the Company.

Note 2: No asset reevaluation has been conducted in the aforementioned periods.

Note 3: The proposal for the 2021 covering of losses is pending on the final approval of the Shareholders' Meeting and is not presented here.

4. Condensed Separate Comprehensive Income Statement - IFRS

Unit: NT$ Thousands

Item \ Year	Financial information of the period from 2017.01.01 to 2021.12.31				
	2017	2018	2019	2020	2021
Revenue	6,560,807	7,124,093	4,922,305	3,165,331	3,606,238
Gross profit	997,775	878,625	777,893	498,049	383,628
Operating income	127,625	(46,907)	(48,095)	(183,873)	(465,289)
Non-operating income and expense	41,719	107,616	49,779	88,458	9,273
Earnings before taxation	169,344	60,709	1,684	(95,415)	(456,016)
Net income of continuing operations in current period	160,595	52,109	1,684	(95,415)	(456,016)
Loss from discontinued operations	-	-	-	-	-
Net income (loss) in current period	160,595	52,109	1,684	(95,415)	(456,016)
Other comprehensive incomes in current period (Net income)	(80,795)	(17,036)	(60,180)	(140,510)	(7,148)
Total comprehensive income in current period	79,800	35,073	(58,496)	(235,925)	(457,164)
Net income attributable to the shareholders of parent company	160,595	52,109	1,684	(95,415)	(456,016)
Net income attributable to uncontrolled equity	-	-	-	-	-
Total comprehensive income attributable to the shareholders of parent company	79,800	35,073	(58,496)	(235,925)	(457,164)
Total comprehensive income attributable to uncontrolled equity	-	-	-	-	-
Earnings per share	0.73	0.23	0.01	(0.42)	(1.97)

Note: The Financial information in the period of 2017.01.01 to 2021.12.31 was based on the audited financial statements of the Company.

5. Names of the external auditors in the period of 2017.01.01 to 2021.12.31 and audit opinion

Audit year	Name of CPA office	Name of CPA	Audit Opinion
2017	PwC Taiwan	Yu-Kuan Lin, Tien-Yi Lee	Unqualified opinion
2018	PwC Taiwan	Yu-Kuan Lin, Tien-Yi Lee	Unqualified opinion
2019	PwC Taiwan	Yu-Kuan Lin, Tien-Yi Lee	Unqualified opinion
2020	PwC Taiwan	Yu-Kuan Lin, Tien-Yi Lee	Unqualified opinion
2021	PwC Taiwan	Tien-Yi Lee, Yu-Kuan Lin	Unqualified opinion

(II).Financial Analysis in the period from 2017.01.01 to 2021.12.31

1. Consolidated financial analysis - IFRS

Items of analysis \ Year		Financial Analysis in the period from 2017.01.01 to 2021.12.31 (Note 1)					Financial information of current period to 2022.03.31 (Note 2)
		2017	2018	2019	2020	2021	
Financial Structure (%)	Liabilities to assets ratio	51.83	53.37	47.15	55.19	70.05	65.37
	Long-term capital to property, plant and equipment ratio	561.62	570.22	655.31	671.92	569.90	622.17
Ability to re-pay debts %	Current ratio	160.22	154.68	182.42	182.75	139.07	153.71
	Quick ratio	107.79	105.28	131.53	125.41	71.58	73.32
	Debt service coverage ratio	23.59	5.59	1.92	(4.06)	(21.81)	(17.27)
Operating ability	Receivables turnover (time)	5.04	4.82	4.08	3.76	3.69	3.47
	Average days of collection	72	76	89	97	99	105
	Inventory turnover (time)	5.00	4.71	3.88	2.98	2.04	1.40
	Payables turnover (time)	4.38	4.02	3.20	3.72	3.43	3.04
	Average days of sale	73	77	94	122	179	261
	Property, plant and equipment turnover (time)	13.5	14.64	11.19	7.76	7.17	6.38
	Total assets turnover (time)	1.36	1.37	1.06	0.76	0.66	0.56
Profitability	Return on assets (%)	3.08	1.09	0.10	(1.53)	(7.20)	(7.94)
	Return on equity (%)	6.3	1.88	0.06	(3.76)	(20.54)	(25.97)
	EBT to paid-in capital ratio (%)	8.76	3.58	0.46	(3.53)	(20.10)	(22.32)
	Net income ratio (%)	2.13	0.65	0.03	(2.42)	(11.45)	(15.12)
	Earnings per share (NTD)	0.73	0.23	0.01	(0.42)	(1.97)	(0.61)
Cash flows	Cash flow ratio (%)	(Note 4)	9.04	12.32	2.53	(Note 4)	(Note 4)
	Cash flow adequacy ratio (%)	48.09	56.83	87.73	77.21	23.04	24.25
	Cash re-investment ratio (%)	(3.33)	6.15	5.86	1.54	(48.40)	(14.56)
Leverage:	Operating leverage	4.92	14.7	48.79	(Note 3)	(Note 3)	(Note 3)
	Financial leverage	1.07	1.48	(1.28)	0.9	0.96	0.95

Explain the changes in the financial ratios in the last 2 years and the reasons for the changes:

1. The ability to re-pay debts: The debt service coverage ratio is negative in 2021 due to the deficit of EBT; the increase in short-term loans reduces the current/quick ratio.
2. The ability to re-pay debts: The debt service coverage ratio was negative in 2021 due to the deficit of EBT; the increase in short-term loans reduces the current/quick ratio.
3. Operating ability: Average days of sale is longer due to the increase in stockpiling of new products and inventory
4. Profitability: The profitability was negative due to net loss in 2021.
5. Cash flows: The decrease in the ratio is due to the cash outflow from operating activities in 2021.
6. Leverage: Due to the negative operating profit.

Note 1: The financial information in the period from 2017.01.01 to 2021.12.31 was audited.
Note 2: The financial information covering 2022 Q1 was audited.
Note 3: No calculation as operating income minus interest expense was negative.
Note 4: Not applicable when oprating cash outflow was reported.

The equations for calculation are shown below:

1. Financial Structure
   (1)Liabilities to assets ratio = Total liabilities/total assets
   (2)Long-term capital to property, plant and equipment ratio – (total equity + non-current liabilities)/net property, plant and equipment
2. Ability to repay debts
   (1)Current ratio = current assets/current liabilities
   (2)Quick ratio = (current assets – inventory – prepayment)/ current liabilities
   (3)Debt service coverage ratio = EBIT/interest expense in current period
3. Utility
   (1) Receivables (including account receivables and note receivables from business operation) turnover = net sale/balance of average receivables in each period (including account receivables and note receivables from business operation).
   (2) Average days of collection = 365/ account receivable turnover
   (3) Inventory turnover = cost of sale/ average inventory
   (4) Payables (including account payables and note payables from business operation) turnover = net sale/balance of average payables in each period (including
   account payables and note payables from business operation)
   (5) Average days of sale = 365/inventory turnover
   (6) Property, plant, and equipment turnover = net sale / average net property, plant, and equipment
   (7) Total asset turnover = net sale/ average total assets
4. Profitability
   (1) Return on assets = [net income + interest expense x (1-tax rate)] / average total assets
   (2) Return on equity = net income / average total equity
   (3) Net income ratio = net income/net sale
   (4) Earnings per share = (income attributable to parent company – preferred share dividend) / weighted average outstanding shares
5. Cash flows
   (1) Cash flow ratio = cash flow from operation /current liabilities
   (2) Net cash flow adequacy ratio = net cash flows from operation in the last 5 years / (capital expenditures + inventory increment + cash dividends) of the last 5 years
   (3) Cash re-investment ratio = (net cash flows from operation – cash dividend) / (gross property, plant, and equipment + other non-current assets + working capital)
6. Leverage:
   (1) Operating leverage = (net sales – variable operating costs and expense) operating income
   (2) Financial leverage = operating income / (operating income – interest expense)

2. Stand-Alone Financial Analysis - IFRS

Year / Items of analysis		Financial Analysis in the period from 2017.01.01 to 2021.12.31 (Note 1)				
		2017	2018	2019	2020	2021
Financial Structure (%)	Liabilities to assets ratio	43.43	46.19	43.22	53.43	68.89
	Long-term capital to property, plant and equipment ratio	6,575.8	3,814.65	3,389.5	2,880.96	1,814.39
Ability to re-pay debts%	Current ratio	148.06	139.2	145.41	143	116.87
	Quick ratio	120.91	102.15	105.42	93.87	61.61
	Debt service coverage ratio	38.57	4.82	1.56	(6.02)	(24.59)
Operating ability	Receivables turnover (time)	4.89	5.04	4.27	3.56	3.63
	Average days of collection	74	72	86	102	101
	Inventory turnover (time)	9.26	8.85	5.59	3.58	2.46
	Payables turnover (time)	5.00	6.83	4.39	3.64	3.43
	Average days of sale	39	41	65	102	149
	Property, plant and equipment turnover (time)	136.19	111.85	56.55	29.75	24.33
	Total assets turnover (time)	1.34	1.42	1.00	0.64	0.63
Profitability	Return on assets (%)	3.42	1.32	0.39	(1.67)	(7.52)
	Return on equity (%)	6.30	1.88	0.06	(3.76)	(20.54)
	EBT to paid-in capital ratio (%)	7.43	2.66	0.07	(4.18)	(20.00)
	Net income ratio (%)	2.45	0.73	0.03	(3.01)	(12.48)
	Earnings per share (NTD)	0.73	0.23	0.01	(0.42)	(1.97)
Cash flows	Cash flow ratio (%)	(Note 3)	6.98	15.23	(Note 3)	(Note 3)
	Cash flow adequacy ratio (%)	464.18	168.36	189.34	123.17	21.33
	Cash re-investment ratio (%)	(12.95)	2.94	6.00	(Note 3)	(Note 3)
Leverage	Operating leverage (Note 4)	36.09	(Note 4)	(Note 4)	(Note 4)	(Note 4)
	Financial leverage	1.06	0.74	0.74	0.93	0.96

Explain the changes in the financial ratios in the last 2 years and the reasons for the changes:

1. Financial Structure: The decrease of Property, plant and equipment turnover due to net loss after tax in 2021.
2. The ability to re-pay debts: The debt service coverage ratio was negative in 2021 due to the deficit of EBT; the increase in short-term loans reduces the current/quick ratio.
3. Operating ability: Average days of sale is longer due to the increase in stockpiling of new products and inventory
4. Profitability: The profitability was negative due to net loss in 2021.
5. Cash flows: The decrease in the ratio is due to the cash outflow from operating activities in 2021.
6. Leverage: Due to the negative operating profit.

Note 1: The financial information in the period from 2017.01.01 to 2021.12.31 was audited.

Note 2: No calculation as operating cash outflow was reported.

Note 3: Not applicable when there was operating cash outflow.

Note 4: Not applicable when operating loss was reported.

The equations for calculation are shown below:

1. Financial Structure
   (1) Liabilities to assets ratio = Total liabilities/total assets
   (2) Long-term capital to property, plant and equipment ratio – (total equity + non-current liabilities)/net property, plant and equipment
2. Ability to repay debts
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = (current assets – inventory – pre-payment)/ current liabilities
   (3) Debt service coverage ratio = EBIT/interest expense in current period
3. Utility
   (1) Receivables turnover = net sale/balance of average receivables in each period.
   (2) Average days of collection = 365/ account receivable turnover
   (3) Inventory turnover = cost of sale/ average inventory
   (4) Payables turnover = net sale/balance of average payables in each period.
   (5) Average days of sale = 365/inventory turnover
   (6) Fixed assets turnover = net sale /net fixed assets
   (7) Total asset turnover = net sale/ average total assets
4. Profitability
   (1) Return on assets = [net income + interest expense x (1-tax rate)] / average total assets
   (2) Return on equity = net income / average total equity
   (3) Net income ratio = net income/net sale
   (4) Earnings per share = (Net income – preferred share dividend) / weighted average outstanding shares
5. Cash flows
   (1) Cash flow ratio = cash flow from operation /current liabilities
   (2) Net cash flow adequacy ratio = net cash flows from operation in the last 5 years / (capital expenditures + inventory increment + cash dividend) of the last 5 years
   (3) Cash reinvestment ratio = (net cash flows from operation – cash dividend) / (gross fixed assets + other non-current assets + working capital)
6. Leverage:
   (1) Operating leverage = (net sales – variable operating cost and expense) operating income (Note 6)
   (2) Financial leverage = operating income / (operating income – interest expense)

(III). The Review Report of the Audit Committee on the financial statements of the most recent year.

The Board of Directors compiled the 2021 Business Report, Financial Statements, and Proposal for the losses covering. The aforementioned financial statements were audited by Tien-Yi Lee and Yu-Kuan Lin, CPAs from PwC Taiwan with the issuance of an Auditors' Report. We have reviewed the aforementioned Business Report, Financial Statements and the Proposal for the losses covering, which were prepared in conformity to applicable rules and regulations. We hereby present this report to the Shareholders' Meeting of Microelectronics Technology Inc. for your reference pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2022 Annual Shareholders' Meeting

Microelectronics Technology Inc.

Convener of Audit Committee: Yun Lin

March 16 2022

(IV). The audited Consolidated Financial Statements of the most recent year

Please refer to Appendix 1.

(V). The audited Parent Company Only Financial Statements of the most recent year

Please refer to Appendix 2.

(VI). If the Company and its subsidiaries encountered insolvency in the most recent year to the day this report was printed, specify the influence on the financial position of the Company: Not applicable.

VII. The review and analysis of financial position and performance, and assessment of related risks

(I). Financial Position

Unit: NT$ Thousands

Item \ Year	2020	2021	Difference	
			Change in amount	Change in ratio %
Current assets	3,451,306	4,563,530	1,112,224	32.23%
Property, plant and equipment	522,570	573,940	51,370	9.83%
Intangible assets	304,576	298,072	(6,504)	(2.14)%
Other assets	1,121,331	1,116,808	(4,523)	(0.4)%
Total assets	5,399,783	6,552,350	1,152,567	21.34%
Current liabilities	1,888,517	3,281,470	1,392,953	73.76%
Non-current liabilities	1,091,736	1,308,514	216,778	19.86%
Total liabilities	2,980,253	4,589,984	1,609,731	54.01%
Shareholders equity attributable to the parent company	2,419,530	1,962,366	(457,164)	(18.89)%
Capital stock	2,280,283	2,280,283	-	-
Additional paid-in capital	402,937	402,937	-	-
Retained earnings	101,062	(339,909)	(440,971)	(436.34)%
Other equity	(364,752)	(380,945)	(16,193)	(4.44)%
Treasury shares	-	-	-	-
Uncontrolled equity	-	-	-	-
Total shareholders' equity	2,419,530	1,962,366	(457,164)	(18.89)%

Note to the difference:

1. Increase in current assets: Due to new product preparation, inventory increase.
2. Increase in Current liabilities: Due to an increase in short-term loans.
3. Increase in Non-current liabilities: Due to an increase in long-term loans.
2. Decrease in Retained earnings: this was a result of net loss after tax.

Note: the above financial information was audited by CPAs under IFRS.

(II).Financial performance

Unit: NT$ Thousands

Item \ Year	2020	2021	Change in amount	Change in ratio %
Revenue	3,949,997	3,929,852	(20,145)	(0.51)%
Cost of goods sold	3,210,125	3,414,680	204,555	6.37%
Gross profit	739,872	515,172	(224,700)	(30.37)%
Operating expense	876,881	990,334	113,453	12.94%
Operating income (loss)	(137,009)	(457,162)	(320,153)	(233.67)%
Non-operating income and (expense)	56,464	16,754	(39,710)	(70.33)%
Earnings (loss) before tax	(80,545)	(458,408)	(377,863)	(469.13)%
Income tax expense (benefit)	14,870	(8,392)	(23,262)	(156.44)%
Net income (loss)	(95,415)	(450,016)	(354,601)	(371.64)%

Note to the changes in the ratios:

1. Decrease in revenue, cost of goods sold, and operating income: Mainly due to the difference in product mix shipped in 2021 and the decrease in shipments of products with higher gross margins.
2. Decrease in non-operating income: Mainly due to the decrease in government subsidy income in 2021.
3. Decrease of income tax expense: because the loss.

Note: the above financial information was audited by CPAs under IFRS.

(III).Cash flows

1. Liquidity analysis of the last 2 years

Unit：%

Item \ Year	2020.12.31	2021.12.31	Change in ratio %
Cash flow ratio (%)	2.53	NA	NA
Cash flow adequacy ratio (%)	77.21	23.04	(54.17)%
Cash re-investment ratio (%)	1.54	(48.40)	(49.94)%

Note to analysis of the change in the ratios:

Cash flow analysis: 2021 operating cash inflow was less than it of 2020 result in Ratios decreased.

Note: the above financial information was audited by CPAs under IFRS.

2. Analysis of cash flow in the year ahead

Unit: NT$ Thousands

Cash balance at beginning of period (1)	Projected cash flow from operating activies in the whole period (2)	Projected cash flow from investing and financing activities in the whole period (3)	Projected cash balance (short) (1) + (2) + (3)	Remedy actions to projected cash short	
				Investment plan	Financial management plan
1,138,191	100,400	(11,350)	1,227,241	No cash short	

Note to the analysis of cash flow of MTI in the year ahead:

(1) Operating activities: Mainly due to expected revenue growth and profit increase, but the demand for working capital also increased due to revenue growth, resulting in a small cash inflow from operating activities

(2) Investing and financing activities: Capital expenditures and the offsetting by increase of short-term Loans and capital increase o NT$520,000,000, which caused the outflow of cash from investing and financing activities.

(IV). Major capital expenditure in the most recent year and the influence on the financial position and operation

1. Major capital expenditure and the sources of capital for MTI Group

Unit: NT$ Thousands

Planned programs	Actual or expected sources of capital	Actual or expected date of completion	Total amount of capital requirement (2020 and 2021)	Actual expenditure of capital	
				2020	2021
Additional purchase of equipment and software	Equity capital and part of long-term Loans for Returning Overseas Taiwanese Businesses	Purchase in respective years	324,636	129,190	195,446

2. Expected results

The capital spending on the procurement of additional plant, automation equipment, R&D and testing software and equipment could upgrade the innovation of products perpetually and upgrade product quality and quantity, to the extent that cost could be cut down, quality and performance could be improved. These will be essential for the high-tech industry in maintaining competitive advantage.

(V). The re-investment policy of the most recent year, the main reason for profit or loss, corrective action plan and the investment plan in the year ahead.

1. Re-investment policy:
   The main direct investment of the Company is Sasson International Holdings Inc., which is a holding company responsible for the planning and execution of domestic and foreign investment management. Through international strategic alliance or merger and acquisition, the Company could develop more channels for international marketing and upgrade technology. In general, the strategy will focus on long-term holding and not for profit through short swing trade.
2. Main reason for profit or loss:
   In 2021, the Company mainly recognized the losses from the satellite communication systems and equipment researched by sub-subsidiary MTI Laboratory Inc. and Radiocomp ApS amounting to NT$ 19,484 thousand as return on investment.

(VI). Risks

1. The influence of changes in interest rate and exchange rate, and inflation, and information security risk on the income position of the Company and the remedy in the future:

   (1) Interest rate: the interest rate risk of the Company is derived from financing and financial investment. The fluctuation of interest rate in Taiwan and the U.S.A. will affect the expenses incurred from interest payable, and the interest income generated from cash and cash equivalents. The treasury policy of the Company focused on the security and liquidity of cash flow and keep the receipt and payment of cash under control with close attention to the changes in interest rate in market and the proper use of different financing instruments for keeping the cost of financing at reasonable levels.

   (2) Exchange rate: The Company has appointed designated personnel to observe the changes in the foreign exchange market daily, and adopted the quotation for sale and purchase in the same currency for natural hedge of most of the exchange risk. The position of foreign currency that cannot be offset by natural hedge will be remedied by forwards and FX swap through cautious risk assessment before engagement for mitigating the influence from exchange rate fluctuation.

   (3) Inflation: Inflation did not significantly affect the cost of purchase for the Company. Ongoing observation of the trend is still necessary.

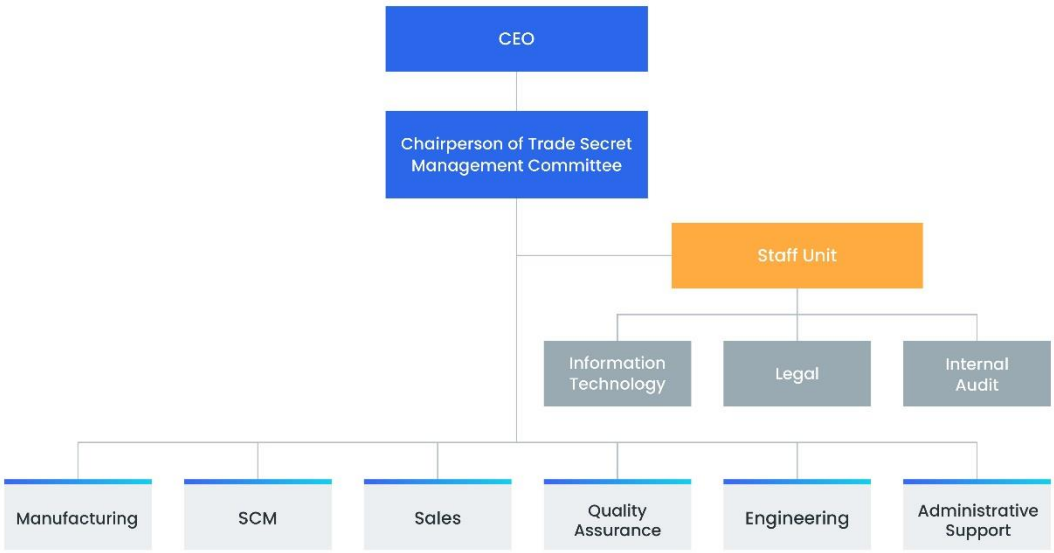
   (4) Information security risk: MTI has built up a set of information environment protection mechanisms for responding to any kind of possible threats in responding the the everchanging network and virus attacks form outside so as to reduce the risks of external attacks on the information environment of the Company. Although the protection mechanisms are established, the avoidance of possible network and computer virus attack can not be fully guaranteed. Successful network attack may cause network interruption, congestion or instability. Computer virus infection may paralyze personal computer, system server, or production apparatus and equipment. The attack from hackers from outside may cause data leak or encryption of data of the Company that can not be used. The above situations may deprive the Company from normal operation and production. Further to the loss caused by termporary suspension of production, the discontinuation of the production line may also affect the promise to customers on delivery. Data leak may cause the drain out of vital technical documents of the Company that affects the competitive power of the Company in the long-run. The divulgence of information provided by customers/suppliers may result in liability of damages to the customers/suppliers. The divulgence of information on the employees

may trigger legal proceedings pertinent to the protection of personal information under applicable laws. Further to the protective mechanisms, MTI has also established the mechanism for recovery after disaster through routine backup of vital information at alternate locations. Exercise drill will be conducted regularly for assurance of system recovery in the shortest possible time after natural disaster or sabotages. From 2021 to the day this report was printed, MTI did not discover any incident on information security that may significantly affect the business and operation of the Company.

MTI has also established a cross-function “Business Secret Management Committee” in 2017 for fostering the protection of business secrets and enhancement of the information security protective mechanisms. This committee is responsible for setting up and carrying out the mechanisms for the protection of business secrets and essential information security policies. In addition, MTI has also established the “Regulations Governing Business Secrets of MTI” as the guidelines for the pursuit of the tasks for protection. The committee convenes at least once quarterly for assessing the pursuit of the information security policies by respective functional departments and making related adjustment. The information function of the staff units are responsible for the advocacy of information security protection. This functional unit is responsible for the introduction of the mechanisms for information security and assessment of the information security technology and risk from time to time. The findings of assessment on information security mechanisms will be reported to the committee meeting for discussion. The legal affairs function of the Company will assist to affirm the compliance of the information security policies and review the changes in applicable laws at regular intervals for giving recommendation for the timely adjustment of related policies. The internal audit function will conduct audit on each department from time to time for assurance of the proper pursuit of information security policies. All departments in the committee will implement security protection relevant work in accordance with the resolutions of the meeting.

Information security insurance is emerging insurance that was still under careful evaluation; therefore, it had not yet applied in 2021. However, in order to reduce information security risks, the specific practices adopted currently are as follows:

1. Check the information environment occasionally: Observe whether there is a new information security attack externally and new protection technology, and check whether the existing information system structure is with potential risks, whether information security regulations are appropriate, and whether the related software and hardware equipment are updated completely. Base on the review results to formulate relevant improvement measures and have them implemented on schedule.
2. Regular account and authorization review: Regularly review the account authorization of each system to ensure that the relevant account authorization is programmed appropriately.
3. Regular backup and disaster recovery drills: Formulate and implement a backup plan. Arrange disaster recovery drills for the key systems every year to ensure that the system can be restored as soon as necessary.
4. Occasional phishing drills: Arrange phishing drills occasionally every year to improve personnel’s ability to respond to information security attacks.



2. The policies for the engagement in high risk and high leverage investment, loaning of funds to a third party, endorsement/guarantee, and derivative trade, the main reason for profit or loss and the remedies in the future:

Under the Regulations Governing the Use of Funds of the Company, MTI is not allowed to use its funds for speculation and assets not for production like speculative investment in stocks or property not for official use for the proper management of financial risk. Relevant effective internal management regulations and procedures were in place for governing all other investment: including the "Procedure for the Acquisition or Disposition of Assets (including derivatives)," "Procedure for the Loaning of Funds" and "Regulations Governing Endorsement/Guarantees."
The main targets for endorsement/guarantee are the subsidiaries and usually up to the amount of net shareholders equity. As of the day this report was printed, the Company did not undertake any endorsement/guarantee. The "Procedure for Loaning of Funds" specified that the Company shall not offer loan to a third party.

3. The R&D plan in the future and projected expenditure:

The Company has attracted good people in research and development and invested in the best resources for research and development for the control of the core RF technology and integration with DSP and Software technology. These resources allowed for the differentiation of new products and providing the customers with high benefit products and the best solutions to the extent that both sides are the winners. For information on R&D plan in the future, refer to V. Business Review (I) Business Overview (iv) Technological research and development of the annual report.

4. The influence of the changes in major policies of the home countries and overseas and the changes in the regulatory environment on the financial position and operation of the Company and the response:

The Company complies with the policies and laws of the home country. The treasury and legal affairs functions of the Company can keep track with related policies and applicable laws for timely adjustment of related internal systems of the Company and respond appropriately to the changes for assurance of smooth business operation. The change in the regulatory environment in 2021 did not significantly affect the operation of the Company.

5. The influence of the changes in technology and industry on the financial position

and operation of the Company and the response:

The Company highly treasures R&D and training of personnel and has appropriate a portion of its revenue for investment in R&D and training of personnel for assurance of an edge in innovation of technology and production process. In responding to the acute competition in market, the Company continues to fortify the function of its products, reduce the cost of production and launch the products to the needs of the customers, keep abreast of any trend in the market and align with any technological and industrial change.

6. The influence of the change in corporate image on corporate crisis management and response:

The Company highly treasures corporate governance and corporate social responsibility, and spares no effort in keeping high moral standard in business and ethical corporate management. The Company holds conference related to its operation and improve the transparency of financial information. The Company also participates in social charity voluntarily for the assurance of performing its social responsibility.

7. The expected results and possible risks of mergers and acquisitions, and the response: The Company has no plans for mergers and acquisitions to the day this report was printed.

8. The expected results and possible risks of capacity expansion, and the response: The Company will take precautions in capacity expansion and upgrade in response to the changes in market and customer needs, and procures automated production equipment.

9. The risks deriving from concentration of purchase or sales and remedies:

Purchase: The Company keeps at least 2 suppliers for the same item for the diversification of the sources of supply and has maintained positive relationships with its suppliers for assurance of the uninterrupted sources and good quality of materials supply.

Sale: The Company insists on the capacity in R&D and manufacturing. Further to keeping prolonged cooperative relationships with existing customers, the Company also seeks to cultivate new customers and broaden the sources of business. The risk of concentration in sale is not a concern.

10. The influence of voluminous transfer of share or swap of shares by the directors, supervisors, or major shareholders holding more than 10% of the shares on the Company and the risks thereof, and the response: Not applicable to the Company to the day this report was printed.

11. The influence of the ownership on the Company, the risk thereof and the response: Not applicable to the Company to the day this report was printed.

12. Law suits or non-contentious matters: Not applicable to the Company to the day this report was printed.

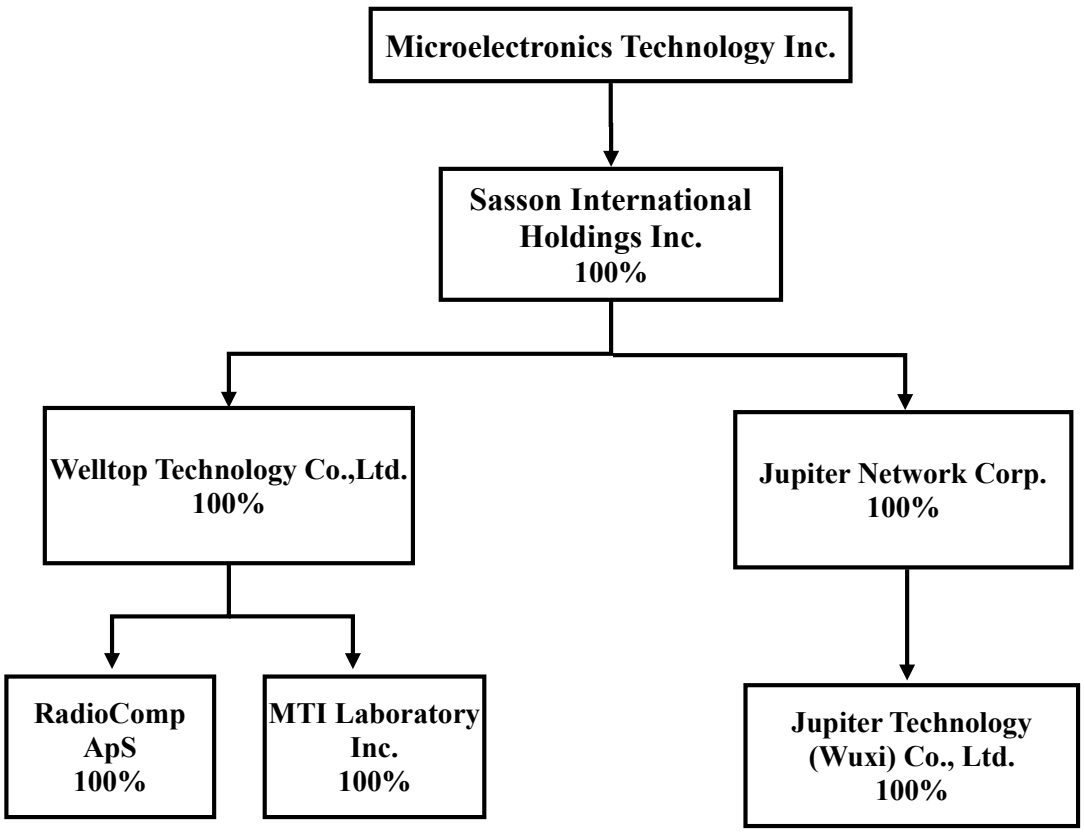
(VII).Additional information: Nil.

VIII. Special Notes

(I). Subsidiaries

1. Organizational chart

2021.12.31



2. Basic information on the affiliates

2021.12.31
Unit: NTD/USD/DKK Thousands

Enterprise name	Date of establishment	Address	Paid-in capital	Principal business or products
Sasson International Holdings Inc.	February 1992	Avias Fabrega & Febrega Trust Co. BVI Ltd. Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, BVI	US$39,202	Investment management
Welltop Technology Co., Ltd.	October 2000	Tropic Isle Building, P.O. Box 438, Road Twon, Tortola, BVI	US$7,834	Investment management
Jupiter Network Corp.	January 2001	Tropic Isle Building, P.O. Box 438, Road Twon, Tortola, BVI	US$31,072	Investment management
Jupiter Technology (Wuxi) Co., Ltd.	March 2001	No. 180-2, Linghu Blvd, Independent Research and Development Park, Taihu International Technology Park, Wuxi.	US$31,000	Communication industry
MTI Laboratory Inc.	July 2006	201 Continental Boulevard #300, El Segundo, CA 90245	US$1,500	Communication industry
RadioComp ApS	October 2010	Krakasvej 17, DK-3400 Hillerød, Denmark	DKK$1,751	Communication industry

3. Same shareholders of enterprises presumed under control and in subordination to the Company: Nil.

4. The industries covered by the enterprises of the whole group:

(1) The business engaged by the affiliates of the Company are: investment management and communication.

(2) The affiliates in association with one another, their transactions, and division of labor: The Company has purchases and sales with Jupiter Technology (Wuxi) Co., Ltd., subsidiary of the Company. RadioComp and MTI Laboratory Inc. have signed the service contracts with the Company.

Profiles of the directors, supervisors and president of the affiliates

2022.04.16
Unit: share; %

Enterprise name	Title	Name or Representative	Quantity of Shareholding	
			Quantity of share	Proportion of shareholding
Sasson International Holdings Inc.	Director President	Patrick Wang Chi Hsieh Amy Ting Chris Wei	3,920	100.00%
Welltop Technology Co., Ltd.	Director	Sasson International Holdings Inc. -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Hualin Chi	7,834,000	100.00%
Jupiter Network Corp.	Director	Sasson International Holdings Inc. -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Hualin Chi	31,071,800	100.00%
Jupiter Technology (Wuxi) Co., Ltd.	Director Supervisor President	Jupiter Network Corp. -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Dunga Wu -Representative: Hunter Huang Hualin Chi Yi-Shan Chang	N / A	100.00%
MTI Laboratory Inc.	Director President	Welltop Technology Co., Ltd -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Hualin Chi Davis Kent	1,500,000	100.00%
RadioComp ApS	Director President	Welltop Technology Co., Ltd -Representative: Chi Hsieh -Representative: Eugene Wu -Representative: Hualin Chi Henrik Repsdorph	1,527,944	100.00%

5. Business Highlights of the Affiliates

2021.12.31
Unit: NT$ Thousands

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Revenue	Operating income	Net income (After tax)
Sasson International Holdings Inc.	US$39,202,000	1,509,143	0	1,509,143	0	(159)	(6,878)
Welltop Technology Co., Ltd	US$7,834,000	331,676	0	331,676	0	0	19,395
Jupiter Network Corp.	US$31,071,800	972,360	0	972,360	0	0	(35,738)
Jupiter Technology (Wuxi) Co., Ltd.	US$31,000,000	1,912,641	940,281	972,360	1,248,562	(60,833)	(35,738)
MTI Laboratory Inc.	US$1,500,000	228,117	90,650	137,467	233,674	14,846	9,305
RadioComp ApS	DKK $ 1,750,912	78,205	23,389	54,816	143,329	13,220	10,179

6. Consolidated financial statements of the affiliates: refer to VI. Financial Position-(IV) the Audited Consolidatd Financial Statements of the most recent year.

7. Representation Letter:

Microelectronics Technology Inc.
Representation Letter

The entities that are required to be included in the combined financial statements of the Company for year 2020 (from Janauary 1, 2020 to December 31, 2020), under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company does not prepare a separate set of combined financial statements.

Microelectronics Technology Inc.

Representative: Allen Yen

March 16 2022

(II). Offering of securities through private placement: Nil.

(III). The holding or disposal of Company shares by subsidiaries: Nil.

(IV). Other additional information: Nil.

(V). Incidents that significantly affected the shareholders equity or stock price of the Company as prescribed in Subparagraph 2, Paragraph 2 in Article 36 of the Securities and Exchange Act in the most recent year to the day this report was printed: Nil.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICROELECTRONICS TECHNOLOGY, INC.

Opinion

We have audited the accompanying consolidated balance sheets of Microelectronics Technology Inc. and 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, 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. 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 Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Intangible assets - assessment of goodwill impairment

Description

As of December 31, 2021, goodwill amounted to NT$263,759 thousand. For information on evaluation of goodwill impairment, please 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, it has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Compared the financial forecast for the year ended December 31, 2022 with the budget approved by the Board of Directors.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.

Allowance for inventory valuation losses

Description

Please refer to Note 6(6) for the details of inventories. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses amounted to NT$2,206,500 thousand and NT$50,225 thousand, respectively. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory usually involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses

Other matter – Parent company only financial reports

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory

Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional 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.

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 year 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.

Li, Tien-Yi　　Lin, Yu-Kuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 16, 2022

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

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

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

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,138,191	17	$ 1,324,793	25
1110	Financial assets at fair value through profit or loss - current	6(2)	490	-	5,275	-
1136	Current financial assets at amortised cost	6(4) and 8	26,580	-	27,260	-
1150	Notes receivable	6(5)	14,013	-	4,081	-
1170	Accounts receivable, net	6(5)	1,100,349	17	939,742	17
1180	Accounts receivable - related parties	6(5) and 7	32,276	1	29,008	1
1200	Other receivables		36,847	1	37,818	1
1210	Other receivables - related parties	7	136	-	340	-
130X	Inventories	6(6)	2,156,275	33	1,008,191	19
1410	Prepayments		58,373	1	74,798	1
11XX	**Total current assets**		4,563,530	70	3,451,306	64
	Non-current assets					
1510	Financial assets at fair value through profit or loss-non-current	6(2)	28,906	-	-	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	114,588	2	114,443	2
1600	Property, plant and equipment	6(7)	573,940	9	522,570	10
1755	Right-of-use assets	6(8) and 7	477,613	7	520,624	9
1780	Intangible assets	6(9)(10)	298,072	5	304,576	6
1840	Deferred income tax assets		482,106	7	481,756	9
1900	Other non-current assets	7	13,595	-	4,508	-
15XX	**Tatal non-current assets**		1,988,820	30	1,948,477	36
1XXX	**Total Assets**		$ 6,552,350	100	$ 5,399,783	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current Liabilities					
2100	Short-term borrowings	6(11)	$ 1,547,656	24	$ 368,098	7
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	876	-
2130	Current contract liabilities	6(21)	7,597	-	81,033	1
2170	Accounts payable		1,125,330	17	856,353	16
2180	Accounts payable - related parties	7	1,460	-	-	-
2200	Other payables	6(13)	348,714	5	363,447	7
2250	Provisions for liabilities - current	6(16)	49,707	1	75,744	1
2280	Current lease liabilities	7	61,294	1	81,730	2
2320	Long-term liabilities, current portion	6(14)	128,543	2	52,340	1
2399	Other current liabilities		11,169	-	8,896	-
21XX	**Total current liabilities**		3,281,470	50	1,888,517	35
	Non-current liabilities					
2540	Long-term loans	6(14)	628,437	9	339,089	6
2550	Provisions for liabilities - non-current	6(16)	1,887	-	2,327	-
2570	Deferred income tax liabilities		109,468	2	107,094	2
2580	Non-current lease liabilities	7	397,882	6	439,656	8
2600	Other non-current liabilities		170,840	3	203,570	4
25XX	**Total non-current liabilities**		1,308,514	20	1,091,736	20
2XXX	**Total Liabilities**		4,589,984	70	2,980,253	55
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(17)				
3110	Share capital-common stock		2,280,283	35	2,280,283	42
	Capital Reserves	6(18)				
3200	Capital surplus		402,937	6	402,937	8
	Retained Earnings	6(19)				
3310	Legal reserve		24,972	-	24,972	-
3320	Special reserve		193,426	3	193,426	4
3350	Accumulated deficit		(558,307)	(8)	(117,336)	(2)
	Other Equity Interest	6(20)				
3400	Other equity interest		(380,945)	(6)	(364,752)	(7)
31XX	**Equity attributable to owners of the parent**		1,962,366	30	2,419,530	45
3XXX	**Total equity**		1,962,366	30	2,419,530	45
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total Liabilities and Equity**		$ 6,552,350	100	$ 5,399,783	100

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except loss per share amount)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	$ 3,929,852	100	$ 3,949,997	100
5000	Operating costs	6(6)	(3,414,680)	(87)	(3,210,125)	(81)
5900	Gross profit		515,172	13	739,872	19
	Operating expenses	6(26)(27)				
6100	Selling expenses		(150,219)	(4)	(139,715)	(4)
6200	General and administrative expenses		(127,405)	(3)	(132,418)	(3)
6300	Research and development expenses		(701,953)	(18)	(604,499)	(15)
6450	Gain on reversal of expected credit impairment		(10,757)	-	(249)	-
6000	Total operating expenses		(990,334)	(25)	(876,881)	(22)
6900	Operating loss		(475,162)	(12)	(137,009)	(3)
	Non-operating income and expenses					
7100	Interest income	6(22)	3,926	-	6,487	-
7010	Other income	6(23)	18,970	1	65,663	2
7020	Other gains and losses	6(24)	14,098	-	(270)	-
7050	Finance costs	6(25)	(20,240)	(1)	(15,416)	(1)
7000	Total non-operating income and expenses		16,754	-	56,464	1
7900	**Loss before income tax**		(458,408)	(12)	(80,545)	(2)
7950	Income tax benefit (expense)	6(28)	8,392	-	(14,870)	-
8200	**Loss for the year**		($ 450,016)	(12)	($ 95,415)	(2)

(Continued)

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except loss per share amount)

	Items	Notes	Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(15)	$ 9,045	-	($ 24,334)	(1)
8316	Unrealised loss from financial assets measured at fair value through other comprehensive income	6(3)(20)	3,102	-	(110,123)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(20)	(24,119)	-	(7,566)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(28)	4,824	-	1,513	-
8300	**Total other comprehensive loss for the year**		($ 7,148)	-	($ 140,510)	(4)
8500	**Total comprehensive loss for the year**		($ 457,164)	(12)	($ 235,925)	(6)
	Loss attributable to:					
8610	Owners of the parent		($ 450,016)	(12)	($ 95,415)	(2)
8620	Non-controlling interest		-	-	-	-
			($ 450,016)	(12)	($ 95,415)	(2)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 457,164)	(12)	($ 235,925)	(6)
8720	Non-controlling interest		-	-	-	-
			($ 457,164)	(12)	($ 235,925)	(6)
	Loss per share (in dollars)	6(29)				
9750	Basic		($ 1.97)		($ 0.42)	
9850	Diluted		($ 1.97)		($ 0.42)	

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

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

		Equity attributable to owners of the parent							
				Retained Earnings			Other equity interest		
	Notes	Share capital-common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2020									
Balance at January 1, 2020		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	$ 2,413	($ 104,070)	($ 144,506)	$ 2,655,455
Loss for the year		-	-	-	-	(95,415)	-	-	(95,415)
Other comprehensive loss for the year	6(3)	-	-	-	-	(24,334)	(6,053)	(110,123)	(140,510)
Total comprehensive loss		-	-	-	-	(119,749)	(6,053)	(110,123)	(235,925)
Balance at December 31, 2020		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	($ 117,336)	($ 110,123)	($ 254,629)	$ 2,419,530
2021									
Balance at January 1, 2021		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	($ 117,336)	($ 110,123)	($ 254,629)	$ 2,419,530
Loss for the year		-	-	-	-	(450,016)	-	-	(450,016)
Other comprehensive income (loss) for the year	6(3)	-	-	-	-	9,045	(19,295)	3,102	(7,148)
Total comprehensive income (loss)		-	-	-	-	(440,971)	(19,295)	3,102	(457,164)
Balance at December 31, 2021		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	($ 558,307)	($ 129,418)	($ 251,527)	$ 1,962,366

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

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

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 458,408)	($ 80,545)
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on expected credit impairment		10,757	249
Depreciation	6(7)(8)(26)	158,652	131,860
Amortization	6(9)(26)	34,013	30,870
Net gain on financial assets at fair value through profit or loss	6(2)(24)	(4,380)	(2,541)
Net (gain) loss on financial liabilities at fair value through profit or loss	6(12)(24)	(876)	603
Interest income	6(22)	(3,926)	(6,487)
Dividend income	6(23)	(130)	(324)
Interest expense	6(25)	20,240	15,416
Gain on disposal of property, plant and equipment	6(24)	(548)	(1,476)
Gains arising from lease modifications	6(24)	-	(2,949)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(9,932)	4,943
Accounts receivable		(183,238)	147,102
Other receivables		874	88,637
Inventories		(1,145,086)	(146,960)
Prepayments		15,785	(26,816)
Changes in operating liabilities			
Accounts payable		270,717	(65,237)
Other payables		714	6,513
Provisions for liabilities		(2,777)	(3,293)
Contract liabilities-current		(73,436)	25,209
Other current liabilities		(8,417)	2,954
Accrued pension liabilities		(15,600)	(50,682)
Cash (outflow) inflow generated from operations		(1,395,002)	67,046
Interest received		4,223	6,115
Dividend received		130	324
Interest paid		(20,092)	(16,023)
Income taxes paid		(8,814)	(9,601)
Net cash flows (used in) from operating activities		(1,419,555)	47,861
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(74)	(417)
Acquisition of financial assets at fair value through profit or loss		(20,032)	-
Acquisition of property, plant and equipment	6(30)	(163,740)	(89,186)
Proceeds from disposal of property, plant and equipment		9,171	7,018
Acquisition of intangible assets	6(9)	(31,706)	(40,004)
(Increase) decrease in guarantee deposits paid		(3,951)	(94)
Net cash flows used in investing activities		(210,332)	(122,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	2,781,537	1,432,722
Decrease in short-term borrowings	6(31)	(1,601,451)	(1,462,996)
Increase in long-term borrowings	6(31)	390,180	418,510
Decrease in long-term borrowings	6(31)	(33,533)	-
Repayment of principal portion of lease liabilities	6(31)	(83,662)	(47,618)
Net cash flows from financing activities		1,453,071	340,618
Effects due to changes in exchange rate		(9,786)	1,264
Net (decrease) increase in cash and cash equivalents		(186,602)	267,060
Cash and cash equivalents at beginning of year		1,324,793	1,057,733
Cash and cash equivalents at end of year		$ 1,138,191	$ 1,324,793

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

MICROELECTRONICS TECHNOLOGY, INC. 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

Microelectronics Technology Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design, manufacture and sales of terrestrial microwave, satellite communication system products, and related customised products.

On January 1, 2011, the Company merged with the subsidiary, Global PCS Inc.. Under the merger, the Company was the surviving company while Global PCS Inc. was the dissolved company.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 16, 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 FSC effective from 2021 are as follows:

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets and liabilities at fair value through other comprehensive income.

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities 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 noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2021	December 31, 2020
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	Note 1	100.00	100.00
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	Note 1	100.00	100.00
Sasson International Holding, Inc.	Jupiter Network Corp. (Jupiter)	Note 1	100.00	100.00
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	Note 2	100.00	100.00
Welltop Technology Co., Ltd.	RadioComp ApS	Note 2	100.00	100.00
Jupiter Network Corp. (Jupiter)	Jupiter Technology (Wuxi) Inc.	Note 3	100.00	100.00

Note 1: Main operating activity is investments in the manufacturing and trading business.

Note 2: Research, development, design, manufacture and sales of personal wireless communication device, components of subsystem and system and wireless microwave communication system and equipment of electronic system.

Note 3: Main operating activities are design of satellite and microwave communication system equipment and its components, sales of self-made products and providing related technical services.

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 re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet 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) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Financial assets 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 trade date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The 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. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

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

(14) 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 40 years
Machinery and equipment	3 ~ 10 years
Office equipment	2 ~ 6 years
Transportation equipment	5 years
Leasehold improvements	3 years

(15) Leasing arrangements (lessor)－lease receivables/ operating leases

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 interest rate implicit in the lease.

Lease payments are comprised of fixed payments.

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 including the amount of the initial measurement of lease liability and any initial direct costs incurred by the lessee.

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

(16) Intangible assets

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

B. Goodwill arises in a business combination accounted for by applying the acquisition method and subsequently measured at the amount of cost less accumulated impairment loss.

C. Acquired special technologies are amortised on a straight-line basis over their estimated useful lives of 5 years.

(17) Impairment of non-financial assets

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

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

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

(18) Borrowings

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

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Provisions

Provision are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services 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 defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

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

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

(25) Employee share-based payment

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

(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 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, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Deferred tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(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.

(29) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells terrestrial microwave, satellite, and related customized products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 90 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Technical services on product development

(a) The Group provides technical services on product development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense (mainly arisen from sales commissions) when incurred although the Group expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) 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 is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (including goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

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. Please refer to Note 6(9) (10) for the information on goodwill impairment. As of December 31, 2021, the Group's property, plant and equipment and intangible assets (including goodwill) amounted to $573,940 and $298,072, respectively.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2021, the Group recognised deferred tax assets amounting to $482,106.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

As of December 31, 2021, the carrying amount of inventories was $2,156,275.

D. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2021, the carrying amount of net defined benefit liabilities was $155,629.

E. Financial assets-fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2021, the carrying amount of unlisted stocks without active market was $143,494.

F. Calculation of lease liability

The Company needs to consider all relevant facts and circumstances that create an economic incentive for the lessees to exercise an option or not when determining the lease term. This includes anticipated modifications in all facts and circumstances from the commencement date of the lease to the option exercise date. Key considerations include the terms and conditions of the contract for the period covered by the options and the importance of the underlying assets to the operation of the lessees. Lessees are required to reassess the lease term when significant events or changes in circumstances occur that are within the control of the Company.

The lessee's incremental borrowing rate used for discounted lease payments is determined by the market risk-free interest rate in a similar economic environment, and the estimated lessee credit risk discount and secured factors.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 209	$ 277
Checking accounts and demand deposits	973,891	839,380
Time deposits	164,091	485,136
	$ 1,138,191	$ 1,324,793

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. Information on restricted cash reclassified as 'Financial assets at amortised cost' is provided in Note 8.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 490	$ 5,275
Unlisted stocks	102,551	105,515
Valuation adjustments	(102,551)	(105,515)
	$ 490	$ 5,275
Non-current items：		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 19,973	$ -
Valuation adjustments	9,137	-
Net exchange differences	(204)	-
	$ 28,906	$ -

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

	Years ended December 31	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	($ 4,757)	$ 2,541
Beneficiary certificates	9,137	-
	$ 4,380	$ 2,541

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

Unit: In thousands

	December 31, 2021		December 31, 2020	
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
Current items:				
Foreign exchange swap transactions	USD 3,000	2021.11.11~ 2022.01.18	USD 3,000	2020.11.12~ 2021.01.15
Forward foreign exchange contracts	USD 1,000	2021.12.06~ 2022.01.04	USD 7,900	2020.11.03~ 2021.04.28

The Group entered into foreign exchange swap transactions and forward foreign exchange contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

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

Items	December 31, 2021	December 31, 2020
Non-current items：		
Equity instruments		
Unlisted stocks	$ 337,119	$ 346,139
Valuation adjustments	(251,527)	(254,629)
Net exchange differences	28,996	22,933
	$ 114,588	$ 114,443

A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $114,588 and $114,443 as at December 31, 2021 and 2020, respectively.

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:

	Years ended December 31	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 3,102	($ 110,123)

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits	$ 26,580	$ 27,260

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31	
	2021	2020
Interest income	$ 68	$ 346

B. As of December 31, 2021 and 2020, without taking into account 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 were $26,580 and $27,260, 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).

(5) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 14,013	$ 4,081
Less: Allowance for uncollectible accounts	-	-
	$ 14,013	$ 4,081
Accounts receivable	$ 1,111,377	$ 940,020
Accounts receivable - related party	32,276	29,008
Less: Allowance for uncollectible accounts	(11,028)	(278)
	$ 1,132,625	$ 968,750

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 549,193	$ 14,013	$ 635,677	$ 4,081
Up to 90 days	442,376	-	315,461	-
91 to 180 days	65,293	-	15,642	-
Over 180 days	86,791	-	2,248	-
	$ 1,143,653	$ 14,013	$ 969,028	$ 4,081

The above ageing analysis was based on past due date. As of December 31, 2021, the subsequent collection of past-due accounts receivable amounted to $462,081.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to $1,125,411.

C. As of December 31, 2021 and 2020, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $14,013 and $4,081, respectively. As of December 31, 2021 and 2020, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $1,132,625 and $968,750, respectively.

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

(6) Inventories

	December 31, 2021		
	Cost	Allowance for inventory valuation losses and loss for obsolete and slow-moving intentories	Book value
Raw materials	$ 1,203,337	($ 27,024)	$ 1,176,313
Work in progress	458,477	(13,678)	444,799
Finished goods	544,686	(9,523)	535,163
	$ 2,206,500	($ 50,225)	$ 2,156,275

	December 31, 2020		
	Cost	Allowance for inventory valuation losses and loss for obsolete and slow-moving intentories	Book value
Raw materials	$ 770,725	($ 62,913)	$ 707,812
Work in progress	187,431	(45,645)	141,786
Finished goods	167,646	(9,053)	158,593
	$ 1,125,802	($ 117,611)	$ 1,008,191

The cost of inventories recognised as expense for the period:

	Years ended December 31	
	2021	2020
Cost of goods sold	$ 3,396,583	$ 3,195,761
Loss on decline in market value	18,097	14,364
Recognised as selling and R&D expenses	25,790	21,351
	$ 3,440,470	$ 3,231,476

(7) Property, plant and equipment

Details of property, plant and equipment for its own use are as follows:

	2021						
	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 427,181	$ 986,153	$ 100,371	$ 2,150	$ 18,584	$ -	$ 1,534,439
Accumulated depreciation and impairment	(102,904)	(812,584)	(81,731)	(2,150)	(12,500)	-	(1,011,869)
	$ 324,277	$ 173,569	$ 18,640	$ -	$ 6,084	$ -	$ 522,570
At January 1	$ 324,277	$ 173,569	$ 18,640	$ -	$ 6,084	$ -	$ 522,570
Additions	-	117,377	7,716	-	6,777	15,403	147,273
Reclassifications	-	10,812	-	-	-	-	10,812
Disposals	-	(8,623)	-	-	-	-	(8,623)
Depreciation expense	(19,160)	(61,613)	(9,483)	-	(3,995)	-	(94,251)
Net exchange differences	(1,426)	(2,080)	(342)	-	(4)	11	(3,841)
At December 31	$ 303,691	$ 229,442	$ 16,531	$ -	$ 8,862	$ 15,414	$ 573,940
At December 31							
Cost	$ 425,451	$ 1,063,939	$ 105,231	$ 2,097	$ 25,219	$ 15,414	$ 1,637,351
Accumulated depreciation and impairment	(121,760)	(834,497)	(88,700)	(2,097)	(16,357)	-	(1,063,411)
	$ 303,691	$ 229,442	$ 16,531	$ -	$ 8,862	$ 15,414	$ 573,940

	2020						
	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 418,552	$ 962,616	$ 91,449	$ 2,250	$ 15,159	$ 918	$ 1,490,944
Accumulated depreciation and impairment	(82,421)	(823,724)	(78,100)	(2,250)	(9,223)	-	(995,718)
	$ 336,131	$ 138,892	$ 13,349	$ -	$ 5,936	$ 918	$ 495,226
At January 1	$ 336,131	$ 138,892	$ 13,349	$ -	$ 5,936	$ 918	$ 495,226
Additions	2,042	81,755	13,697	-	3,691	-	101,185
Reclassifications	-	7,655	-	-	-	(918)	6,737
Disposals	-	(5,304)	(238)	-	-	-	(5,542)
Depreciation expense	(18,769)	(52,204)	(8,215)	-	(3,531)	-	(82,719)
Net exchange differences	4,873	2,775	47	-	(12)	-	7,683
At December 31	$ 324,277	$ 173,569	$ 18,640	$ -	$ 6,084	$ -	$ 522,570
At December 31							
Cost	$ 427,181	$ 986,153	$ 100,371	$ 2,150	$ 18,584	$ -	$ 1,534,439
Accumulated depreciation and impairment	(102,904)	(812,584)	(81,731)	(2,150)	(12,500)	-	(1,011,869)
	$ 324,277	$ 173,569	$ 18,640	$ -	$ 6,084	$ -	$ 522,570

(8) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 26,235	$ 27,057
Buildings	451,378	493,567
	$ 477,613	$ 520,624

	Years ended December 31	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 708	$ 699
Buildings	63,693	48,442
	$ 64,401	$ 49,141

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $23,510 and $238,202, respectively.

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

	Years ended December 31	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 9,974	$ 8,548
Expense on short-term lease contracts	46,796	10,682
Expense on leases of low-value assets	1,339	1,898

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were $141,771 and $68,746, respectively.

(9) Intangible assets

	2021			
	Goodwill	Acquired special technology	Computer sofware	Total
At January 1				
Cost	$ 383,503	$ 404,895	$ 518,101	$ 1,306,499
Accumulated depreciation and impairment	(116,272)	(404,895)	(480,756)	(1,001,923)
	$ 267,231	$ -	$ 37,345	$ 304,576
At January 1	$ 267,231	$ -	$ 37,345	$ 304,576
Additions	-	-	31,706	31,706
Amortisation charge	-	-	(34,013)	(34,013)
Net exchange differences	(3,472)	-	(725)	(4,197)
At December 31	$ 263,759	$ -	$ 34,313	$ 298,072
At December 31				
Cost	$ 383,503	$ 404,895	$ 545,221	$ 1,333,619
Accumulated amortisation and impairment	(119,744)	(404,895)	(510,908)	(1,035,547)
	$ 263,759	$ -	$ 34,313	$ 298,072

	2020			
	Goodwill	Acquired special technology	Computer sofware	Total
At January 1				
Cost	$ 383,503	$ 404,895	$ 489,740	$ 1,278,138
Accumulated depreciation and impairment	(109,762)	(404,895)	(461,361)	(976,018)
	$ 273,741	$ -	$ 28,379	$ 302,120
At January 1	$ 273,741	$ -	$ 28,379	$ 302,120
Additions	-	-	40,004	40,004
Amortisation charge	-	-	(30,870)	(30,870)
Net exchange differences	(6,510)	-	(168)	(6,678)
At December 31	$ 267,231	$ -	$ 37,345	$ 304,576
At December 31				
Cost	$ 383,503	$ 404,895	$ 518,101	$ 1,306,499
Accumulated amortisation and impairment	(116,272)	(404,895)	(480,756)	(1,001,923)
	$ 267,231	$ -	$ 37,345	$ 304,576

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

	Years ended December 31	
	2021	2020
Operating costs	$ 6,422	$ 5,790
General and administrative expenses	1,085	930
Research and development expenses	26,506	24,150
	$ 34,013	$ 30,870

B. Impairment information about the intangible assets is provided in Note 6(10).

(10) Impairment of non-financial assets

Goodwill is allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets-approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount of all cashgenerating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31,					
	2021			2020		
	Up to 1 year	2 ~ 5 years	Over 6 years	Up to 1 year	2 ~ 5 years	Over 6 years
Operating revenue growth	97%	5%	0%	95%	7%	0%
Gross margin	16%	16%	16%	20%	21%	22%
Discount rate	14.03%	14.03%	14.03%	14.43%	14.43%	14.43%

A. Operating revenue growth rate: took into consideration the estimated operation and sales plans.

B. Gross margin: calculated based on the historical data and took into consideration the estimated operation and sales plans.

C. Discount rate: the discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Export financing	$ 83,040	0.70%	None
Borrowings for material purchase	339,850	0.70%~0.89%	None
Unsecured borrowings	1,124,766	0.74%~1.25%	None
	$ 1,547,656		

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Export financing	$ 87,718	0.65%~0.87%	None
Borrowings for material purchase	280,380	0.74%~1.23%	None
	$ 368,098		

For the years ended December 31, 2021 and 2020, the Group recognised interest expense in profit or loss amounting to $4,962 and $5,397 respectively, due to the short-term borrowings.

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

December 31, 2021:None.

Items	December 31, 2020
Current items:	
Financial liabilities held for trading	
Non-hedging derivatives	$ 876
Valuation adjustments	-
	$ 876

A. For the years ended December 31, 2021 and 2020, the Group recognised net gain (loss) on financial liabilities held for trading amounting to $876 and ($603), respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

December 31, 2021:None.

Unit: In thousands

	December 31, 2020		
Non-derivative financial liabilities for hedging	Contract amount (Notional principal)		Contract period
Current items:			
Forward foreign exchange contracts	USD	9,560	2020.10.12~ 2021.03.26

C. The Group entered into forward foreign exchange contracts and foreign exchange swap transactions to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(13) Other payables

	December 31, 2021	December 31, 2020
Employee bonus payable	$ 183,758	$ 199,209
Payable on miscellaneous purchases	47,618	32,170
Payables for machinery and equipment	21,620	34,913
Accrued export expenses	19,681	17,218
Payable for technical service fee	11,910	4,172
Technical service expense payable	7,082	10,843
Insurance expense payable	7,086	7,735
Others	49,959	57,187
	$ 348,714	$ 363,447

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable monthly from March 15, 2022.	0.800%	None	$ 214,080
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable monthly from April 15, 2022.	0.750%	None	297,351
Mega Bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	0.945%	None	245,549
				756,980
Less: Current portion				(128,543)
				$ 628,437

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable monthly from April 15, 2022.	0.750%	None	$ 281,933
Mega Bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	0.845%	None	109,496
				391,429
Less: Current portion				(52,340)
				$ 339,089

A. For the years ended December 31, 2021 and 2020, the Group recognised interest expense in profit or loss amounting to $5,304 and $1,471, respectively, due to the long-term borrowings.

B. On January 1, 2019, Ministry of Economic Affairs, R.O.C. ("MOEA") implemented the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" and companies are subsidised with preferential interest loans, 0.5% of loan interest is subsidised by the National Development Fund, Executive Yuan, for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during December 2019 to March 2022 with the line of credit amounting to $1.09 billion and terms from five to six years. As of March 16, 2022, the Company has drawn down $0.82 billion. Funding from these borrowings were used to invest in machineries, equipment and broaden the Company's working capital.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number

of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the 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 be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 277,742	$ 287,207
Fair value of plan assets	(122,113)	(106,949)
Net defined benefit liability	155,629	180,258
Accumulated unadjusted amount	-	16
Net liabilities recognised in the balance sheet	$ 155,629	$ 180,274

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

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 287,207)	$ 106,949	($ 180,258)
Current service cost	(829)	-	(829)
Interest (expense) income	(862)	321	(541)
	(288,898)	107,270	(181,628)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	623	623
Change in demographic assumptions	(262)	-	(262)
Change in financial assumptions	7,513	-	7,513
Experience adjustments	1,171	-	1,171
	8,422	623	9,045
Pension fund contribution	-	16,954	16,954
Paid pension	2,734	(2,734)	-
At December 31	($ 277,742)	$ 122,113	($ 155,629)

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 295,022)	$ 88,400	($ 206,622)
Current service cost	(893)	-	(893)
Interest (expense) income	(2,066)	619	(1,447)
	(297,981)	89,019	(208,962)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,234	3,234
Change in financial assumptions	(10,528)	-	(10,528)
Experience adjustments	(17,040)	-	(17,040)
	(27,568)	3,234	(24,334)
Pension fund contribution	-	30,242	30,242
Paid pension	38,342	(15,546)	22,796
At December 31	($ 287,207)	$ 106,949	($ 180,258)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2021	2020
Discount rate	0.60%	0.30%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2021				
Effect on present value of defined benefit	($ 23,356)	$ 24,096	$ 20,924	($ 20,424)
December 31, 2020				
Effect on present value of defined benefit	($ 26,577)	$ 27,464	$ 24,059	($ 23,448)

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

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $3,334.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 9 years.

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 upon termination of employment.

(b) The Company's mainland China subsidiary, Jupiter Technology (Wuxi) Inc., 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 are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 19%. Other than the monthly contributions, the Company has no further obligations.

(c) The Subsidiary, RadioComp ApS, accrued pension costs based on a certain appropriate rate of total salaries.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $45,320 and $24,204, respectively.

(16) Provisions

A. Warranties on sales-related products

	2021	2020
Balance at January 1	$ 9,403	$ 12,600
Additional provisions	2,122	1,399
Used during the period	(4,899)	(4,691)
Exchange difference	(49)	95
Balance at December 31	$ 6,577	$ 9,403

The Group gives warranties on sales-related products. Provision for warranty is estimated based on historical warranty data of uninterruptible power supply and solar energy products.

B. Provision for income tax in the United States

The Company recognised provision for contingent income tax liability in 2021 and 2020 for the products sold under the incoterms DDP in the previous years. The US Internal Revenue Service preliminarily determined that it suspects that the Company traded within the US. Although the Company claimed that those were international trades, considering the tax negotiation had been completed, provision for income tax liability amounting to $45,017 and $68,668 was recognised in accordance with IAS 37, respectively.

C. Analysis of total provisions:

	December 31, 2021	December 31, 2020
Current	$ 49,707	$ 75,744
Non-current	$ 1,887	$ 2,327

(17) Share capital

As of December 31, 2021, the Company's authorised capital was $7,000,000, consisting of 0.7 billion shares of ordinary stock (including 50 million shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was $2,280,283 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

(Unit: In thousand shares)

	2021	2020
At January 1 (At December 31)	228,028	228,028

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversal of a special reserve in accordance with related laws, the Company shall appropriate dividends to preferred stock. The Board of Directors should present the distribution of the remaining earnings along with accumulated unappropriated earnings for the approval of the shareholders to distribute dividends to shareholders

B. As the Company is in the growth stage, considered the entire environment and nature of industry as well as future capital needs and long-term financial plans in order to ensure subsequent operation and stable development. Based on the Company's future budget of capital expenditure and demand of capital, the Company appropriated no less than 30% of distributable earnings to shareholders' dividends, but if the distributable earnings is lower than 5% of paid-in capital, no dividends will be distributed. Cash dividend has a first priority when distributing shareholders' dividends, and the ratio is 30~100% of current total dividends. Remaining dividend can be distributed in the form of stocks. The appropriation of retained earnings will be proposed by the Board of Directors every year, and will be approved by the shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The Company incurred operating losses for the years ended December 31, 2021 and 2020, and thus had no earnings for distribution.

F. On June 14, 2021, the shareholders during their meeting resolved not to distribute dividends from 2020 earnings.

(20) Other equity items

	2021		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	($ 254,629)	($ 110,123)	($ 364,752)
The Company's effect	5,011	-	5,011
The Subsidiaries' effect	(1,909)	(24,119)	(26,028)
Tax effects of Subsidiaries	-	4,824	4,824
At December 31	($ 251,527)	($ 129,418)	($ 380,945)

	2020		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	($ 144,506)	($ 104,070)	($ 248,576)
The Company's effect	(616)	-	(616)
The Subsidiaries' effect	(109,507)	(7,566)	(117,073)
Tax effects of Subsidiaries	-	1,513	1,513
At December 31	($ 254,629)	($ 110,123)	($ 364,752)

(21) Operating revenue

	Years ended December 31	
	2021	2020
Revenue from contracts with customers	$ 3,929,852	$ 3,949,997

A. Disaggregation of revenue from contracts with customers

The Group derives revenue in the following major geographical regions:

	Year ended December 31, 2021			
	USA	Mainland China	Other areas	Total
Total segment revenue	$ 1,464,527	$ 989,087	$ 2,778,089	$ 5,231,703
Inter-segment revenue	-	(144,414)	(1,157,437)	(1,301,851)
Revenue from external customer contracts	$ 1,464,527	$ 844,673	$ 1,620,652	$ 3,929,852

	Year ended December 31, 2020			
	USA	Mainland China	Other areas	Total
Total segment revenue	$ 1,908,027	$ 1,204,274	$ 2,632,619	$ 5,744,920
Inter-segment revenue	(86,107)	(306,891)	(1,401,925)	(1,794,923)
Revenue from external customer contracts	$ 1,821,920	$ 897,383	$ 1,230,694	$ 3,949,997

B. Contract liabilities from customers

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Contract liabilities- Products sales contracts	$ 7,597	$ 81,033	$ 55,824

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Years ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 51,921	$ 41,489

Changes in contract liabilities are mainly from the timing difference between performance obligations satisfied and customers' payment.

(22) Interest income

	Years ended December 31	
	2021	2020
Interest income from bank deposits	$ 3,926	$ 6,487

(23) Other income

	Years ended December 31	
	2021	2020
Dividend income	$ 130	$ 324
Other income, others	18,840	65,339
	$ 18,970	$ 65,663

A. For the years ended December 31, 2021 and 2020, the Group recognised government grant income of $0 and $27,246, respectively, for salary and working capital subsidies from the Ministry of Economic Affairs under the 'Salary and Working Capital Subsidies for Businesses Suffered by the COVID-19 Handled by the Ministry of Economic Affairs'.

B. For the years ended December 31, 2021 and 2020, the Group recognised government grant income of $8,769 and $26,801, respectively, for the subsidiaries from the Ministry of Economic Affairs under the 'Low Earth Orbit (LEO) Radio Frequency Front End (RFFE) Solution Development Plan'.

(24) Other gains and losses

	Years ended December 31	
	2021	2020
Gains on disposals of property, plant and equipment	$ 548	$ 1,476
Gains arising from lease modifications	-	2,949
Currency exchange gains (losses)	9,773	(4,664)
Gains on financial assets (liabilities) at fair value through profit or loss	5,256	1,938
Miscellaneous disbursements	(1,479)	(1,969)
	$ 14,098	($ 270)

(25) Finance costs

	Years ended December 31	
	2021	2020
Interest expense	$ 10,266	$ 6,868
Interest expense of lease liability	9,974	8,548
	$ 20,240	$ 15,416

(26) Expenses by nature

	Years ended December 31	
	2021	2020
Employee benefit expense	$ 1,010,133	$ 946,848
Depreciation charges on property, plant and equipment	158,652	131,860
Amortisation	34,013	30,870
	$ 1,202,798	$ 1,109,578

(27) Employee benefit expense

	Years ended December 31	
	2021	2020
Salary expenses	$ 865,607	$ 829,033
Labour and health insurance fees	73,000	62,075
Pension costs	46,690	26,544
Other personnel expenses	24,836	29,196
	$ 1,010,133	$ 946,848

A. According to the Articles of Incorporation of the Company, the ratio of distributable profit of the current year shall not be lower than 7% for employees' compensation in the form of stocks/cash, and employees must be working for the Company. The current year's earnings, if any, shall not be higher than 1% for directors' remuneration. Appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated to employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2021 and 2020, there was no employees' compensation accrued. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7% and 1% of distributable profit for the year ended December 31, 2021, respectively. However, there were no amounts accrued for both periods as the Company incurred losses before tax.

For 2020, the employees' compensation and directors' remuneration resolved by the Board of Directors both amounted to $0, which were in agreement with those amounts recognised in the 2020 financial statements.

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

(28) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	Years ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the period	$ 4,731	$ 8,716
Tax of foreign source income withheld at source	(18,572)	69,366
Total current tax	(13,841)	78,082
Deferred tax:		
Origination and reversal of deferred tax assets	21,326	21,094
Impact of tax losses	(15,877)	(84,306)
Total deferred tax	5,449	(63,212)
Income tax (benefit) expense	($ 8,392)	$ 14,870

(b) The income tax (charge) /credit relating to components of other comprehensive income (loss) is as follows:

	Years ended December 31	
	2021	2020
Currency translation differences	($ 4,824)	($ 1,513)

(c) The income tax charged/(credited) to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	($ 87,379)	($ 23,427)
Effects from items disallowed by tax regulation	-	(196)
Origination and reversal of temporary differences tax assets/Change in assessment of realisation of deferred tax assets	97,559	(30,873)
Tax of foreign source income withheld at source	(18,572)	69,366
Income tax (benefit) expense	($ 8,392)	$ 14,870

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

	2021				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	At December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory valuation losses	$ 27,251	($ 17,120)	$ -	$ 271	$ 10,402
Unrealised warranty cost of after-sale service	2,214	(712)	-	22	1,524
Unrealised pension	36,055	(4,929)	-	-	31,126
Exchange differences on foreign financial statements	6,933	-	4,824	-	11,757
Others	14,033	3,809	-	(1,671)	16,171
-Tax losses	395,270	15,877	-	(21)	411,126
Subtotal	$ 481,756	($ 3,075)	$ 4,824	($ 1,399)	$ 482,106
Deferred income tax liabilities:					
Unrealised gain on long-term investments	($ 96,469)	($ 1,023)	$ -	$ -	($ 97,492)
Unrealised exchange gain	(10,294)	(1,430)	-	-	(11,724)
Exchange differences on foreign financial statements	-	-	-	-	-
Others	(331)	79	-	-	(252)
Subtotal	($ 107,094)	($ 2,374)	$ -	$ -	($ 109,468)
Total	$ 374,662	($ 5,449)	$ 4,824	($ 1,399)	$ 372,638

	2020				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	At December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory valuation losses	$ 36,676	($ 9,329)	$ -	($ 96)	$ 27,251
Unrealised warranty cost of after-sale service	3,025	(808)	-	(3)	2,214
Unrealised pension	41,324	(5,269)	-	-	36,055
Exchange differences on foreign financial statements	5,420	-	1,513	-	6,933
Others	13,032	(649)	-	1,650	14,033
-Tax losses	310,992	84,306	-	(28)	395,270
Subtotal	$ 410,469	$ 68,251	$ 1,513	$ 1,523	$ 481,756
Deferred income tax liabilities:					
Unrealised gain on long-term investments	($ 91,889)	($ 4,580)	$ -	$ -	($ 96,469)
Unrealised exchange gain	(10,030)	(264)	-	-	(10,294)
Exchange differences on foreign financial statements	-	-	-	-	-
Others	(136)	(195)	-	-	(331)
Subtotal	($ 102,055)	($ 5,039)	$ -	$ -	($ 107,094)
Total	$ 308,414	$ 63,212	$ 1,513	$ 1,523	$ 374,662

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

(1)Microelectronics Technology, Inc.

December 31, 2021				
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012 (Microelectronics)	$ 1,356,066	$ 1,356,066	$ 1,356,066	2022
2013 (Microelectronics)	1,086,632	1,086,632	598,039	2023
2014 (Microelectronics)	407,486	407,486	-	2024
2015 (Microelectronics)	240,322	210,609	-	2025
2019 (Microelectronics)	103,522	103,522	-	2029
2020 (Microelectronics)	218,752	218,752	-	2030
2021 (Microelectronics)	454,293	454,293	-	2031
		$ 3,837,360	$ 1,954,105	

(2)Jupiter Technology (Wuxi) Inc.

December 31, 2021				
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018 (Wuxi)	$ 17,211	$ 17,211	$ -	2023
2021 (Wuxi)	120,688	120,688	-	2026
		$ 137,899	$ -	

(1)Microelectronics Technology, Inc.

December 31, 2020				
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011 (Microelectronics)	$ 1,121,209	$ 802,269	$ 802,269	2021
2012 (Microelectronics)	1,356,066	1,356,066	1,356,066	2022
2013 (Microelectronics)	1,086,632	1,086,632	30,785	2023
2014 (Microelectronics)	407,486	407,486	-	2024
2015 (Microelectronics)	240,322	210,609	-	2025
2019 (Microelectronics)	106,422	106,422	-	2029
2020 (Microelectronics)	174,473	174,473	-	2030
		$ 4,143,957	$ 2,189,120	

(2)Jupiter Technology (Wuxi) Inc.

December 31, 2021				
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018 (Wuxi)	$ 17,211	$ 17,211	$ -	2023

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

(29) Losses per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to the parent	($ 450,016)	228,028	($ 1.97)
Diluted losses per share			
Loss attributable to the parent	($ 450,016)	228,028	($ 1.97)

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to the parent	($ 95,415)	228,028	($ 0.42)
Diluted losses per share			
Loss attributable to the parent	($ 95,415)	228,028	($ 0.42)

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2021	2020
Purchase of property, plant and equipment	$ 147,273	$ 101,185
Add: Opening balance of payable on equipment	34,913	24,037
Ending balance of prepayment for equipment	3,257	-
Less: Ending balance of payable on equipment	(21,620)	(34,913)
Opening balance of prepayment for equipment	-	(1,123)
Effect of exchange rate changes	(83)	-
Cash paid during the period	$ 163,740	$ 89,186

(31) Changes in liabilities from financing activities

	Lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2021	$ 521,386	$ 368,098	$ 391,429	$ 1,280,913
Changes in cash flow from financing activities	(83,662)	1,180,086	356,647	1,453,071
Impact of changes in foreign exchange rate	(2,058)	(528)	-	(2,586)
Changes in other non-cash items	23,510	-	8,904	32,414
December 31, 2021	$ 459,176	$ 1,547,656	$ 756,980	$ 2,763,812

	Lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2020	$ 311,032	$ 396,748	$ 125	$ 707,905
Changes in cash flow from financing activities	(47,618)	(30,274)	418,510	340,618
Impact of changes in foreign exchange rate	(4,197)	1,624	-	(2,573)
Changes in other non-cash items	262,169	-	(27,206)	234,963
December 31, 2020	$ 521,386	$ 368,098	$ 391,429	$ 1,280,913

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Cybertan Technology Inc.	Entities with significant influence to the Group

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2021	2020
Sales of goods:		
Cybertan Technology Inc.	$ 168,246	$ 211,694

The sales prices are based on mutual agreement, and no similar transactions can be compared with. The credit terms are 30 days from invoice date for the related parties. For third parties, credit terms are 30~90 days from invoice date or after monthly billings.

B. Purchases:

	Years ended December 31	
	2021	2020
Purchases of goods:		
Cybertan Technology Inc.	$ 2,423	$ -

The transaction price and payment condition of purchased goods were available to third party. The payment terms were 60 days after the invoice date, the regular payment term was 30~90 days after monthly billing.

C. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Entities with significant influence to the Group	$ 32,276	$ 29,008
Other receivables:		
Entities with significant influence to the Group	136	340
	$ 32,412	$ 29,348

D. Lease transactions－lessee

(a) The Group leases buildings from Cybertan Technology Inc.. Rental contracts are typically made for periods of 10 years. Rents are paid at the end of year.

(b) Acquisition of right-of-use assets:

	December 31, 2021	December 31, 2020
Cybertan Technology Inc.	$ 388,597	$ 419,034

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2021	December 31, 2020
Cybertan Technology Inc.	$ 394,097	$ 445,225

(ii) Interest expense

	Years ended December 31	
	2021	2020
Cybertan Technology Inc.	$ 8,203	$ 6,567

(d) As of December 31, 2021 and 2020, guarantee deposits paid (shown as ‘Other non-current assets’) to entities with significant influence to the Group all amounted to $5,765 and $1,972, respectively.

(3) Key management compensation

	Years ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$ 43,502	$ 44,385
Post-employment benefits	1,979	2,409
	$ 45,481	$ 46,794

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Time deposits (shown as 'Financial assets at amortised cost-current')	$ 543	$ 546	Guarantee for business card

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 5, 2021, the Company's Board of Directors approved the cash capital increase and received the approval letter from Securities and Futures Bureau on January 14, 2022. The Company calculated arithmetic mean of share price from the closing price of common shares on the date before January 25, 2022, the calculation result was NT$ 65.10 and determined the issuance price is NT$ 52 per share which was 80% of basic price in the cash capital increase, the total issuance number was 10,000 thousand shares. On March 7, 2022, the Company had collected all proceeds from share in the amount of $520 million. The effective date was set on March 8, 2022.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 29,396	$ 5,275
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	114,588	114,443
Financial assets at amortised cost		
Cash and cash equivalents	1,138,191	1,324,793
Financial assets at amortised cost	26,580	27,260
Notes receivable	14,013	4,081
Accounts receivable (including related party transactions)	1,132,625	968,750
Other receivables (including related party transactions)	36,983	38,158
Guarantee deposits paid	8,338	4,508
	$ 2,500,714	$ 2,487,268

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 876
Financial liabilities at amortised cost		
Short-term borrowings	1,547,656	368,098
Accounts payable (including related party transactions)	1,126,790	856,353
Other payables	348,714	363,447
Long-term borrowings	756,980	391,429
	$ 3,780,140	$ 1,980,203
Lease liability	$ 459,176	$ 521,386

B. Financial 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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(12)).

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Company'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 operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group uses forward foreign exchange contracts, transacted with Company treasury.

iii. The Group hedges foreign exchange rate by using forward exchange and cross currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).

iv. 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, USD, and EUR). 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	Book value (NTD)
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 63,567	27.68	$ 1,759,535
RMB:NTD	2,329	4.35	10,131
EUR:NTD	1,365	31.32	42,752
USD:RMB	6,707	6.37	185,650
Financial liabilities			
Monetary items			
USD:NTD	$ 54,247	27.68	$ 1,501,557
RMB:NTD	2,076	4.35	9,031
EUR:NTD	793	31.32	24,837
USD:RMB	21,986	6.37	608,572

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 40,781	28.48	$ 1,161,443
RMB:NTD	5,540	4.36	24,154
EUR:NTD	1,152	35.02	40,343
USD:RMB	13,965	6.52	397,723
Financial liabilities			
Monetary items			
USD:NTD	$ 41,198	28.48	$ 1,173,319
RMB:NTD	803	4.36	3,501
EUR:NTD	765	35.02	26,790
USD:RMB	10,609	6.52	302,144

v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to $9,773 and ($4,664), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 17,595	$ -
RMB:NTD	1%	101	-
EUR:NTD	1%	428	-
USD:RMB	1%	1,857	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 15,016)	$ -
RMB:NTD	1%	(90)	-
EUR:NTD	1%	(248)	-
USD:RMB	1%	(6,086)	-

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 11,614	$ -
RMB:NTD	1%	242	-
EUR:NTD	1%	403	-
USD:RMB	1%	3,977	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 11,733)	$ -
RMB:NTD	1%	(35)	-
EUR:NTD	1%	(268)	-
USD:RMB	1%	(3,021)	-

Price risk

i. The Group's equity securities and beneficiary certificates, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities and beneficiary certificates, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities and beneficiary certificates comprise shares issued by the overseas and domestic companies. The prices of equity securities and beneficiary certificates would change due to the change of the future value of investee companies. If the prices of these equity securities and beneficiary certificates had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $294 and $53, respectively, as a result of gains/losses on equity and beneficiary certificates securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,146 and $1,144, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a optimised credit rating are accepted. 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 management. The utilisation of credit limits is regularly monitored.

iii. Impairment assessment of credit risk on financial assets at amortised cost is as follows:

(i) The Group adopts following assumptions under IFRS 9, 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) In line with credit risk management procedure, when the counterparty is unable to pay the past-due payables, the default has occurred.

(iii) The Group used the forecast ability to adjust historical and timely information and considered credit rating of issue banks to assess the default possibility of accounts and notes receivable.

(iv) The Group's financial assets at amortised cost are including time deposits deposited in banks and restricted time deposits. Such banks all have optimised credit rating, no past due has occurred, and no significant changes in the entire economic environment, therefore no credit loss is expected and the impact to the financial statement is remote.

iv. Impairment assessment of credit risk on accounts and notes receivable is as follows:

(i) The Group classifies customers' accounts and notes receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected cre dit loss under the provision matrix basis.

(ii) The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total of group provision
December 31, 2021					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 563,206	$ 442,376	$ 22,269	$ 9,063	$ 1,036,914
Loss allowance	$ -	$ 2	$ 3	$ 1,306	$ 1,311

	Individual provision	Group provision	Total
December 31, 2021			
Expected loss rate	12.86%	0%-3%	
Total book value	$ 120,752	$ 1,036,914	$ 1,157,666
Loss allowance	$ 9,717	$ 1,311	$ 11,028

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
December 31, 2020					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 639,758	$ 315,461	$ 15,642	$ 2,248	$ 973,109
Loss allowance	$ -	$ 3	$ 2	$ 273	$ 278

(iii)Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	2021	2020
At January 1	$ 278	$ 1,253
Write-offs of uncollectible receivables	-	(1,212)
Provision for impairment loss	10,757	249
Effect of exchange rate changes	(7)	(12)
At December 31	$ 11,028	$ 278

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 reorganization 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 used the forecast ability to adjust historical and timely information to assess the default possibility of other receivables. As of December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
December 31, 2021					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 33,301	$ 3,682	$ -	$ -	$ 36,983
Loss allowance	$ -	$ -	$ -	$ -	$ -

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
December 31, 2020					
Expected loss rate	0%	0%	0%	0%	
Total book value	$ 32,151	$ 5,285	$ 722	$ -	$ 38,158
Loss allowance	$ -	$ -	$ -	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 1,180,242	$ 371,291	$ -	$ -	$ -	$ 1,551,533
Accounts payable	998,090	128,700	-	-	-	1,126,790
Other payables	348,714	-	-	-	-	348,714
Long-term borrowings	14,578	120,013	197,409	458,328	-	790,328
Lease liability	17,782	53,347	71,130	213,389	135,987	491,635
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Forward foreign exchange transactions and forward exchange swap transaction	$ -	$ -	$ -	$ -	$ -	$ -

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 319,824	$ 48,488	$ -	$ -	$ -	$ 368,312
Accounts payable	768,871	87,482	-	-	-	856,353
Other payables	363,447	-	-	-	-	363,447
Long-term borrowings	800	58,541	78,339	264,760	25,377	427,817
Lease liability	16,935	50,806	67,741	203,224	195,169	533,875
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Forward foreign exchange transactions	$ 876	$ -	$ -	$ -	$ -	$ 876

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortised cost, other financial assets, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Foreign exchange swap contracts	$ -	$ 437	$ -	$ 437
Forward foreign exchange contracts	-	53	-	53
Beneficiary certificates	-	-	28,906	28,906
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	114,588	114,588
	$ -	$ 490	$ 143,494	$ 143,984

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange swap transactions and forward foreign exchange contracts	$ -	$ 5,275	$ -	$ 5,275
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	114,443	114,443
	$ -	$ 5,275	$ 114,443	$ 119,718
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 876	$ -	$ 876

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

E. As of September 30, 2020, convertible bonds amounting to $5,996 were converted into 205,432 preferred shares. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021			
	Beneficiary certificates	Equity securities	Derivative instruments	Total
At January 1	$ -	$ 114,443	$ -	$ 114,443
Additions	19,973	-	-	19,973
Gain recognised in profit or loss	9,137	-	-	9,137
Gain recognised in other comprehensive income	-	3,102	-	3,102
Net exchange differences	(204)	(2,957)	-	(3,161)
At December 31	$ 28,906	$ 114,588	$ -	$ 143,494

	2020			
	Beneficiary certificates	Equity securities	Derivative instruments	Total
At January 1	$ -	$ 224,207	$ 5,996	$ 230,203
Transfers for the period	-	5,926	(5,926)	-
Loss recognised in other comprehensive income	-	(110,123)	-	(110,123)
Net exchange differences	-	(5,567)	(70)	(5,637)
At December 31	$ -	$ 114,443	$ -	$ 114,443

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price.

G. 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:					
Unlisted shares	$ 13,671	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	100%	
Unlisted shares	-	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	129,823	Net asset value	Not applicable	Not applicable	The higher the net assets value, 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:					
Unlisted shares	$ 8,660	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	12,457	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	93,326	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

H. 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 profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 586	($ 586)
	P/B ratio	±10%	-	-	1,367	(1,367)
			$ -	$ -	$ 1,953	($ 1,953)

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 371	($ 371)
	P/B ratio	±10%	-	-	866	(866)
	Long-term pre-tax operating margin	±1%	-	-	133	(133)
			$ -	$ -	$ 1,370	($ 1,370)

(4) Other

A. Due to the impact of the COVID-19 pandemic in 2021, there were supply problems in raw materials and shortage of workers in the production line of the suppliers in Mainland China and the operating revenue of the Group was therefore affected. However, the Group expects that the impact will be gradually reduced as the pandemic has been stabilised, the suppliers have gradually resumed their production and the Company has rearranged the Group's resources for the operational adjustments and countermeasures.

B. Since October 26, 2021, the area where the Company's Mainland China trans-investment company is located started to adopt the orderly use of electricity, and the original policy of power rationing is no longer implemented. Accordingly, the operation is no longer currently affected by the power rationing. During the current year, a budget for purchasing diesel generator and solar power-generating equipment has been provided will be used to support the demand for electricity of production capacity.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period: 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: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker, which is the General Manager, that are used to make strategic decisions and the Group was identified as a single reportable segment.

(2) Measurement of segment information

The Group's General Manager assesses the performance of the operating segments based on the pre-tax net income (loss).

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

	Years ended December 31	
	2021	2020
Revenue from external customers	$ 3,929,852	$ 3,949,997
Inter-segment revenue	$ 1,301,851	$ 1,794,923
Total segment revenue	$ 5,231,703	$ 5,744,920
Segment loss	($ 458,408)	($ 80,545)
Segment assets	$ 6,552,350	$ 5,399,783
Segment liabilities	$ 4,589,984	$ 2,980,253

(4) Reconciliation for segment income (loss)

Total measurement of segment income is consistent with the operating income shown in the Group's financial statements. Therefore, no reconciliation was needed.

(5) Information on products and services

Please refer to Note 6 (21) for the related information.

(6) Geographical information

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

	Years ended December 31			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	$ 1,464,527	$ 72,685	$ 1,821,920	$ 86,054
Mainland China	844,673	400,368	897,383	405,167
Others	1,620,652	612,813	1,230,694	589,318
	$ 3,929,852	$ 1,085,866	$ 3,949,997	$ 1,080,539

(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
E customer	$ 678,895	Whole Group	B customer	$ 897,004	Whole Group
S customer	583,255	Whole Group	E customer	675,301	Whole Group
B customer	541,568	Whole Group			

Microelectronics Technology, Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended 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				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Microelectronics Technology, Inc.	Stocks - Taiwan Aerospace Corporation	None	Financial assets at fair value through other comprehensive income	648,576	$ 13,671	0.48%	$ 13,671	
Sasson International Holding, Inc.	Stocks - Optical Scientific, Inc.	None	Financial assets at fair value through profit or loss	16,023	-	5.02%	-	
Sasson International Holding, Inc.	Stocks - Firetide, Inc.	None	Financial assets at fair value through profit or loss	1,333,360	-	2.24%	-	
Sasson International Holding, Inc.	Stocks - Taicom Capital Ltd.	None	Financial assets at fair value through other comprehensive income	20,000	100,917	Note	100,917	
Sasson International Holding, Inc.	Stocks - New Edge Signal Solutions LCC	None	Financial assets at fair value through other comprehensive income	1,355,663	-	12.50%	-	
Sasson International Holding, Inc.	Stocks - Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	205,432	-	0.05%	-	
Sasson International Holding, Inc.	Beneficiary certificates - CDIB-Innolux Limited Partnership	None	Financial assets at fair value through profit or loss	-	28,906	6.99%	28,906	

Note: Holding of 10,000 ordinary shares and 10,000 preference shares for 11.43% and 16.67% ownership, respectively.

Microelectronics Technology, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	Indirect subsidiary of the Company	Purchases	$ 182,602	4%	60 days	Not applicable	Not applicable	($ 160,989)	(16%)	
Jupiter Technology (wuxi), Inc.	Microelectronics Technology, Inc.	Parent Company	Sales	(182,602)	(15%)	60 days	Not applicable	Not applicable	160,989	95%	
Jupiter Technology (wuxi), Inc.	Cybertan Technology Inc.	Entities with significant influence to the Group	Sales	(112,950)	(9%)	30 days	Not applicable	Not applicable	-	-	

Microelectronics Technology, Inc. and Subsidiaries

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Jupiter Technology (wuxi), Inc.	Microelectronics Technology, Inc.	Parent company	$ 160,988	0.91	$ -	$ -	$ 111,318	$ -

Microelectronics Technology, Inc. and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Purchases and processing overhead	$ 182,602	Same as those to the third parties	4.65%
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Accounts payable	160,989	Payment term is 60 days from invoice date	2.45%
0	Microelectronics Technology, Inc.	Jupiter Technology (wuxi), Inc.	1	Other current liabilities	8,252	Based on the mutual agreement	0.13%
0	Microelectronics Technology, Inc.	MTI Laboratory, Inc.	1	Research and development expenses	168,414	Same as those to the third parties	4.29%
0	Microelectronics Technology, Inc.	MTI Laboratory, Inc.	1	Accrued expense	89,343	Based on the mutual agreement	1.36%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Research and development expenses	143,252	Same as those to the third parties	3.65%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Accrued expense	21,767	Based on the mutual agreement	0.33%

Note 1: The information of transactions between the Company and the subsidiaries should be noted in "Number" column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.
Note 2: The transaction relationship with counterparties are as follows:
(1) The Company to the consolidated subsidiary.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to other consolidated subsidiaries.
Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.
Note 4: Only transaction amounts over $10 million were disclosed and if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it was not required to be disclosed separately.

Microelectronics Technology, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	British Virgin Is.	Investment management	$ 908,778	$ 908,778	3,920	100	$ 1,509,143	($ 6,878)	$ 5,116	Note 1
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	British Virgin Is.	Investment management	216,845	234,863	7,834,000	100	331,676	19,395	19,395	Note 2
Sasson International Holding, Inc.	Jupiter Network Corp.	British Virgin Is.	Investment management	860,067	931,533	31,071,800	100	972,360	(35,738)	(35,738)	Note 2
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	U.S.A	Communications	41,520	44,970	1,500,000	100	137,467	9,305	9,305	Note 2
Welltop Technology Co., Ltd.	Radiocomp ApS	Denmark	Communications	130,151	140,966	1,527,944	100	174,939	10,179	10,179	Note 2

Note 1: Subsidiary of the Company.
Note 2: Indirect subsidiary of the Company.

Microelectronics Technology, Inc. and Subsidiaries

Information on investees in Mainland China

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	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)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31 2021	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Jupiter Technology (wuxi), Inc. (Note 1)	The manufacturing and sales of satellite and microwave communication system and related technical and consultation services	$ 858,080	Through investing in an existing company in the third area, which then invested in the investee in Mainland China.	$ 858,080	$ -	$ -	$ 858,080	($ 35,738)	100	($ 35,738)	$ 972,322	$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Microelectronics Technology, Inc.	$ 967,970	$ 1,079,741	$ 1,177,420

Note 1: It was indirectly invested through Jupiter Network Corp.

Note 2: Investment profit or loss was recognised based on the financial statements that were reviewed by R.O.C. parent company's CPA.

Microelectronics Technology, Inc. and Subsidiaries

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

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others (Note)
Jupiter Technology (wuxi), Inc.	($ 182,602)	4	$ 142	1	($ 160,988)	14	$ -	-	$ -	$ -	-	$ -	$ 8,252

Note: It consisted of current liabilities amounting to $8,252.

Microelectronics Technology, Inc. and Subsidiaries

Major shareholders information

December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Shares / Name of major shareholders	No. of shares held	Ownership (%)
Cybertan Technology Inc.	52,353,995	22.95%

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

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Microelectronics Technology, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Microelectronics Technology, Inc. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Intangible assets - assessment of goodwill impairment

Description

As of December 31, 2021, goodwill amounted to NT$263,759 thousand, comprising $143,637 thousand for goodwill of the Company and $120,122 thousand derived from the investment of subsidiaries which was included in the carrying amount of investment accounted for under equity method presented on the parent company only financial statements. For information on evaluation of goodwill impairment, please refer to Note 6(10), impairment of non-financial assets. The Company 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, it has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Interviewed with management in order to obtain an understanding of the procedures in relation to identifying cash-generating units and estimating the future cash flows. Compared the financial forecast for the year ended December 31, 2022 with the budget approved by the Board of Directors.
2. Interviewed with management in order to obtain an understanding of development plans and schedules of the projects.
3. Assessed the key assumption that management used to estimate future cash flows, including operating revenue growth rate and gross margin, and evaluated the parameters used in determining the discount rate, including the risk-free rate of return that was used to calculate cost of equity, industry's risk coefficient and long-term market return.

Allowance for inventory valuation losses

Description

Please refer to Note 6(5) for the details of inventories. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses amounted to NT$1,717,767 thousand and NT$42,782 thousand, respectively. Since inventory is material to the financial statements and the determination of net realisable value of the obsolete inventory usually involves management's subjective judgement, therefore, we determined valuation of inventories that are over a certain age and individually identified as obsolete or slow-moving as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of management policies on obsolete or slow-moving inventories, and verified the reasonableness of determining the obsolescence of inventory.
2. Tested the movements of inventories, and sampled individual inventory item numbers to check whether the classification of inventory aging is correct.
3. For obsolete or slow-moving inventories, sampled individual inventory item numbers to check progress of inventory clearance and evaluated the reasonableness of determining the allowance for inventory valuation losses

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate

the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditors' report to the related disclosures in the parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current year 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.

Li, Tien-Yi　　Lin, Yu-Kuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 16, 2022

The accompanying parent company only 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 parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 823,494	13	$ 727,097	14
1110	Financial assets at fair value through profit or loss - current	6(2)	490	-	2,528	-
1150	Notes receivable	6(4)	14,013	-	4,081	-
1170	Accounts receivable, net	6(4)	1,032,852	16	824,833	16
1180	Accounts receivable - related parties	6(4) and 7	32,276	-	69,062	1
1200	Other receivables		4,217	-	18,328	-
1210	Other receivables - related parties	7	205	-	340	-
130X	Inventories	6(5)	1,674,985	27	809,866	16
1410	Prepayments		36,028	1	51,758	1
11XX	**Total current assets**		3,618,560	57	2,507,893	48
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	13,671	-	8,660	-
1550	Investments accounted for under equity method	6(6)	1,509,143	24	1,530,055	30
1600	Property, plant and equipment	6(7)	177,033	3	119,451	2
1755	Right-of-use assets	6(8) and 7	388,597	6	419,034	8
1780	Intangible assets	6(9)	163,048	3	166,109	3
1840	Deferred income tax assets	6(28)	430,687	7	441,267	9
1900	Other non-current assets	7	7,534	-	2,603	-
15XX	**Total non-current assets**		2,689,713	43	2,687,179	52
1XXX	**Total assets**		$ 6,308,273	100	$ 5,195,072	100

(Continued)

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 1,518,880	24	$ 297,593	6
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	876	-
2130	Current contract liabilities	6(21)	7,597	-	81,033	2
2170	Accounts payable		815,902	13	611,115	12
2180	Accounts payable - related parties	7	162,449	2	242,139	5
2200	Other payables	6(13)	232,388	4	250,886	5
2220	Other payables - related parties	7	111,110	2	45,688	1
2250	Provisions for liabilities - current	6(16)	47,249	1	70,558	1
2280	Current lease liabilities	6(8) and 7	52,980	1	73,176	1
2320	Long-term liabilities, current portion	6(14)	128,543	2	52,340	1
2399	Other current liabilities	7	19,099	-	28,336	-
21XX	**Total current liabilities**		3,096,197	49	1,753,740	34
	Non-current liabilities					
2540	Long-term borrowings	6(14)	628,437	10	339,089	6
2570	Deferred income tax liabilities	6(28)	109,314	2	107,094	2
2580	Non-current lease liabilities	6(8) and 7	341,118	5	372,049	7
2600	Other non-current liabilities	6(15)	170,841	3	203,570	4
25XX	**Total non-current liabilities**		1,249,710	20	1,021,802	19
2XXX	**Total Liabilities**		4,345,907	69	2,775,542	53
	Equity					
	Share capital	6(17)				
3110	Common stock		2,280,283	36	2,280,283	44
	Capital reserve	6(18)				
3200	Capital surplus		402,937	6	402,937	8
	Retained earnings	6(19)				
3310	Legal reserve		24,972	1	24,972	-
3320	Special reserve		193,426	3	193,426	4
3350	Accumulated deficit		(558,307)	(9)	(117,336)	(2)
	Other equity interest	6(20)				
3400	Other equity interest		(380,945)	(6)	(364,752)	(7)
3XXX	**Total equity**		1,962,366	31	2,419,530	47
	Significant contingent liabilities and unrecognised contract commitments	8				
	Significant events after the balance sheet date	10				
3X2X	**Total liabilities and equity**		$ 6,308,273	100	$ 5,195,072	100

The accompanying notes are an integral part of these parent company only financial statements.

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except losses per share amount)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	$ 3,606,238	100	$ 3,165,331	100
5000	Operating costs	6(5) and 7	(3,222,610)	(89)	(2,667,282)	(84)
5900	Gross profit		383,628	11	498,049	16
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(128,358)	(4)	(122,642)	(4)
6200	General and administrative expenses		(61,280)	(2)	(63,946)	(2)
6300	Research and development expenses		(648,522)	(18)	(495,085)	(16)
6450	Loss of expected credit impairment		(10,757)	-	(249)	-
6000	Total operating expenses		(848,917)	(24)	(681,922)	(22)
6900	Operating loss		(465,289)	(13)	(183,873)	(6)
	Non-operating income and expenses					
7100	Interest income	6(22)	778	-	1,878	-
7010	Other income	6(23)	20,446	1	71,189	2
7020	Other gains and losses	6(24) and 7	923	-	3,498	-
7050	Finance costs	6(25)	(17,990)	(1)	(13,009)	-
7070	Share of profit of associates and joint ventures accounted for under equity method	6(6)	5,116	-	24,902	1
7000	Total non-operating income and expenses		9,273	-	88,458	3
7900	**Loss before income tax**		(456,016)	(13)	(95,415)	(3)
7950	Income tax benefit	6(28)	6,000	-	-	-
8200	**Loss for the year**		($ 450,016)	(13)	($ 95,415)	(3)
	Other comprehensive income (loss)					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(15)	$ 9,045	-	($ 24,334)	(1)
8316	Unrealised loss from financial assets measured at fair value through other comprehensive income	6(3)	5,011	-	(616)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	(1,909)	-	(109,507)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)	(24,119)	-	(7,566)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(28)	4,824	-	1,513	-
8300	**Total other comprehensive loss for the year**		($ 7,148)	-	($ 140,510)	(4)
8500	**Total comprehensive loss for the year**		($ 457,164)	(13)	($ 235,925)	(7)
	Basic losses per share					
9750	Total basic lossess per share	6(29)	($	1.97)	($	0.42)
	Diluted losses per share					
9850	Total diluted losses per share	6(29)	($	1.97)	($	0.42)

The accompanying notes are an integral part of these parent company only financial statements.

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
2020									
Balance at January 1, 2020		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	$ 2,413	($ 104,070)	($ 144,506)	$ 2,655,455
Loss for the year		-	-	-	-	(95,415)	-	-	(95,415)
Other comprehensive loss for the year	6(3)	-	-	-	-	(24,334)	(6,053)	(110,123)	(140,510)
Total comprehensive loss		-	-	-	-	(119,749)	(6,053)	(110,123)	(235,925)
Balance at December 31, 2020		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	($ 117,336)	($ 110,123)	($ 254,629)	$ 2,419,530
2021									
Balance at January 1, 2021		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	($ 117,336)	($ 110,123)	($ 254,629)	$ 2,419,530
Loss for the year		-	-	-	-	(450,016)	-	-	(450,016)
Other comprehensive income (loss) for the year	6(3)	-	-	-	-	9,045	(19,295)	3,102	(7,148)
Total comprehensive (loss) income		-	-	-	-	(440,971)	(19,295)	3,102	(457,164)
Balance at December 31, 2021		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	($ 558,307)	($ 129,418)	($ 251,527)	$ 1,962,366

The accompanying notes are an integral part of these parent company only financial statements.

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 456,016)	($ 95,415)
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on expected credit impairment		10,757	249
Depreciation	6(7)(26)	92,339	68,093
Amortization	6(9)(26)	20,079	16,663
Net loss on financial assets at fair value through profit or loss	6(2)(24)	2,038	143
Net (gain) loss on financial liabilities at fair value through profit or loss	6(24)	(876)	603
Interest income	6(22)	(778)	(1,878)
Dividend income	6(23)	(130)	(324)
Interest expense	6(25)	17,990	13,009
Gain on disposal of property, plant and equipment	6(24)	(20)	(663)
Gains arising from lease modifications	6(24)	-	(2,949)
Share of profit of associates accounted for under the equity method	6(6)	(5,116)	(24,902)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(9,932)	4,943
Accounts receivable		(218,776)	35,833
Accounts receivable - related parties		36,786	(62,218)
Other receivables		14,100	(17,688)
Other receivables - related parties		135	4,363
Inventories		(865,119)	(230,114)
Prepayments		15,730	(26,367)
Changes in operating liabilities			
Accounts payable		204,787	183,175
Accounts payable - related parties		(79,690)	(47,602)
Other current liabilities		(8,419)	(4,830)
Provisions for liabilities		342	(627)
Contract liabilities		(73,436)	25,262
Other payables		(10,709)	52,352
Other payables - related parties		65,422	(30,332)
Accrued pension liabilities		(15,600)	(50,682)
Cash outflow generated from operations		(1,264,112)	(191,903)
Interest received		789	1,940
Dividend received		130	324
Interest paid		(17,811)	(13,698)
Net cash flows used in operating activities		(1,281,004)	(203,337)

(Continued)

MICROELECTRONICS TECHNOLOGY, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(30)	($ 105,227)	($ 42,225)
Proceeds from disposal of property, plant and equipment		142	740
Acquisition of intangible assets	6(9)	(17,018)	(19,687)
Increase in guarantee deposits paid		(3,793)	-
Decrease in guarantee deposits paid		-	1
Net cash flows used in investing activities		(125,896)	(61,171)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	2,679,475	1,326,420
Decrease in short-term borrowings	6(31)	(1,458,188)	(1,425,575)
Increase in long-term borrowings	6(31)	390,180	418,510
Decrease in long-term borrowings		(33,533)	-
Repayments of principal portion of lease liabilities	6(31)	(74,637)	(38,451)
Net cash flows from financing activities		1,503,297	280,904
Net increase in cash and cash equivalents		96,397	16,396
Cash and cash equivalents at beginning of year		727,097	710,701
Cash and cash equivalents at end of year		$ 823,494	$ 727,097

The accompanying notes are an integral part of these parent company only financial statements.

MICROELECTRONICS TECHNOLOGY, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Microelectronics Technology Inc. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in design, manufacture and sales of terrestrial microwave, satellite and photoelectric communication system products, and related customised products.

On January 1, 2011, the Company merged with the subsidiary, Global PCS Inc.. Under the merger, the Company is the surviving company while Global PCS Inc. was the dissolved company.

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

These financial statements were authorised for issuance by the Board of Directors on March 16, 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 follows:

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

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

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

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

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

(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 impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Financial assets and liabilities at fair value through other comprehensive income.
   (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The investment of subsidiaries and associates were accounted for under equity method when the Company prepares the parent company only financial statements. In order for the profit or loss, other comprehensive income or loss and owner's equity presented on the parent company only financial statements to be consistent with those presented on the consolidated financial statements, the differences resulting from accounting treatments under the parent company only basis and consolidation basis were adjusted in accounts of 'Investment accounted for under equity method', 'Share of profit (loss) of subsidiaries and associates accounted for under equity method' and 'Share of other comprehensive income of subsidiaries and associates accounted for under equity method'.

C. 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional 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 re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
   (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and

liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet 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) 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.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) 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.

(6) 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 trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company 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 profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value, the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company'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 Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective

interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

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

(13) Investments accounted for using equity method / associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movement in other comprehensive income is equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the

subsidiary's loss proportionately.

D. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(14) 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 Company 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3 ~ 6 years
Office equipment	2 ~ 6 years
Transportation equipment	5 years
Leasehold improvements	3 years

(15) 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 Company. 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 fixed payments.

The Company 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 including the amount of the initial measurement of lease liability and any initial direct costs incurred by the lessee.

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

(16) Intangible assets

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

B. Goodwill arises in a business combination accounted for by applying the acquisition method and subsequently measured at the amount of cost less accumulated impairment loss.

C. Acquired special technologies are amortised on a straight-line basis over their estimated useful lives of 5 years.

(17) Impairment of non-financial assets

A. The Company 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 recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

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

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

(18) Borrowings

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

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Provisions

Provision-warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services 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 defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

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

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

(25) Employee share-based payment

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

(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 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, except where the timing of the reversal of the temporary difference is controlled by the Company 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 recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

F. Deferred tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

(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.

(29) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells terrestrial microwave, satellite, and related customized products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 90 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Technical services on product development

(a) The Company provides technical services on product development. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense (mainly derived from sales commissions)

when incurred although the Company expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these financial statements requires management to make critical judgements in applying the Company'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. The related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (including goodwill)

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(9)、(10) for the information on goodwill impairment.

As of December 31, 2021, the Company had property, plant and equipment in the amount of $177,033, intangible assets including goodwill in the amount of $263,759 (including goodwill generated from invested in the subsidiaries and was shown as investments accounted for using equity method in parent company only financial statements in the amount of $120,122) and computer software in the amount of $19,411.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit

rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2021, the Company recognised deferred tax assets amounting to $430,687.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

As of December 31, 2021, the carrying amount of inventories was $1,674,985.

D. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2021, the carrying amount of net defined benefit liabilities was $155,629.

E. Calculation of lease liability

The Company needs to consider all relevant facts and circumstances that create an economic incentive for the lessees to exercise an option or not when determining the lease term. This includes anticipated modifications in all facts and circumstances from the commencement date of the lease to the option exercise date. Key considerations include the terms and conditions of the contract for the period covered by the options and the importance of the underlying assets to the operation of the lessees. Lessees are required to reassess the lease term when significant events or changes in circumstances occur that are within the control of the Company.

The lessee's incremental borrowing rate used for discounted lease payments is determined by the market risk-free interest rate in a similar economic environment, and the estimated lessee credit risk discount and secured factors.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 120	$ 151
Checking accounts and demand deposits	760,779	570,322
Time deposits	62,595	156,624
	$ 823,494	$ 727,097

The Company 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.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 490	$ 2,528

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

	Year ended December 31, 2021	Year ended December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	($ 2,038)	($ 143)

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

Unit: In thousands

	December 31, 2021		December 31, 2020	
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
Current items:				
Foreign exchange swap transactions	USD 3,000	2021.11.11~ 2022.01.18	USD 3,000	2020.11.12~ 2021.01.15
Forward foreign exchange contracts	USD 1,000	2021.12.06~ 2022.01.04	USD 900	2020.11.27~ 2021.02.05

The Company entered into foreign exchange swap contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

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

Items	December 31, 2021	December 31, 2020
Non-current items：		
Equity instruments		
Unlisted stocks	$ 25,000	$ 25,000
Valuation adjustments	(11,329)	(16,340)
	$ 13,671	$ 8,660

A. The Company has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $13,671 and $8,660 as at December 31, 2021 and 2020, respectively.

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:

	Year ended December 31, 2021	Year ended December 31, 2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive (loss) income	$ 5,011	($ 616)

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 14,013	$ 4,081
Less: Allowance for uncollectible accounts	-	-
	$ 14,013	$ 4,081
Accounts receivable	$ 1,043,880	$ 825,111
Accounts receivable - related party	32,276	69,062
Less: Allowance for uncollectible accounts	(11,028)	(278)
	$ 1,065,128	$ 893,895

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 505,708	$ 14,013	$ 592,685	$ 4,081
Up to 90 days	424,764	-	283,598	-
91 to 180 days	58,892	-	15,642	-
Over 180 days	86,792	-	2,248	-
	$ 1,076,156	$ 14,013	$ 894,173	$ 4,081

The above ageing analysis was based on past due date. Overdue receivables of $438,431 in 2021 has been recovered after the end of December 31, 2021.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to $878,036.

C. As of December 31, 2021 and 2020, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were $14,013 and $4,081, respectively. As of December 31, 2021 and 2020, the

maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $1,065,128 and $893,895, respectively.

D. Information relating to credit risk of accounts and notes receivable is provided in Note 11(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	$ 1,400,777	($ 20,013)	$ 1,380,764
Work in progress	230,535	(13,389)	217,146
Finished goods	84,152	(9,380)	74,772
Inventory in transit	2,303	-	2,303
	$ 1,717,767	($ 42,782)	$ 1,674,985

	December 31, 2020		
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	$ 567,792	($ 13,624)	$ 554,168
Work in progress	108,848	(10,823)	98,025
Finished goods	166,618	(8,945)	157,673
	$ 843,258	($ 33,392)	$ 809,866

The cost of inventories recognised expense for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	$ 3,145,644	$ 2,652,747
Loss on decline in market value	76,966	14,535
Recognised as selling and R&D expenses	24,398	21,138
	$ 3,247,008	$ 2,688,420

(6) Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Subsidiary-Sasson International Holding Inc.	$ 1,509,143	$ 1,530,055

	2021	2020
At January 1	$ 1,530,055	$ 1,622,226
Share of profit or loss of investments accounted for using equity method	(6,878)	40,199
Unrealized gain (loss)	11,994	(15,297)
Changes in other equity item-unrealized gain (loss) on financial assets	(1,909)	(109,507)
Currency exchange	(24,119)	(7,566)
At December 31	$ 1,509,143	$ 1,530,055

For information on the Company's subsidiary – Sasson International Holding Inc., please refer to Note 4 (3) in the Company's consolidated financial statements for the year ended December 31, 2021.

(7) Property, plant and equipment

	2021					
	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 719,710	$ 63,220	$ 389	$ 13,540	$ -	$ 796,859
Accumulated depreciation and impairment	(615,624)	(53,775)	(389)	(7,620)	-	(677,408)
	$ 104,086	$ 9,445	$ -	$ 5,920	$ -	$ 119,451
At January 1	$ 104,086	$ 9,445	$ -	$ 5,920	$ -	$ 119,451
Additions	71,202	4,568	-	6,777	13,549	96,096
Disposals	(122)	-	-	-	-	(122)
Depreciation expense	(28,819)	(5,731)	-	(3,842)	-	(38,392)
At December 31	$ 146,347	$ 8,282	$ -	$ 8,855	$ 13,549	$ 177,033
At December 31						
Cost	$ 788,967	$ 67,787	$ 389	$ 20,317	$ 13,549	$ 891,009
Accumulated depreciation and impairment	(642,620)	(59,505)	(389)	(11,462)	-	(713,976)
	$ 146,347	$ 8,282	$ -	$ 8,855	$ 13,549	$ 177,033

	2020					
	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	$ 701,975	$ 55,411	$ 389	$ 9,850	$ 918	$ 768,543
Accumulated depreciation and impairment	(621,697)	(48,865)	(389)	(4,258)	-	(675,209)
	$ 80,278	$ 6,546	$ -	$ 5,592	$ 918	$ 93,334
At January 1	$ 80,278	$ 6,546	$ -	$ 5,592	$ 918	$ 93,334
Additions	43,416	7,894	-	3,690	909	55,909
Disposals	(63)	(14)	-	-	-	(77)
Reclassifications	1,827	-	-	-	(1,827)	-
Depreciation expense	(21,372)	(4,981)	-	(3,362)	-	(29,715)
At December 31	$ 104,086	$ 9,445	$ -	$ 5,920	$ -	$ 119,451
At December 31						
Cost	$ 719,710	$ 63,220	$ 389	$ 13,540	$ -	$ 796,859
Accumulated depreciation and impairment	(615,624)	(53,775)	(389)	(7,620)	-	(677,408)
	$ 104,086	$ 9,445	$ -	$ 5,920	$ -	$ 119,451

(8) Leasing arrangements－lessee

A. The Company leases buildings. Rental contracts are typically made for 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings	$ 388,597	$ 419,034

	Year ended December 31, 2021	Year ended December 31, 2020
	Depreciation charge	Depreciation charge
Buildings	$ 53,947	$ 38,378

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

	Year ended December 31, 2021	Year ended December 31, 2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 8,203	$ 6,567
Expense on short-term lease contracts	23,568	3,715
Expense on leases of low-value assets	209	208

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $23,510 and $0, respectively.

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were $106,617 and $48,941, respectively.

F. Extension and termination options

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

(9) Intangible assets

	2021			
	Goodwill	Acquired special technology	Computer sofware	Total
At January 1				
Cost	$ 143,637	$ 404,895	$ 367,146	$ 915,678
Accumulated amortisation	-	(404,895)	(344,674)	(749,569)
	$ 143,637	$ -	$ 22,472	$ 166,109
At January 1	$ 143,637	$ -	$ 22,472	$ 166,109
Additions	-	-	17,018	17,018
Amortisation charge	-	-	(20,079)	(20,079)
At December 31	$ 143,637	$ -	$ 19,411	$ 163,048
At December 31				
Cost	$ 143,637	$ 404,895	$ 384,164	$ 932,696
Accumulated amortisation	-	(404,895)	(364,753)	(769,648)
	$ 143,637	$ -	$ 19,411	$ 163,048

	2020			
	Goodwill	Acquired special technology	Computer sofware	Total
At January 1				
Cost	$ 143,637	$ 404,895	$ 349,674	$ 898,206
Accumulated amortisation	-	(404,895)	(330,226)	(735,121)
	$ 143,637	$ -	$ 19,448	$ 163,085
At January 1	$ 143,637	$ -	$ 19,448	$ 163,085
Additions	-	-	19,687	19,687
Amortisation charge	-	-	(16,663)	(16,663)
At December 31	$ 143,637	$ -	$ 22,472	$ 166,109
At December 31				
Cost	$ 143,637	$ 404,895	$ 367,146	$ 915,678
Accumulated amortisation	-	(404,895)	(344,674)	(749,569)
	$ 143,637	$ -	$ 22,472	$ 166,109

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

	Years ended December 31,	
	2021	2020
Operating costs	$ 6,379	$ 5,674
Research and development expenses	13,700	10,989
	$ 20,079	$ 16,663

(10) Impairment of non-financial assets

Goodwill is allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31,					
	2021			2020		
	Up to 1 year	2 ~ 5 years	Over 6 years	Up to 1 year	2 ~ 5 years	Over 6 years
Operating revenue growth	97%	5%	0%	95%	7%	0%
Gross margin	16%	16%	16%	20%	21%	22%
Discount rate	14.03%	14.03%	14.03%	14.43%	14.43%	14.43%

A. Operating revenue growth rate: took into consideration the estimated operation and sales plans.

B. Gross margin: calculated based on the historical data and took into consideration the estimated operation and sales plans.

C. Discount rate: the discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 1,124,766	0.74%~1.25%	None
Borrowings for material purchase	311,074	0.70%~0.89%	None
Export financing	83,040	0.70%	None
	$ 1,518,880		

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Borrowings for material purchase	$ 209,875	0.74%~0.87%	None
Export financing	87,718	0.65%~0.75%	None
	$ 297,593		

For the years ended December 31, 2021 and 2020, the Company recognized interest expense in profit or loss amounting to $4,483 and $4,971, respectively.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	$ -	$ 876

A. For the years ended December 31, 2021 and 2020, the Company recognised net gain (loss) on finanical liabilities held for trading amounting to $876 and ($603), respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

Unit: In thousands

	December 31, 2021		December 31, 2020		
Non-derivative financial Liabilities for hedging	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)		Contract period
Current items:					
Forward foreign exchange contracts	-	-	USD	9,560	2020.10.12~ 2021.03.26

C. The Company entered into foreign exchange swap contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(13) Other payables

	December 31, 2021	December 31, 2020
Employee bonus payable	$ 132,354	$ 138,390
Accrued export expenses	17,626	15,295
Payables for machinery and equipment	17,436	25,429
Payables on miscellaneous purchases	17,313	17,076
Technical service expense payable	11,910	4,172
Insurance expense payable	7,086	7,735
Payables for consulting service fees	6,718	10,789
Others	21,945	32,000
	$ 232,388	$ 250,886

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings:				
Land Bank of Taiwan	Borrowing period is from February 5, 2021 to February 5, 2026; interest is repayable monthly; principal is repayable monthly from March 15, 2022.	0.800%	None.	$ 214,080
The Shanghai Commercial & Savings Bank, Ltd.	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable monthly from April 15, 2022.	0.750%	None.	297,351
Mega bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	0.945%	None.	245,549
				756,980
Less: Current				(128,543)
				$ 628,437

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings:				
The Shanghai Commercial & Savings Bank, Ltd.	Borrowing period is from March 31, 2020 to March 15, 2025; interest is repayable monthly; principal is repayable monthly from April 15, 2022.	0.750%	None.	281,933
Mega bank	Borrowing period is from December 23, 2019 to September 15, 2026; interest is repayable monthly; principal is repayable monthly from December 15, 2022.	0.845%	None.	109,496
				391,429
Less: Current				(52,340)
				$ 339,089

A. For years ended December 31, 2021 and 2020, the Company recognized interest expense in profit or loss amounting to $5,304 and $1,471, respectively, due to the long-term borrowings.

B. On January 1, 2019, Ministry of Economic Affairs, R.O.C. ("MOEA") implemented the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" and companies are subsidized with preferential interest loans, 0.5% of loan interest is subsidized by the National Development Fund, Executive Yuan, for qualified investment projects. The Company has obtained the qualification from the MOEA, and signed loan agreements with financial institutions during December 2019 to March 2022 with the line of credit amounted to $1.09 billion and terms from five to six years. As of March 16, 2022, the Company has drawn down $0.82 billion. Funding from these borrowings were used to invest in machineries, equipment and broaden the Company's working capital.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal

to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the 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 be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 277,742	$ 287,207
Fair value of plan assets	(122,113)	(106,949)
Net defined benefit liability	155,629	180,258
Accumulated unadjusted amount	-	16
Net liabilities recognised in the balance sheet	$ 155,629	$ 180,274

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

	2021		
	Present value of define benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 287,207)	$ 106,949	($ 180,258)
Current service cost	(829)	-	(829)
Interest (expense) income	(862)	321	(541)
	(288,898)	107,270	(181,628)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	623	623
Change in demographic assumptions	(262)	-	(262)
Change in financial assumptions	7,513	-	7,513
Experience adjustments	1,171	-	1,171
	8,422	623	9,045
Pension fund contribution	-	16,954	16,954
Paid pension	2,734	(2,734)	-
At December 31	($ 277,742)	$ 122,113	($ 155,629)

	2020		
	Present value of define benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 295,022)	$ 88,400	($ 206,622)
Current service cost	(893)	-	(893)
Interest (expense) income	(2,066)	619	(1,447)
	(297,981)	89,019	(208,962)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,234	3,234
Change in financial assumptions	(10,528)	-	(10,528)
Experience adjustments	(17,040)	-	(17,040)
	(27,568)	3,234	(24,334)
Pension fund contribution	-	30,242	30,242
Paid pension	38,342	(15,546)	22,796
At December 31	($ 287,207)	$ 106,949	($ 180,258)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2021	2020
Discount rate	0.60%	0.30%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 23,356)	$ 24,096	$ 20,924	($ 20,424)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 26,577)	$ 27,464	$ 24,059	($ 23,448)

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

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to $3,334.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 9 years.

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 upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were $23,323 and $20,780, respectively.

(16) Provisions

A. Provision for warranty

	2021	2020
Balance at January 1	$ 1,890	$ 2,517
Additional provisions	2,694	2,000
Used during the year	(2,352)	(2,627)
Balance at December 31	$ 2,232	$ 1,890

The Company gives warranties on sales-related products. Provision for warranty is estimated based on historical warranty data of uninterruptible power supply and solar energy products.

B. Provision for income tax in the United States

The Company recognised provision for contingent income tax liability in 2021 and 2020 for the products sold under the incoterms DDP in the previous years. The US Internal Revenue Service preliminarily determined that it suspects that the Company traded within the US. Although the Company claimed that those were international trades, considering the tax negotiation had been completed, provision for income tax liability amounting to $45,017 and $68,668 was recognised in accordance with IAS 37, respectively.

C. Analysis of total provisions:

	December 31, 2021	December 31, 2020
Current	$ 47,249	$ 70,558

(17) Share capital

As of December 31, 2021, the Company's authorised capital was $7,000,000, consisting of 0.7 billion shares of ordinary stock (including 50 million shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was $2,280,283 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

(Unit: In thousand shares)

	2021	2020
At January 1 (At December 31)	228,028	228,028

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversal of a special reserve in accordance with related laws, the Company shall appropriate dividends to preferred stock. The Board of Directors should present the distribution of the remaining earnings along with accumulated unappropriated earnings for the

approval of the shareholders to distribute dividends to shareholders.

B. As the Company is in the growth stage, considered entire environment and nature of industry as well as future capital needs and long-term financial plans in order to subsequent operation and stable development. Based on the Company's future budget of capital expenditure and demand of capital, the Company appropriated no less than 30% of distributable earnings to shareholders' dividends, but if the distributable earnings is lower than 5% of paid-in capital, no dividends will be distributed. Cash dividend has a first priority when distributing shareholders' dividends, and the ratio is 30~100% of current total dividends. Remaining dividend can be distributed in the form of stocks. The appropriation of retained earnings will be proposed by the Board of Directors every year, and will be approved by the shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On June 14, 2021, the shareholders during their meeting resolved not to distribute dividends from 2020 earnings.

F. The Company incurred operating losses for the years ended December 31, 2021 and 2020, and thus had no earnings for distribution.

(20) Other equity items

	2021		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	($ 254,629)	($ 110,123)	($ 364,752)
Valuation adjustments	5,011	-	5,011
Effects of associate accounted for under equity method	(1,909)	(24,119)	(26,028)
Tax effects of associate accounted for under equity method	-	4,824	4,824
At December 31	($ 251,527)	($ 129,418)	($ 380,945)

	2020		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	($ 144,506)	($ 104,070)	($ 248,576)
Valuation adjustments	(616)	-	(616)
Effects of associate accounted for under equity method	(109,507)	(7,566)	(117,073)
Tax effects of associate accounted for under equity method	-	1,513	1,513
At December 31	($ 254,629)	($ 110,123)	($ 364,752)

(21) Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from contracts with customers	$ 3,606,238	$ 3,165,331

A. Disaggregation of revenue from contracts with customers

The Company derives revenue in the following major product lines and geographical regions:

	2021			
	USA	Mainland China	Other	Total
Revenue from external customer contracts	$ 1,397,147	$ 703,262	$ 1,505,829	$ 3,606,238

	2020			
	USA	Mainland China	Other	Total
Revenue from external customer contracts	$ 1,681,328	$ 440,934	$ 1,043,069	$ 3,165,331

B. Contract liabilities from customers

(a) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Contract liabilities- Products sales contracts	$ 7,597	$ 81,033	$ 55,771

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 51,921	$ 41,489

Changes in contract liabilities are mainly from the timing difference between performance obligations satisfied and customers' payment.

(22) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	$ 778	$ 1,878

(23) Other income

	Years ended December 31,	
	2021	2020
Dividend income	$ 130	$ 324
Other income, others	20,316	70,865
	$ 20,446	$ 71,189

A. For the years ended December 31, 2021 and 2020, the Company recognised government grant income of $0 and $27,246, respectively, for salary and working capital subsidies from the Ministry of Economic Affairs under the 'Salary and Working Capital Subsidies for Businesses Suffered by the COVID-19 Handled by the Ministry of Economic Affairs'.

B. For the years ended December 31, 2021 and 2020, the Company recognised government grant income of $8,796 and $26,801, respectively, for the subsidiaries from the Ministry of Economic Affairs under the 'Low Earth Orbit (LEO) Radio Frequency Front End (RFFE) Solution Development Plan'.

(24) Other gains and losses

	Years ended December 31,	
	2021	2020
Gains on disposals of property, plant and equipment	$ 20	$ 663
Loss on financial assets (liabilities) at fair value through profit or loss	(1,162)	(746)
Currency exchange gains	3,113	2,190
Gains arising from lease modifications	-	2,949
Other gains and losses	(1,048)	(1,558)
	$ 923	$ 3,498

(25) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Interest expense on borrowings	$ 9,787	$ 6,442
Interest expense on lease liabilities	8,203	6,567
	$ 17,990	$ 13,009

(26) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	$ 587,995	$ 549,726
Depreciation charges on property, plant and equipment	38,392	29,715
Depreciation charges on right-of use asset	53,947	38,378
Amortisation	20,079	16,663
	$ 700,413	$ 634,482

(27) Employee benefit expense

	Years ended December 31,	
	2021	2020
Salary expenses	$ 502,286	$ 473,171
Labour and health insurance fees	47,713	38,351
Pension costs	24,693	23,120
Other personnel expenses	13,303	15,084
	$ 587,995	$ 549,726

A. According to the Articles of Incorporation of the Company, the ratio of distributable profit of the current year shall not be lower than 7% for employees' compensation in the form of stocks/cash, and employees must be working for the Company. The current year's earnings, if any, shall not be higher than 1% for directors' remuneration. Appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated to employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2021 and 2020, employees' and compensation directors' remuneration were accrued both amounted to $0.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7% and 1% of distributable profit for the years ended December 31, 2021 and 2020, respectively. However, there were no amounts accrued for both periods as the Company incurred losses before tax.

For 2020, the employees' compensation and directors' remuneration resolved by the Board of

Directors both amounted to $0, which were in agreement with those amounts recognised in the 2020 financial statements.

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

(28) Tax

A. Income tax benefit

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Tax of foreign source income withheld at source	($ 23,624)	$ 68,726
Total current tax	(23,624)	68,726
Deferred tax:		
Origination and reversal of temporary differences	3,103	15,755
Impact of tax losses	14,521	(84,481)
Total deferred tax	17,624	(68,726)
Income tax benefit	($ 6,000)	$ -

(b)The income tax (charge)/credit relating to components of other comprehensive income (loss) is as follows:

	Years ended December 31,	
	2021	2020
Currency translation differences of foreign operations	($ 4,824)	($ 1,513)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (note)	($ 91,203)	($ 19,083)
Change in assessment of realisation of deferred tax assets	108,827	(49,643)
Tax of foreign source income withheld at source	(23,624)	68,726
Income tax benefit	($ 6,000)	$ -

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

	2021			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation losses	$ 6,679	$ 1,877	$ -	$ 8,556
Unrealised warranty cost of after-sale service	378	68	-	446
Unrealised pension	36,055	(4,929)	-	31,126
Exchange differences on foreign financial statements	6,933	-	4,824	11,757
Others	50	2,101	-	2,151
-Tax losses	391,172	(14,521)	-	376,651
Subtotal	$ 441,267	($ 15,404)	$ 4,824	$ 430,687
Deferred income tax liabilities:				
Unrealised gain on long-term investments	($ 96,469)	($ 1,023)	$ -	($ 97,492)
Unrealised exchange gain	(10,294)	(1,430)	-	(11,724)
Others	(331)	233	-	(98)
Subtotal	($ 107,094)	($ 2,220)	$ -	($ 109,314)
Total	$ 334,173	($ 17,624)	$ 4,824	$ 321,373

	2020			
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	At December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation losses	$ 12,042	($ 5,363)	$ -	$ 6,679
Unrealised warranty cost of after-sale service	504	(126)	-	378
Unrealised pension	41,324	(5,269)	-	36,055
Exchange differences on foreign financial statements	5,420	-	1,513	6,933
Others	8	42	-	50
-Tax losses	306,691	84,481	-	391,172
Subtotal	$ 365,989	$ 73,765	$ 1,513	$ 441,267
Deferred income tax liabilities:				
Unrealised gain on long-term investments	($ 91,889)	($ 4,580)	$ -	($ 96,469)
Unrealised exchange gain	(10,030)	(264)	-	(10,294)
Others	(136)	(195)	-	(331)
Subtotal	($ 102,055)	($ 5,039)	$ -	($ 107,094)
Total	$ 263,934	$ 68,726	$ 1,513	$ 334,173

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2021			
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 1,356,066	$ 1,356,066	$ 1,356,066	2022
2013	1,086,632	1,086,632	598,039	2023
2014	407,486	407,486	-	2024
2015	240,322	210,609	-	2025
2019	103,522	103,522	-	2029
2020	218,752	218,752	-	2030
2021	454,293	454,293	-	2031
	.	$ 3,837,360	$ 1,954,105	

December 31, 2020				
Year incurred	Amount filed/ Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	$ 1,121,209	$ 802,269	$ 802,269	2021
2012	1,356,066	1,356,066	1,356,066	2022
2013	1,086,632	1,086,632	29,762	2023
2014	407,486	407,486	-	2024
2015	240,322	210,609	-	2025
2019	106,422	106,422	-	2029
2020	174,473	174,473	-	2030
	.	$ 4,143,957	$ 2,188,097	

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

(29) Earnings (losses) per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to the parent	($ 450,016)	228,028	($ 1.97)
Diluted losses per share			
Loss attributable to the parent	($ 450,016)	228,028	($ 1.97)

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to the parent	($ 95,415)	228,028	($ 0.42)
Diluted losses per share			
Loss attributable to the parent	($ 95,415)	228,028	($ 0.42)

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	$ 96,096	$ 55,909
Add: Opening balance of payable on equipment	25,429	12,150
Ending balance of prepayment for equipment	1,138	-
Less: Ending balance of payable on equipment	(17,436)	(25,429)
Operating balance of prepayment for equipment	-	(405)
Cash paid during the year	$ 105,227	$ 42,225

(31) Changes in liabilities from financing activities

	Payments of lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2021	$ 445,225	$ 297,593	$ 391,429	$ 1,134,247
Changes in cash flow from financing activities	(74,637)	1,221,287	356,647	1,503,297
Changes in other non-cash items	23,510	-	8,904	32,414
December 31, 2021	$ 394,098	$ 1,518,880	$ 756,980	$ 2,669,958

	Payments of lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2020	$ 221,507	$ 396,748	$ 125	$ 618,380
Changes in cash flow from financing activities	(38,451)	(99,155)	418,510	280,904
Changes in other non-cash items	262,169	-	(27,206)	234,963
December 31, 2020	$ 445,225	$ 297,593	$ 391,429	$ 1,134,247

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Sasson International Holding, Inc.	The Company's directly owned subsidiary
Welltop Technology Co., Ltd.	The Company's indirectly owned subsidiary
MTI Laboratory, Inc.	The Company's indirectly owned subsidiary
RadioComp ApS	The Company's indirectly owned subsidiary
Jupiter Network Corp.	The Company's indirectly owned subsidiary
Jupiter Technology (Wuxi) Inc.	The Company's indirectly owned subsidiary
Cybertan Technology Inc.	Entities with significant influence to the Company

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2021	2020
Sales of goods:		
Subsidiaries	$ -	$ 86,107
Entities with significant influence to the Company	55,296	25,713
	$ 55,296	$ 111,820

Goods are sold based on the price lists in force and terms that would be available to third parties. The credit term for the related party is 30 days after invoice date, and the credit term for the general customers is 30 to 90 days after invoice date or monthly billings.

B. Purchases

	Years ended December 31,	
	2021	2020
Purchases of goods:		
Jupiter Technology (Wuxi) Inc.	$ 182,602	$ 866,838
Entities with significant influence to the Company	2,423	-
	$ 185,025	$ 866,838

Goods are purchased based on the price lists in force and terms that would be available to third parties. The debt term for the related party is 60 days after invoice date, and the debt term for the general customers is 30 to 90 days after invoice date or monthly billings.

C. Receivables from related parties

	Years ended December 31,	
	2021	2020
Accounts receivable:		
Subsidiaries	$ -	$ 59,381
Entities with significant influence to the Company	32,276	9,681
	32,276	69,062
Other receivables:		
Entities with significant influence to the Company	205	340
Total	$ 32,481	$ 69,402

D. Payables to related parties

	Years ended December 31,	
	2021	2020
Accounts payable:		
Jupiter Technology (Wuxi) Inc.	$ 160,989	$ 242,139
Entities with significant influence to the Company	1,460	-
	$ 162,449	$ 242,139
Other payables:		
MTI Laboratory, Inc.	89,343	19,773
Radiocamp Aps	21,767	25,915
Subtotal	111,110	45,688
Total	$ 273,559	$ 287,827

E. Other current liabilities:

	December 31, 2021	December 31, 2020
Jupiter Technology (Wuxi) Inc.	$ 8,252	$ 19,514

F. Research and development expenses:

	Year ended December 31, 2021	Year ended December 31, 2020
MTI Laboratory, Inc.	$ 168,414	$ 89,843
Radiocamp Aps	143,252	111,649
	$ 311,666	$ 201,492

G. Property transactions:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Disposal of equipment				
Subsidiaries	$ 142	$ 20	$ 63	$ -
Purchase of equipment				
Subsidiaries	$ -	$ -	$ 1,435	$ -

H. Lease transactions－lessee

(a) The Company leases buildings from Cybertan Technology Inc.. Rental contracts are typically made for periods of 10 years. Rents are paid at the end of year.

(b) Acquisition of right-of-use assets:

	Year ended December 31, 2021	Year ended December 31, 2020
Cybertan Technology Inc.	$ 388,597	$ 419,034

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2021	December 31, 2020
Cybertan Technology Inc.	$ 394,098	$ 445,225

(ii) Interest expense

	Year ended December 31, 2021	Year ended December 31, 2020
Cybertan Technology Inc.	$ 8,203	$ 6,567

(d) As of December 31, 2021 and 2020, guarantee deposits paid (shown as 'Other non-current assets') to entities with significant influence to the Company all amounted to $5,765 and $1,972, respectively.

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 26,008	$ 24,339
Post-employment benefits	1,979	2,409
	$ 27,987	$ 26,748

8. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

9. SIGNIFICANT DISASTER LOSS

None.

10. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 5, 2021, the Company's Board of Directors approved the cash capital increase and received the approval letter from Securities and Futures Bureau on January 14, 2022. The Company calculated arithmetic mean of share price from the closing price of common shares on the date before January 25, 2022, the calculation result was NT$ 65.10 and determined the issuance price is NT$ 52 per share which was 80% of basic price in the cash capital increase, the total issuance number was 10,000 thousand shares. On March 7, 2022, the Company had collected all proceeds from share in the amount of $520 million. The effective date was set on March 8, 2022.

11. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 490	$ 2,528
Designation of equity instrument	13,671	8,660
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	823,494	727,097
Notes receivable	14,013	4,081
Accounts receivable	1,065,128	893,895
Other receivables	4,422	18,668
Guarantee deposits paid	6,396	2,603
	$ 1,927,614	$ 1,657,532

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 876
Financial liabilities at amortised cost		
Short-term borrowings	1,518,880	297,593
Accounts payable	978,351	853,254
Other payables	343,498	296,574
Long-term borrowings (including current portion)	756,980	391,429
	$ 3,597,709	$ 1,839,726
Lease liability	$ 394,098	$ 445,225

B. Financial risk management policies

(a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(12)).

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company'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 Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require company to manage their foreign exchange risk against their functional currency. The company are required to hedge their entire foreign exchange risk exposure with the company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Company uses forward foreign exchange contracts, transacted with Company treasury.

iii. The Company hedges foreign exchange rate by using forward exchange and cross currency swap contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).

iv. The Company's businesses involve some non-functional currency operations. 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	Book value (NTD)
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 63,567	27.68	$ 1,759,535
RMB:NTD	2,329	4.35	10,131
EUR:NTD	1,365	31.32	42,752
Financial liabilities			
Monetary items			
USD:NTD	$ 54,247	27.68	$ 1,501,557
RMB:NTD	2,076	4.35	9,031
EUR:NTD	793	31.32	24,837

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 40,781	28.48	$ 1,161,443
RMB:NTD	5,540	4.36	24,154
EUR:NTD	1,152	35.02	40,343
Financial liabilities			
Monetary items			
USD:NTD	$ 41,198	28.48	$ 1,173,319
RMB:NTD	803	4.36	3,501
EUR:NTD	765	35.02	26,790

v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to $3,113 and $2,190, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 17,595	$ -
RMB:NTD	1%	101	-
EUR:NTD	1%	428	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 15,016)	$ -
RMB:NTD	1%	(90)	-
EUR:NTD	1%	(248)	-

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 11,614	$ -
RMB:NTD	1%	242	-
EUR:NTD	1%	403	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 11,733)	$ -
RMB:NTD	1%	(35)	-
EUR:NTD	1%	(268)	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the overseas and domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $137 and $87, respectively, as a result of equity investment at fair value through other comprehensive income.

(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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company manages their credit risk taking into consideration the company's concern. For banks and financial institutions, only independently rated parties with a optimised credit rating are accepted. According to the Company's credit policy, each local entity in the Company 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 management. The utilisation of credit limits is regularly monitored.

iii. Impairment assessment of credit risk on financial assets at amortised cost is as follows:

(i) The Company adopts following assumptions under IFRS 9, 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) In line with credit risk management procedure, when the counterparty is unable to pay the past-due payables, the default has occurred.

(iii) The Company used the forecast ability to adjust historical and timely information and considered credit rating of issue banks to assess the default possibility of accounts and notes receivable.

(iv) The Company's financial assets at amortised cost are including time deposits deposited in banks and restricted time deposits. Such banks all have optimised credit rating, no past due has occurred, and no significant changes in the entire economic environment, therefore no credit loss is expected and the impact to the financial statement is remote.

iv. Impairment assessment of credit risk on accounts and notes receivable is as follows:

(i) The Company classifies customers' accounts and notes receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

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

	Not past due	90 days past due	90-180 days past due	Over 180 days past due	Total
December 31, 2021					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-100%	
Total book value	$ 519,721	$ 424,764	$ 15,869	$ 9,063	$ 969,417
Loss allowance	$ -	$ 2	$ 3	$ 1,306	$ 1,311

	Individual provision	Group provision	Total
December 31, 2021			
Expected loss rate	12.86%	0%-3%	
Total book value	$ 120,752	$ 969,417	$ 1,090,169
Loss allowance	$ 9,717	$ 1,311	$ 11,028

	Not past due	90 days past due	90-180 days past due	Over 180 days past due	Total
December 31, 2020					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 596,766	$ 283,598	$ 15,642	$ 2,248	$ 898,254
Loss allowance	$ -	$ 3	$ 2	$ 273	$ 278

(iii) Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	2021	2020
At January 1	$ 278	$ 1,253
Write-offs of uncollectible receivables	-	(1,212)
Reversal of impairment loss	10,757	249
Effect of exchange rate changes	(7)	(12)
At December 31	$ 11,028	$ 278

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 reorganization 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 Company used the forecastability to adjust historical and timely information to assess the default possibility of other receivables. As of December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	90 days past due	90-180 days past due	Over 180 days past due	Total
December 31, 2021					
Expected loss rate	0%	0%	0%	0%	
Total book value	$ 740	$ 3,682	$ -	$ -	$ 4,422
Loss allowance	$ -	$ -	$ -	$ -	$ -

	Not past due	90 days past due	90-180 days past due	Over 180 days past due	Total
December 31, 2020					
Expected loss rate	0%	0%	0%	0%	
Total book value	$ 12,661	$ 5,285	$ 722	$ -	$ 18,668
Loss allowance	$ -	$ -	$ -	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$1,151,467	$ 371,291	$ -	$ -	$ -	$ 1,522,758
Accounts payable (including related party)	849,651	128,700	-	-	-	978,351
Other payables (including related party)	343,498	-	-	-	-	343,498
Long-term borrowings	14,578	120,013	197,409	458,328	-	790,328
Lease liabilites	15,095	45,284	60,378	181,134	120,756	422,646
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Cross currency swap contracts	$ -	$ -	$ -	$ -	$ -	$ -

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 249,297	$ 48,488	$ -	$ -	$ -	$ 297,785
Accounts payable (including related party)	768,731	84,523	-	-	-	853,254
Other payables (including related party)	296,574	-	-	-	-	296,574
Long-term borrowings	800	58,541	78,339	264,760	25,377	427,817
Lease liabilites	14,250	42,751	57,001	171,004	171,004	456,010
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Cross currency swap contracts	$ 876	$ -	$ -	$ -	$ -	$ 876

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortised cost, other financial assets, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Foreign exchange swap contracts	$ -	$ 437	$ -	$ 437
Foreard foreign exchange contracts	-	53	-	53
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	13,671	13,671
	$ -	$ 490	$ 13,671	$ 14,161
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Foreign exchange swap contracts	$ -	$ -	$ -	$ -

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Foreign exchange swap contracts	$ -	$ 2,175	$ -	$ 2,175
Foreard foreign exchange contracts	-	353	-	353
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,660	8,660
	$ -	$ 2,528	$ 8,660	$ 11,188
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 876	$ -	$ 876

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation

models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

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

	2021
	Equity securities
At January 1	$ 8,660
Income recognised in other comprehensive income	5,011
At December 31	$ 13,671

	2020
	Equity securities
At January 1	$ 9,276
Losses recognised in other comprehensive income	(616)
At December 31	$ 8,660

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price. s used to the valuation model and making any other necessary adjustments to the fair value.

G. 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:					
Unlisted shares	$ 13,671	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	100%	

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 8,660	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	100%	

H. The Company 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 profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
	Discount for lack of marketability	±10%	$ -	$ -	$ 586	($ 586)
Equity instruments	P/B ratio	±10%	-	-	1,367	(1,367)
			$ -	$ -	$ 1,953	($ 1,953)

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
	Discount for lack of marketability	±10%	$ -	$ -	$ 371	($ 371)
Equity instruments	P/B ratio	±10%	-	-	866	(866)
			$ -	$ -	$ 1,237	($ 1,237)

(4) Other

A. Due to the impact of the COVID-19 pandemic in 2021, there were supply problems in raw materials and shortage of workers in the production line of the suppliers in Mainland China and the operating revenue of the Company was therefore affected. However, the Company expects that the impact will be gradually be reduced as the pandemic has been stabilised, the suppliers have gradually resumed their production and the Company has rearranged the Company's resources for the operational adjustments and countermeasures.

B. Since October 26, 2021, the area where the Company's Mainland China trans-investment company is located started to adopt the orderly use of electricity, and the original policy of power rationing is no longer implemented. Accordingly, the operation is no longer currently affected by the power rationing. During the current year, a budget for purchasing diesel generator and solar power-generating equipment has been provided to support the demand for electricity of production capacity.

12. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period: 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: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

13. SEGMENT INFORMATION

Not applicable.

Microelectronics Technology, Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

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				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Microelectronics Technology, Inc.	Stocks - TAIWAN AEROSPACE CORPORATION	None	Financial assets at fair value through other comprehensive income	648,576	$ 13,671	0.48	$ 13,671	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Optical Scientific, Inc.	None	Financial assets at fair value through profit or loss	16,023	-	5.02	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Firetide, Inc.	None	Financial assets at fair value through profit or loss	1,333,360	-	2.24	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Taicom Capital Ltd.	None	Financial assets at fair value through other comprehensive income	20,000	100,917	Note	100,917	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - New Edge Signal Solutions LCC	None	Financial assets at fair value through other comprehensive income	1,355,663	-	12.5	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	205,432	-	0.05	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - CDIB-Innolux Limited Partnership	None	Financial assets at fair value through income	-	28,906	6.99	28,906	

Note: Holding of 10,000 ordinary shares and 10,000 preference shares for 11.43% and 16.67% ownership, respectively.

Microelectronics Technology, Inc.

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC	Indirect subsidiary of the Company	Purchases	$ 182,602	4%	60 days	Not applicable	Not applicable	($ 160,989)	(16%)	
JUPITER TECHNOLOGY (WUXI) INC	Microelectronics Technology, Inc.	Indirect subsidiary of the Company	Sales	(182,602)	(15%)	60 days	Not applicable	Not applicable	160,989	95%	
JUPITER TECHNOLOGY (WUXI) INC	Cybertan Technology Inc.	Entities with significant influence to the	Sales	(112,950)	(9%)	30 days	Not applicable	Not applicable	-	-	

Microelectronics Technology, Inc.

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
JUPITER TECHNOLOGY (WUXI) INC	Microelectronics Technology, Inc.	Parent company	$ 160,988	0.91	$ -	-	$ 111,318	$ -

Microelectronics Technology, Inc.

Significant inter-company transactions during the reporting periods

December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Purchases and processing overhead	$ 182,602	Same as those to the third parties	4.65%
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Accounts payable	160,989	Payment term is 60 days from invoice date	2.45%
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Other current liabilities	8,252	Based on the mutual agreement	0.13%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Research and development expenses	168,414	Same as those to the third parties	4.29%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Other payables	89,343	Based on the mutual agreement	1.36%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Research and development expenses	143,252	Same as those to the third parties	3.65%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Other payables	21,767	Based on the mutual agreement	0.33%

Note 1: The information of transactions between the Company and the subsidiaries should be noted in “Number” column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:
(1) The Company to the consolidated subsidiary.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 4: Only transaction amounts over 10 million were disclosed and if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it was not required to be disclosed separately.

Microelectronics Technology, Inc.

Information on investees

December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Note
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Microelectronics Technology, Inc.	SASSON INTERNATIONAL HOLDING, INC.	British Virgin IS.	Investment management	$ 908,778	$ 908,778	3,920	100	$ 1,509,143	($ 6,878)	$ 5,116	Note 1
SASSON INTERNATIONAL HOLDING, INC.	Welltop Technology Co.,Ltd.	British Virgin IS.	Investment management	216,845	234,863	7,834,000	100	331,676	19,395	19,395	Note 2
SASSON INTERNATIONAL HOLDING, INC.	Jupiter Network Corp.	British Virgin IS.	Investment management	860,067	931,533	31,071,800	100	972,360	(35,738)	(35,738)	Note 2
Welltop Technology Co.,Ltd.	MTI Laboratory, Inc.	U.S.A	Communications	41,520	44,970	1,500,000	100	137,467	9,305	9,305	Note 2
Welltop Technology Co.,Ltd.	Radiocomp ApS	DENMARK	Communications	130,151	140,966	1,527,944	100	174,939	10,179	10,179	Note 2

Note 1: Subsidiary of the Company.
Note 2: Indirect subsidiary of the Company.

Microelectronics Technology, Inc.

Information on investees in Mainland China

December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	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)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31 2021	Note
					Remitted to Mainland China	Remitted back to Taiwan							
JUPITER TECHNOLOGY (WUXI) INC (Note 1)	The manufactures and sales of satellite and microwave communication system and related technical and consultation services	$ 858,080	Through investing in an existing company in the third area, which then invested in the investee in Mainland China.	$ 858,080	$ -	$ -	$ 858,080	($ 35,738)	100	($ 35,738)	$ 972,322	$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Microelectronics Technology, Inc.	$ 967,970	$ 1,079,741	$ 1,177,420

Note 1: It was indirectly invested through Jupiter Network Corp.

Note 2: Investment profit or loss was recognised based on the financial statements that were audited by R.O.C. parent company's CPA.

Microelectronics Technology, Inc.

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

December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021	Others (Note)
JUPITER TECHNOLOGY (WUXI) INC	($ 182,602)	4	$ 142	1	($ 160,988)	14	$ -	-	$ -	$ -	-	$ -	$ 8,252

Note: It consisted of current liabilities amounting to $8,252.

Microelectronics Technology, Inc.

Major shareholders information

December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Shares / Name of major shareholders	No. of shares held	Ownership (%)
Cybertan Technology Inc.	52,353,995	22.95%

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

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

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 1

Item	Description		Amount
Cash on hand and revolving funds -NTD	NTD		$ 30
-USD	USD	3 dollars，exchange rate 27.68	90
			120
Checking accounts-NTD			70,783
Demand deposits -NTD			384,195
Demand deposits -CNY	CNY	559 dollars，exchange rate 4.3471	2,430
Demand deposits -EUR	EUR	1,365 dollars，exchange rate 31.32	42,741
Demand deposits -USD	USD	9,322 dollars，exchange rate 27.68	258,041
Demand deposits -GBP	GBP	68 dollars，exchange rate 37.3	2,530
Demand deposits - JPY	JPY	246 dollars，exchange rate 0.2405	59
			689,996
Time deposits(Notes)-NTD			54,900
Time deposits -CNY			7,695
			$ 823,494

(Note) Expiration date：2022/02/07~2022/03/08, Rate:0.11%~0.41%.

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 2

Customer name	Description	Amount	Note
Normal customers:			
Customer E		$ 177,712	
Customer N		152,794	
Customer M		140,173	
Customer B		127,362	
Customer Z		120,752	
Customer S		76,737	
Others		248,350	None of the individual customer's owing balance exceeding 5% of the ending balance of this account. Aging over one year amounted to $248
		1,043,880	
Less: Bad provision		(11,028)	
		1,032,852	
Related parties:			
CyberTAN Technology Inc.		32,276	
Total		$ 1,065,128	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 3

Item	Amount		Note
	Cost	Net Realizable Value	
Raw material	$ 1,400,777	$ 1,413,374	
Work in progress	230,535	278,281	
Finished goods	84,152	99,162	
Inventory in transit	2,303	2,303	
	1,717,767	$ 1,793,120	
Less : allowance for inventory valuation losses	(42,782)		
	$ 1,674,985		

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 4

Investee	Balance at January 1, 2021		Increase	Share of profit of associates accounted for under equity	Unrealized gain	Currency translation	Balance at December 31, 2021		Net Equity	Valuation Method	Collateral
	Percentage of ownership	Amount					Percentage of ownership	Amount			
Sasson International Holding Inc.	100.00%	$ 1,530,055	($ 1,909)	($ 6,878)	$ 11,994	($ 24,119)	100.00%	$ 1,509,143	$ 1,509,143	Equity Method	None

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF SHORT-TERM BANK LOANS
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 5

Description	Creditor	Ending Balance	Period	Range of Interest	Loan	Collateral
Export financing	The Shanghai Commercial	$ 83,040	60 days	0.70%	$ 221,440	None
Purchasing	The Shanghai Commercial	125,158	180 days			
Purchasing	Land Bank of Taiwan	16,313	90 days	0.90%	300,000	None
Unsecured	Land Bank of Taiwan	260,000	90 days			
Purchasing	Mega International Commercial	169,603	150 days	0.87%~0.89%	415,200	None
Unsecured	Mega International Commercial	200,000	180 days	1.10%		
Unsecured	Chang Hwa Commercial Bank,	144,766	180 days	0.74%~0.78%	150,000	None
Unsecured	DBS Bank Limited	100,000	150 days	0.80%	332,160	None
Unsecured	Taishin International Bank	300,000	90 days	0.99%~1.09%	300,000	None
Unsecured	CTBC Bank Co., Ltd.	120,000	180 days	1.25%	150,000	None
		$ 1,518,880				

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 6

Supplier	Amount	Note
General Supplier:		
Company B	$ 106,180	
Company J	98,384	
Company S	44,635	
Other	566,703	None of the individual supplier's balance exceeding 5% of the ending balance of this account
	815,902	
Related parties:		
Jupiter Technology(Wuxi)Co.,Ltd	160,989	
CyberTAN Technology Inc.	1,460	
	$ 978,351	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 7

Item	Amount	Note
Other payables：		
Salaries and Employee benefit payable	$ 132,354	
Accrued export expenses	17,626	
Payables for machinery and equipment	17,436	
Payable on miscellaneous purchases	17,313	
Technical service expense payable	11,910	
Insurance expenses payable	7,086	
Payables for consulting service fees	6,718	
Other	21,945	None of the individual item's balance exceeding 5% of the ending balance of this account
	232,388	
Related parties:		
Technical service payable	111,110	
	$ 343,498	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 8

Item	Quantity(in thousands)	Amount	Note
Satelite communication product	11,194	$ 2,394,687	
Terrestrial microwave product	113,771	1,214,778	
Total operating revenue		3,609,465	
Less: Sales returns		(2,662)	
Sales discount and allowance		(565)	
Operating revenue, net		$ 3,606,238	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF COSTS OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 9

Item	Amount
Raw material at January 1, 2021	$ 567,792
Add : Raw material purchase	2,657,367
Less : Scrap of raw material	(24,844)
Raw material sold	(574)
Raw shortage	(77)
Raw material at Decmeber 31, 2021	(1,403,080)
Consumption of raw material for the year	1,796,584
Direct labor	181,789
Manufacturing expenses	259,432
Manufacturing costs of the year	2,237,805
Add : Work in progress at January 1, 2021	108,848
Work in progress purchase	62,307
Less : Scrap of work in progress	(36,041)
Work in process at December 31, 2021	(230,535)
Cost of finished goods	2,142,384
Add : Finished goods at January 1, 2021	166,618
Finished goods purchase	939,403
Transferred from expenses	4,662
Less : Scrap of finished goods	(886)
Transfer to expenses and others	(25,730)
Finished goods at December 31, 2021	(84,152)
Cost of goods sold	3,142,299
Reversal of provisions	2,694
Loss on decline in market value	76,966
Raw material sold	574
Inventory shortage	77
Operating cost	$ 3,222,610

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 10

Item	Description	Amount	Note
Indirect labor cost		$ 69,220	
Depreciation charges		66,661	
Utilities expense		17,414	
Rent expenses		14,186	
Other expenses		91,951	None of the individual item exceeds 5% of this account
		$ 259,432	

MICROELECTRONICS TECHNOLOGY, INC.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 11

Item		Amount	Note
Selling expenses:			
Salaries and wages	$	40,840	
Shipping expenses		35,538	
Commission		10,190	
Others		41,790	None of the individual item exceeds 5% of this account
	$	128,358	
General and administrative expenses:			
Salaries and wages	$	40,849	
Services fees		4,080	
Labor and health insurance		3,854	
Other personnel expenses		3,280	
Others		9,217	None of the individual item exceeds 5% of this account
	$	61,280	
Research and development expense:			
Technical supporting expenses	$	327,262	
Salaries and wages		184,612	
Research material fees		31,921	
Others		104,727	None of the individual item exceeds 5% of this account
	$	648,522	

MICROELECTRONICS TECHNOLOGY, INC.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 12

By function / By nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	$ 235,985	$ 266,301	$ 502,286	$ 196,794	$ 276,377	$ 473,171
Labor and health insurance fees	22,707	25,006	47,713	15,795	22,556	38,351
Directors' compensation	-	2,646	2,646	-	2,454	2,454
Pension costs	11,751	12,942	24,693	9,522	13,598	23,120
Others employee benefit expense	5,156	8,147	13,303	5,262	9,822	15,084
Depreciation	66,661	25,678	92,339	46,507	21,586	68,093
Amortization	6,379	13,700	20,079	5,674	10,989	16,663

Note:

A. As of December 31, 2021 and 2020, the Company had 640 and 643 employees, respectively excluding 5 and 5 directors, respectively.

B. For companies whose shares were listed on the Taiwan Stock Exchange or listed on the Taiwan Over-The-Counter Securities Exchange, following information should be disclosed:

(a) The average employee benefit expense of current year was $926 thousand ((Total employee benefit expense of current year-Total directors' compensation of current year)/ (Number of employees of current year-Number of non-employee directors of current year)).
The average employee benefit expense of prior year was $862 thousand ((Total employee benefit expense of prior year -Total directors' compensation of prior year)/ (Number of employees of prior year-Number of non-employee directors of prior year)).

(b) The average wages and salaries of current year was $791 thousand (Total wages and salaries of current year/ (Number of employees of current year-Number of non-employee directors of current year)).
The average wages and salaries of prior year was $742 thousand (Total wages and salaries of prior year/ (Number of employees of prior year-Number of non-employee directors of prior year)).

(c) Changes on average wages and salaries adjustment 7% ((Average wages and salaries of current year - Average wages and salaries of prior year)/ Average wages and salaries of prior year).

MICROELECTRONICS TECHNOLOGY, INC.
LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 12

(d) The Company has no supervisors' remuneration for the years ended December 31, 2021 and 2020. (Since the Company sets up the audit committee, it has no supervisors' it has no supervisors'remuneration).

(e) The Company's compensation policy: The remuneration for the directors and managers shall be recommended by reference to the general pay levels of the industry and according to their performance of business, assumption of risk and degree of contribution, etc. The compensation for employees shall be evaluated according to their position, education and work background as well as acknowledged seniority of professional etc. The variable compensation is distributed according to the operation of the Company and individual performance to timely motivate morale and retain outstanding employees. The annual salary adjustment is formulated year by year by reference to the Consumer Price Index in domestic, pay increase in the industry, employees' performance and salary level, etc.