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ESMT
Elite Semiconductor Microelectronics Technology Inc.

No. 23 Industrial East Fourth Road, Science Park, Hsinchu City
03-5781970

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Elite Semiconductor Microelectronics Technology Inc.

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Stock Transfer Agency

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Names of the CPA: Ya-Hui Cheng, Tien-I Li

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The Company does not issue any overseas securities.

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Letter to the Shareholders

Dear Shareholders,

COVID-19 variants continued to impact the world in 2021, causing tremendous influences and changes on human life and the economy. Yet due to cloud computing, remote working, and high demand for learning equipment, the semiconductor industry has benefited greatly from this pandemic, and the company performance was better than expected. According to WSTS, the global sales of semiconductors reached US$55.3 billion in 2021, a YoY increase of 25.6%. The growth was the most significant one in the most recent 11 years (2010 growth 31.8%). The increase in 2022 is projected to be 8.8% totaling US$ 60.15 billion. In terms of the memory sector, the demand for DRAM and NAND in 2021 exploded, with a 39.6% and 20.8% rise respectively. WSTS estimated that the memory market will see an 8.5% growth in 2022.

The overall semiconductor industry was not interrupted by the COVID-19. The strong commodity demand pushed a two-digit growth, with the memory products ranking at the top (34.6%), followed by analog IC (30.9%) and logic IC (27.3%). Two-digit growth was also seen in the global market, with the Asia Pacific region reaching 26.7%, Europe 25.6%, America 24.6%, and Japan 19.5%.

Looking forward to 2022, even though the COVID-19 vaccination rate is higher, the breakthrough infection caused by the virus variants still causes many people worldwide ill. To improve the economic problem that arose, QE policy has been adopted to boost the national economy. The impact, however, is severe inflation around the globe. The US inflation rate in March accelerated to 8.5%, the highest in forty years. FED will stop bond purchasing and raise interest rates. Other countries will carry out similar strategies. This not only fueled economic uncertainty, but also weakened consumer trust. Despite the setbacks, 5G communication, cloud computing, smart edge computing, EVs, and metaverse have been substantially growing, and the semiconductor industry has experienced unprecedented demands. The semiconductor is key to every business. That's why many countries put semiconductor techniques and production at their priority, investing a large amount of capital to build factories.

Automotive manufacturers were faced with chip shortages in 2021, causing manufacturing suspension. This forced more countries to invest in the semiconductor industry. 2021 was the year that EVs started to thrive, which made the semiconductor need more pressing. With more vehicle vendors putting EVs into their main product roadmap, the semiconductor market is promising.

The first quarter of 2022 was the slack season for the semiconductor industry due to the material supply and the pandemic. However, the increasing memory demand brought by data centers, servers, cloud computing, edge computing, 5G mobile phones, notebooks, and other commodity products is expected to bring 15-20% of DRAM growth, and 30% of NAND growth. Thus many memory chip suppliers are positive about the semiconductor market, and expect strong momentum in the DRAM market and rising price. Additionally, as more notebooks are designed with SSDs, and 5G mobile phones are prominent, the NAND market in 2022 will grow, leading to higher SLC NAND demand and rising prices.

Driven by the multi-fold growth of TWS market demand, NOR Flash has come in the limelight. To support Bluetooth 5.0 and active noise reduction, each TWS must be equipped with NOR Flash to assist computing. With the launch of new TWS products by major brands, the quantity and capacity of accompanying NOR Flash will multiply and the market size will grow year by year. It is estimated that the total volume of TWS shipments will have reached 300 million units by 2022. In addition, AMOLED panels and TDDI chips also require NOR Flash. Specifically, AMOLED panels need to be equipped with 4-32Mb NOR Flash for optical compensation, while TDDI chips require external NOR Flash as an aid for parameter adjustment. As the trend in the terminal market continues, it is estimated that the penetration rate of AMOLED panels and TDDI chips in cellphones is expected to exceed 50% in 2022. However, the recent 50/60nm capacity in NOR Flash foundries is already insufficient, and therefore NOR Flash will be in tight supply in the first half of 2022.

The Company has been engaged in niche memory, including niche DRAM, NOR Flash and SLC NAND. Despite the adverse impact of the COVID-19 pandemic in 2021, the Company's revenue reached a record high of $23.845 billion (consolidated revenue), benefiting from the demand of the stay-at-home economy as a result of the pandemic. The niche memory market will perform well in 2022 thanks to the gradual recovery of the memory market and the demand of the stay-at-home economy, and therefore it will be a year of increased shipments and revenue growth.

As regards power IC and analog IC products, the product line is becoming more and more comprehensive after years of hard work and cultivation. The products have been verified by large customers, and in particular, the market share of audio amplifiers in the TV market has been on the rise. Meanwhile, benefiting from the demand for audio-visual devices in the stay-at-home economy, the smart speaker market expansion has achieved very good results, with related revenue growing by approximately 33.6%. Growth is expected to continue in the TV and smart speaker markets in 2022.

The Company's revenue for 2021 was NT$23,844,898 thousand, an increase of 56.18% from the revenue of NT$15,267,139 thousand in 2020, with an annual gross margin of 36.56% and a net profit before tax of NT$5,980,894 thousand.

I. Operating Results for 2021 (adopted from Consolidated Financial Statements information)

1. Comparison of the operating condition in 2021 and 2020 is as follows:

Unit: NT$1,000

	2021	2020	Increase (Decrease)	Increase (Decrease) %
Revenue	23,844,898	15,267,139	8,577,759	56.18%
Gross Profit	8,716,119	2,649,042	6,067,077	229.03%
Operating Expenses	(2,841,112)	(1,494,257)	(1,346,855)	(90.14%)
Profit (Loss) from Operations	5,875,007	1,154,785	4,720,222	408.75%
Net Non-operating Revenue	105,887	98,915	6,972	7.05%
Net Profit (Loss) Before Tax	5,980,894	1,253,700	4,727,194	377.06%
Net Profit (Loss) After Tax	5,040,020	1,084,441	3,955,579	364.76%

2. Financial Revenue and Expenses and Profitability Analysis

(1) Financial Revenue and Expenses

Unit: NT$1,000

Item	2021	2020	Increase (Decrease)	Increase (Decrease) %
Cashflow from Operating Activities	8,289,599	453,348	7,836,251	1,728.53%
Cash flow from Investing Activities	(1,811,305)	(504,290)	(1,307,015)	(259.18%)
Cash flow from Financing Activities	(285,489)	891,856	(1,177,345)	(132.01%)

(2) Profitability

Item		2021	2020
Return on Assets (%)		30.43	9.32
Return on Equity (%)		48.49	14.02
Percentage of Paid-in Capital (%)	Operating Profit	205.31	40.41
	Net Profit before Tax	209.01	43.87
Net Profit Margin (%)		21.14	7.10
Earnings Per Share (NT$)		17.76	3.85

(3) Research and Development: The research and development expense for 2021 was NT$ 1,786,681 thousand, accounting for approximately 7.49% of the revenue.

3. Budget execution scenario: None
The Company is not required to disclose page 81 of the Detailed Annual Report on Financial Forecast Information.

II. 2022 Business Plan

1. Business Strategy

(1) Expand the R&D team to enhance the potentials and increase relevant equipment expenditures to improve efficiency.
(2) Expand 25nm low-density niche DRAM memory product lines such as DDR4, DDR3, LP DDR3, DDR2, LP DDR2, etc.
(3) Accelerate the R&D of 21nm DRAM products to maintain the competitiveness of the cost structure.
(4) Accelerate mass production of 28nm NAND products.
(5) Accelerate the development and expansion of MCP (NAND+LP DRAM) and eMCP (controller + NAND + LP DRAM) product lines.
(6) Expand the 50nm NOR Flash product line and business in full force.
(7) Research and develop niche memory for automotive applications.
(8) Accelerate the development of power IC and analog IC product lines.
(9) Expand the Company's product lines, such as IoT IC, Motor Drive IC, Sensor IC, etc.
(10) Maintain a stable financial structure.

2. Sales Volume Forecast and Its Basis

Benefiting from the demand of the stay-at-home economy, the PC market, which had been in recession for many years, reported a short supply in 2020 and is expected to continues to grow by 20% in 2021 and is expected to short-term correction in 2022. Although the smartphone market declined owing to the impact of COVID-19, the vaccines have started to be administered and market confidence will gradually recover. Moreover, as 5G cellphones become more prevalent, the memory capacity of PCs and smartphones will increase significantly in order to improve their performance. In terms of 3D NAND process conversion, yields are gradually stabilizing, supply is returning to normal, and prices are starting to slide. However, the memory capacity of SSDs and cellphones is expected to increase significantly and take up most of the production capacity. In SLC NAND, therefore, prices are starting to rebound as a result of the dramatic increase in demand but limited production capacity in 2021. In terms of NOR Flash, although the production capacity in Mainland China is opening up bit by bit, the demand at the application end is increasing, resulting in price rebound in 2021. Revenue growth is expected to continue in 2022.

The Company's revenue reached a record high in 2021, benefiting from the demand of the stay-at-home economy, coupled with the fact that Samsung and Hynix had both shifted production capacity from memory to CIS, resulting in a rare boom in the niche memory market, where demand far exceeded supply. Both revenue and profit are expected to continue to grow in 2022.

3. Policies on Production and Marketing

(1) Strengthen the partnership with wafer suppliers and post-production outsourcers to maintain stable production capacity and supply.

(2) Strengthen the promotion of known good die (KGD), NOR Flash, NAND Flash and MCP.

(3) Provide cost structure and quality superior to peers, and expand the market share in domestic and foreign markets.

(4) Strengthen the interactive relationship with customers and distributors, and expand the application fields of new products to increase business sales.

III. Future Development Strategies of the Company

Global suppliers of DRAM and NAND Flash tend to consolidate and they are no longer in cut-throat price competition like the past. However, mainland China has enthusiastically supported the semiconductor industry through governmental resources because of the US sanctioned on HAWEI and SMIC, especially the DRAM and NAND memory industry, which has planted a variable to the future memory products market. The new memory Fab will be ready for mass production after 2020. By that time, the memory industry will start a new round of competition and elimination and it will also affect the niche memory market. In this general environment, building technical strengths, accelerating new product development, and continuing to reduce costs are the only ways to cope with future competition.

The application range of low-density niche memory is becoming wider and wider, and it is an indispensable electronic component for technology products. The global demand for niche memory is expected to keep growing in 2022. The Company will continue to increase new product development in response to market demand. Besides focusing on high-integration, high-speed and low-power memory IC products, known good die (KGD), NOR and NAND Flash, and MCP, the Company accelerates the R&D of analog IC, analog and digital mixed integrated circuit product lines to enhance product competitiveness to meet customer needs. The Company will actively strengthen the R&D of new products to improve its competitiveness to have a more robust foundation for the future competition, and create the greatest benefits for the Company.

IV. Impacts of the External Competition Environment, Regulatory Environment, and the Overall Business Environment

As the home economy and digital life advance, the demand for semiconductor components is higher than expected. Because of limited production, and Samsung and SK Hynix turned to CIS production instead of memory chips, the price of memory chips in 2021 went to a high point, while the demand remained burgeoning. Since the outbreak of COVID-19, people's lives have encountered never-before-seen challenges. Governments in many countries have imposed QE policies and money printing to solve economic problems. Yet inflation started to appear in many countries, which affects consumers' trust. Central banks around the world will raise interest rate in 2022, leading to high economic uncertainty. On top of that, the trade war between China and the US, and the conflict between Ukraine and Russia caused the oil price to surge to an unprecedented high point. In short, the semiconductor market is in a growing state. The business result in 2022 is worth expecting.

The Company's current operations are in compliance with the relevant existing laws and regulations of domestic and foreign reinvestment countries. The management team will also continue to pay close attention to any changes in policies and laws that may affect the Company's finances and business, as a reference for operations. In addition, the Company also cooperates with professional organizations, pays close attention to the development of relevant laws and regulations, and adjusts strategies to meet the needs of operations in a timely manner. In other words, the Company is able to timely grasp and respond to important domestic and foreign policy and legal changes.

Chairman of the Board:: Hsing-Hai Chen

President: Ming-Chien Chang

Company Profile

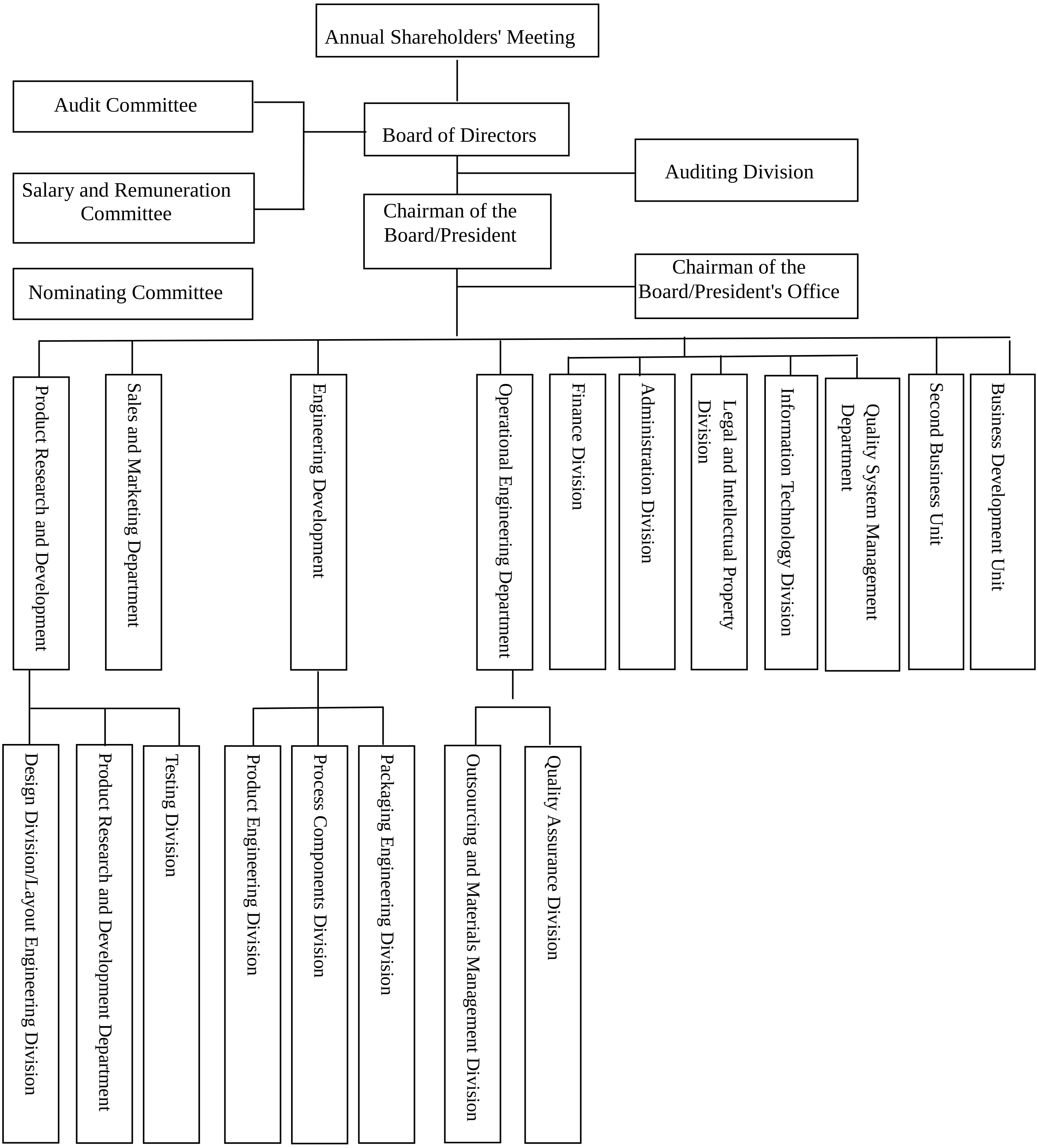
I. Date of Founding: June 2, 1998.

II. Corporate History: Elite Semiconductor Microelectronics Technology Inc. (hereinafter "the Company") was established on June 2, 1998 and was listed on the Taiwan Stock Exchange since March 4, 2002. As of December 31, 2020, the Company's authorized capital is NT$ 3,500,000,000 and the paid-in capital is NT$ 2,861,569,530. The main business of the Company includes research and development, production and sales of DRAM/SRAM, Flash Memory, Analog IC, Analog-Digital Mixed IC, and the technical services related to product design and research and development of the Company. With the engineering technology that has been focusing on DRAM/Flash Memory for many years, the Company has launched the Multi-Chip Package (MCP) products that are suitable for various mobile communication systems. To accelerate the expansion of the analog product business, the Company completed the consolidation and merger of Advanic Technologies, Inc. in December 2005 and established the Analog Product Department in August, 2008 to extend the product line to the research and development of analog IC, and analog-digital mixed IC. The Company has completed the consolidation by merger with Eon Silicon Devices, Inc in June, 2016 in order to obtain the synergy effect of the strategic collaboration for the product development resources of Flash Memory. In addition, the main spinout companies indirectly held by the Company are Canyon Semiconductor Inc., which are engaged in research and development of Power IC, etc. respectively.

Corporate Governance Report

I. Organizational System

(I) Organizational structure



(II) Major Department Functions

Major Departments	Major Responsibilities and Functions of the Departments
Chairman of the Board/President's Office	Company's Project Promotion/ Coordination and Other Related Operations.
Auditing Division	Establishment, operation, audit and reivew of various internal control systems, operations and management regulations.
Design Division/ Layout Engineering Division	Responsible for circuit design, simulation, layout, detection of memory IC products and assistance in mass production product issue analysis and necessary consultation.
Product Research and Development Department	Responsible for memory IC product specification verification, failure mode analysis, mass production condition formulation, yield improvement, new process development and analysis, product practical application verification, and assisting customers to solve product application problems.
Testing Division	Responsible for the establishment and maintenance of memory IC product test programs, calibration of test equipment, evaluation of test outsourcing testers, automatic analysis of product engineering data and evaluation of reliability evaluation of new needle test boards, and verification of actual product application and assisting customers to solve product application problems.
Sales and Marketing Department	Responsible for memory IC product marketing strategy, product sales, customer service and assisting in the promotion of business and new products, new technology markets, specification evaluation, formulation of new product specification, handling of customer complaints, return analysis, product information collection, mass production specification modification, etc.
Business Development Department	Strategic evaluation and development of various new product businesses.
Product Engineering Division/ Packaging Engineering Division	Responsible for engineering evaluation of new product development, packaging production line development, CP/FT test production line development, production line abnormal analysis of ramping, process flow, countermeasure formulation, and promotion of execution, etc.
Process Components Division	Responsible for memory IC wafer production plan management, process technology definition, process design criteria verification, SPICE MODEL for product design, component process characteristics analysis, and mask making tape out process management, etc.
Outsourcing and Materials Management Division	Responsible for memory IC mass production plan, outsourced production strategy, production plan, materials, warehouse management, bonded and import and export operations, etc.
Quality Assurance	Responsible for product quality inspection, quality assessment and regular

Major Departments	Major Responsibilities and Functions of the Departments
Division	audit of outsourcers, handling of customer complaints, return analysis, improve countermeasure requirements and effectiveness tracking.
Finance Division	The Company's financial management, accounting, budget management, shareholding affairs, etc.
Administration Division	Responsible for Company-wide personnel, payroll, education and training, labor laws, general affairs, factory affairs, labor safety and health, transportation, transactional procurement, etc.
Quality and System Management Department	Responsibile in assisting in the establishment and maintenance of Company-wide quality/environmental system operation and audits, outsourcer's quality system assessment, implementation of control operations such as the establishment, modification, and issuance of documentation, and establishment and maintenance of measurement equipment verification systems
Legal and Intellectual Property Division	Responsible for the Company's legal affairs, patent/trademark applications, etc.
Information Technology Division	Management and maintenance of the Company's OA, MIS system, network and other information related systems.
Second Business Unit	Responsible for the research and development, production and sales of analog, analog and digital mixed-signal IC products, etc.
Business Development Unit	Responsible for the strategic evaluation and development of new products and business.

II. Information of the Company's Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and the Heads of all the Company's Departments and Divisions

(I) Information of Directors and Supervisors

1. Directors and Supervisors

Record date: April 17, 2022

Title	Name	Nationality/Place of Registration	Gender Age	Date Elected	Term (Years)	Date First Elected	Shares Held when Elected		Shares Currenly Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Person(s)		Primary Professional or Academic Experience	Position(s) Concurrently Held at the Company and Other Companies	Other Executives, Directors, or Supervisors who are spouses or within the second degree of kinship.			Remarks
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Chairman of the Board	Hsing-Hai Chen	Republic of China	Male 70	2019.6.13	3 years	1999.7.06	8,411,629	3.08%	8,411,629	2.94%	1,370,927	0.47%	-	-	Master of Applied Physics, National Tsing Hua University	Note 1	Nil	Nil	Nil	Nil
Director	Ming-Chien Chang	Republic of China	Male 66	2019.6.13	3 years	1998.5.20	5,523,825	2.02%	5,523,825	1.93%	1,618,785	0.57%	-	-	Master Degree from the Institute of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Director	Chih-Hong Ho	Republic of China	Male 66	2019.6.13	3 years	2004.6.25	628,172	0.22%	619,172	0.22%	-	-	-	-	PhD in Mechanical Engineering, North Carolina State University, USA	Note 1	Nil	Nil	Nil	Nil
Director	Yeong-Wen Daih	Republic of China	Male 63	2019.6.13	3 years	2016.6.15	571,205	0.17%	581,205	0.20%	75,970	0.02%	-	-	Master Degree from the Institute of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Director	Shin Xin Investment Co., Ltd.	Republic of China		2019.6.13	3 years	2019.6.13	7,000	-%	255,000	0.09%	-	-	-	-						
Director Representative	Chia-Neng Huang (Legal Representative of Shin Xin Investment Co., Ltd.)	Republic of China	Male 63	2019.6.13	3 years	2019.6.13	-	-	-	-	-	-	-	-	Department of Mechanical Engineering, Chung Yuan Christian University	Note 1	Nil	Nil	Nil	Nil
Independent Director	Shan-Jen Chow	Republic of China	Male 73	2019.6.13	3 years	2003.2.18	-	-	-	-	-	-	-	-	Master of Business Administration, Golden Gate University, California, USA		Nil	Nil	Nil	Nil
Independent Director	Tsin-Fu Jiang	Republic of China	Male 68	2019.6.13	3 years	2007.6.15	-	-	-	-	-	-	-	-	PhD in Physics, National Tsing Hua University Professor, Institute of Physics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Independent Director	Cheng-Yan Chien	Republic of China	Male 66	2019.6.13	3 years	2019.6.13	-	-	-	-	-	-	-	-	Emory University, USA Master of Business Management	Note 1	Nil	Nil	Nil	Nil

Note 1: Current positions in other companies

Hsing-Hai Chen	Chairman of the Board, Elite Memory Technology Inc. Chairman of the Board, 3R Semiconductor Technology Inc. Chairman of the Board, Elite Silicon Technology Inc. Chairman of the Board, ESMT Educational Foundation Chairman of the Board, Jie Yong Investment Ltd. Director, Elite Investment Services Ltd.
Yeong-Wen Daih	Director, ie Yong Investment Ltd.
Chih-Hong Ho	Director, Elite Innovation Japan Ltd. Legal Representative, Elite Semiconductor Memory Technology (Shenzhen) Inc. Legal Representative, Elite Semiconductor Microelectronics (Shanghai) Technology Inc.

Ming-Chien Chang	Chairman of the Board, Charng Feng Investment Ltd. Director, Elite Silicon Technology Inc. Director, ESMT Educational Foundation Director, Jie Yong Investment Ltd. Director, Elite Investment Services Ltd. Director, Eon Silicon Solutions, Inc.USA
Chia-Neng Huang	Chairman of the Board, Silver Connection Co., Ltd. Corporate Director, WSP Electromaterials Ltd. Representative Director, CWE Holding Co., Ltd. Director, Broadwell Worldwide Ltd.

Chia-Neng Huang	Chairman of the Board & CEO, Chang Wah Electromaterials Inc. Chairman of the Board & CEO, Chang Wah Technology CO.,LTD. Chairman of the Board, JMC ELECTRONICS CO., LTD. Chairman of the Board, Chang Wah Energy Technology Co., Ltd Representative of corporate director of VIZIONFOCUS INC. Director, eChem Solutions Corp. Corporate Director, How Weih Holding (Cayman) Co., Ltd. Representative Representative of corporate director of Silver Contacts Co., Ltd. Representative of corporate director of Silver Tai Co., Ltd. Chairman of the Board, SH Asia Pacific Pte.Ltd.

2. Major shareholders of the institutional shareholders

(1) Major shareholders of the institutional shareholders as at April 17, 2022

Name of Institutional Shareholders (Note 1)	Major shareholders of the institutional shareholders (Note 2)	Shareholding Percentage
Shin Xin Investment Co., Ltd.	Chia-Neng Huang	99.995%
	Junjie Huang	0.005%

Note 1: If the Director or Supervisor is a representative of an institutional shareholder, his/her name shall be specified.

Note 2: Please fill in the name and the shareholding percentage of the major shareholders of institutional shareholders (shareholders within the 10 biggest shareholding percentage). If the major shareholders are legal entities, information shall be provided in the following table.

Note 3: For corporate shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio).

(2) Major shareholders of institutional shareholders who are representative of institutional shareholders: None.

3. Disclosure of professional qualification of directors and the independence information of independent directors:

<table>
<tr><th>Qualification
Name</th><th>Professional background and experience (Note 1)</th><th>Independence status (Note 2)</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Hsing-Hai, Chen</td><td>Possesses five or more years of work experience required for the Company's business; currently serving as the chairman of the board of the Company; had once worked as Factory Lead/Product Development Assistant Manager, Vanguard International Semiconductor Corporation.; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td rowspan="2">(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company.
(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution.
(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.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof.
(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
(11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</td><td>None</td></tr>
<tr><td>Ming-Chien, Chang</td><td>Possesses five or more years of work experiencerequired for the Company's business; had once worked as Component Sector Manager, Vanguard International Semiconductor Corporation. ; currently serving as the President of the Company; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td>None</td></tr>
</table>

<table>
<tr><th>Qualification / Name</th><th>Professional background and experience (Note 1)</th><th>Independence status (Note 2)</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Chih-Hung, He</td><td>Possesses five or more years of work experience required for the Company's business; had once worked as Executive Vice President, Ultima Electronics Corporation. ; currently serving as the Senior Deputy President of the Company; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td rowspan="2">(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 of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company.
(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution.
(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.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof.
(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
(11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</td><td>None</td></tr>
<tr><td>Yung-Wen, Tai</td><td>Possesses five or more years of work experience required for the Company's business; had once worked as Manager, Vanguard International Semiconductor Corporation. ; currently serving as the Deputy President of the Company; and not been a person of any conditions definedin Article 30 of the Company Law.</td><td>None</td></tr>
</table>

Qualification / Name	Professional background and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Chia-Neng Huang	Possesses five or more years of work experience required for the Company's business; currently serving as the Chairman of the Board & CEO, Chang Wah Technology CO.,LTD.; and not been a person of any conditions definedin Article 30 of the Company Law.	(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 of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company. (7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution. (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. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. (10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	None
Shuang-Jen, Chou	Possesses five or more years of work experience required for the Company's business; graduated from Master of Business Administration, Golden Gate University, California, USA; once worked as the Public Accountant, Ding Zun Accounting Firm; and not been a person of anyconditions defined in Article 30 of the Company Law.	(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 of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company	None

Qualification / Name	Professional background and experience (Note 1)	Independence status (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Tsin-Fu Jiang	Possesses five or more years of work experience required for the Company's business; graduated from PhD in Physics, National Tsing Hua University; once worked as the Professor, Institute of Physics, National Chiao Tung University; and not been a person of anyconditions defined in Article 30 of the Company Law.	under Article 27, paragraph 1 or 2 of the Company Law. (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person:not a director, supervisor, or employee of that other company. (7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervis or, oremployee of that other company or institution. (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. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. (10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	None
Jeng-Yang, Jian	Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc.; and not been a person of anyconditions defined in Article 30 of the Company Law.		None

4.Board Diversity and Independence:

A. Board Diversity: State the Board's policy, goals and the status of achievement on diversity. The diversity policy includes but is not limited to the selection criteria of directors, the professional qualifications and experience, the composition and proportion in relation to the gender, age, nationality, culture required of the Board, as well as a statement of the specific goals and status of achievement according to the aforementioned policy.
The Company stipulated the Corporate Governance Rules in the 17th Board meeting of the 6th term of Board held on December 18, 2015. A diversity policy was stated in Chapter 3, Reinforce Board Functionality, to ensure the diversity and independence of the Board members. The

8th term of the Board members is experienced in leadership, business management, risk response, industrial knowledge, and global perspective. The detail is listed below.

1. Basic conditions and value: gender, age, nationality and culture.

2.Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability,business management capability, risk management capability, industry knowledge, international market outlook,leadership capability, and decision-making capability.The current Board of Directors of the Company consists of nine directors. The specific management objectives ofthe board diversity policy and their achievement status are as follows:

Diversity management objectives	Achievement status
The number of independent directors exceeds one third of the board seats	Done
It is advisable that the number of the directors who concurrently serve as themanagers of the Company should not exceed one-third of the board seats.	Don’t
The independent directors shall not hold office for more than 3 terms.	Don’t
Adequate and diverse professional knowledge and skills	Done

The implementation status of the board diversity policy is as follows:

Core projects of diversity / Names of directors	Basic composition						Industry experience			Professional capabilities					
	Nationality	Gender	Also serve as an employee of the Company	Age	Term of office of Independent Director		Accounting	Finance	Industry	Operational judgment capability	Business management capability	Leadership and decision - making capability	Risk management capability	Industry knowledge	International market outlook
				63 to 73	3 to 9 years	More than 9 years									
Hsing-Hai Chen	Taiwan	Male	V	V					V	V	V	V	V	V	V
Ming-Chien Chang	Taiwan	Male	V	V					V	V	V	V	V	V	V
Chih-Hong Ho	Taiwan	Male	V	V					V	V	V	V	V	V	V
Yeong-Wen Daih	Taiwan	Male	V	V					V	V	V	V	V	V	V
Chia-Neng Huang	Taiwan	Male		V					V	V	V	V	V	V	V
Shan-Jen Chow	Taiwan	Male		V		V	V	V	V	V	V	V	V	V	V
Tsin-Fu Jiang	Taiwan	Male		V		V			V	V	V	V	V	V	V
Cheng-Yan Chien	Taiwan	Male		V	V		V	V	V	V	V	V	V	V	V

B. Board independence: State the number and ratio of independent directors, and explain that the Board is independent. Also, state with reasons whether circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act have occurred, including the existence of spousal relationship or second-degree of kinship in directors or supervisors or between directors and supervisors.

a. Number of Independent Directors and the ratio: There are 3 independent directors, composed of 37.5% of the Board. No circumstance stated in Article 30 of the Company Act was found among the Board of Directors.

b. The Board of Directors is independent of others. Reasons shall be provided explaining whether circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act have occurred, including the existence of spousal relationship or second-degree of kinship in directors or supervisors or between directors and supervisors: The Board of Directors are mainly composed of the professional managers in the Company. The independent directors are mainly held by external professionals. No circumstances set out in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act were found, nor did the spousal relationship or second-degree of kinship were found among the directors.

Note 1: Professional qualifications and experience: State the professional qualifications and experience of each individual director and supervisor, and for those who are members of the Audit Committee with accounting or financial expertise, a statement of their relevant backgrounds and work experience, as well as an additional explanation on whether circumstances set out in Article 30 of the Company Act have occurred shall be provided.

Note 2: Independent directors shall state the conditions that qualify them as independent, including but not limited to whether the person, his/her spouse, relatives within the second degree of kinship are appointed as directors, supervisors or employees of the Company or its affiliates; the number and ratio of the shares of Company held by the person, his/her spouse and relatives within the second degree of kinship or under the name of another person; whether the person is a director, supervisor or employee of a company that has a specific relationship with the Company with reference to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and the remuneration received for commercial, legal, financial and accounting services rendered to the Company or its affiliates in the past two years.

(II) Information of the Presidents, Vice Presidents, Assistant Vice Presidents, and the Heads of all the Company's Departments and Divisions

Record Date: April 17, 2020

Title	Name	Nationality	Gender	Date of Appointment	Shareholding		Shares Held by Spouse/Minor Children		Shares Held in the Name of Other Persons		Primary Professional or Academic Experience	Position(s) Concurrently Held at the Company or Other Companies	Managers who are spouses or within the second degree of kinship.			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation	
President and Chief Technology Officer of Business Group	Ming-Chien Chang	Republic of China	Male	2018.11.03	5,523,825	1.93%	1,618,785	0.57%	-	-	Master of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Senior Vice President and Chief Marketing Officer	Chih-Hong Ho	Republic of China	Male	2015.08.01	619,172	0.22%	-	-	-	-	PhD in Mechanical Engineering, North Carolina State University, USA	Note 1	Nil	Nil	Nil	Nil
President and Chief Operating Officer	Yeong-Wen Daih	Republic of China	Male	2018.11.03	581,205	0.20%	75,970	0.03%	-	-	Master Degree, Institute of Electronics, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil
Vice President and Second Business Unit	Kuan-Chun Chang	Republic of China	Male	2018.11.03	685,341	0.24%	949	-	-	-	Master Degree, Department of Electrical Engineering, National Cheng Kung University	Note 1	Nil	Nil	Nil	Nil
Senior Director of Finance Division	Candy Chu	Republic of China	Female	2016.09.01	143,000	0.05%	39,490	0.01%	-	-	Department of Accounting and Statistics, Ming Chuan Commercial College	Note 1	Nil	Nil	Nil	Nil
Special Assistant, President's Office	Hong-Gee Wu	Republic of China	Male	2021.6.16	313,560	0.11%	542,200	0.19%	-	-	Department of Industrial Engineering and Management, National Chiao Tung University	Note 1	Nil	Nil	Nil	Nil

Note 1: Position(s) concurrently held in other companies is as follows:

Ming-Chien Chang	Chairman of the Board, Charng Feng Investment Ltd. Director, Elite Silicon Technology Inc. Director, ESMT Educational Foundation Director, Jie Yong Investment Ltd. Director, Elite Investment Services Ltd. Director, Eon Silicon Solutions, Inc.USA

Chih-Hong Ho	Director, Elite Innovation Japan Ltd. Legal Representative, Elite Semiconductor Memory Technology (Shenzhen) Inc. Legal Representative, Semiconductor Microelectronics (Shanghai) Technology Inc
Kuan-Chun Chang	Director, Jie Yong Investment Ltd.
Yeong-Wen Daih	Director, Jie Yong Investment Ltd.

Candy Chu	Supervisor, Elite Silicon Technology Inc. Supervisor, Elite Innovation Japan Ltd.
Hong-Gee Wu	Supervisor, Canyon Semiconductor Inc. Director, Elite Innovation Japan Ltd. Director, ESMT Educational Foundation

(III) Remuneration Paid During in the Most Recent Financial Year to Directors, Supervisors, President, and Vice Presidents Under the Company and All Companies Listed in the Consolidated Statements

1. Remuneration of Directors (including Independent Directors)

As at December 31, 2021 Unit: NT$ 1,000/share

Title	Name	Directors Remuneration								Ratio of the total of 4 items A, B, C and D to net income after taxes		Relevant remuneration received by directors who are also employees								Proportion of the sum of A, B, C, D, E, and F to net profit after tax		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration of directors (C)		Business expense (D)				Salary, bonus and special allowance (E)		Pension (F)		Employee's compensation (G)						
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
																Cash	Stock	Cash	Stock			
Chairman	Hsing-Hai Chen	7,381	7,381	-	-	62,863	62,863	20	20	1.39%	1.39%	83,005	83,005	324	324	3,977	-	3,977	-	3.13%	3.13%	Nil
Directors	Ming-Chien Chang																					
Directors	Chih-Hong Ho																					
Directors	Yeong-Wen Daih																					
Directors	Chia-Neng Huang																					
Independent Director	Shan-Jen Chow																					
Independent Director	Tsin-Fu Jiang																					
Independent Director	Cheng-Yan Chien																					

1. Please illustrate the policies, systems, standards and structure of independent directors' remuneration, as well as the correlation between their remuneration and the responsibilities, risks, and time invested: According to Article 24-1 of the Companys' Articles of Incorporation, based on the profit of the year, the Company shall appropriate no less than 5% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to Directors. With reference to the Company's overall operating performance, industry's future operating risks and development trends, and referring to the individual's performance achievement rate and contribution to the Company's performance, the Company has given reasonable remuneration. Relevant performance evaluation and the remuneration rationality shall be approved by the Remuneration Committee and the Board of Directors.
2. Other than disclosure in the above table, Directors remuneration received by providing services (E.g. Non-employee consultant of the mother company/ companies stated in the financial statements/ reinvestment businesses) to the Company in the financial report: None.

Note1: The distribution of Directors' and Supervisors' remuneration for the Financial Year 2021 amounted to NT$ 62,864 thousand was approved by the Board of Directors on February 25, 2022. Since the amount of distribution has not been confirmed by internal management, the amount is calculated based on the proportion of the Directors' and Supervisors' remuneration in Financial Year 2020.

Note2: The distribution of employees' compensation for the Financial Year 2021 amounted to NT$314,318 thousand was approved by the Board of Directors on February 25, 2022. Since the amount of distribution has not been confirmed by internal management, the amount is calculated based on the proportion of the employees' compensation in 2020.

Remuneration range for each director in the Company	Name of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	ESMT	All Company in the consolidated financial statements	ESMT	All Company in the consolidated financial statements
Lower than NTD 2,000,000	Cheng-Yan Chien	Cheng-Yan Chien	Cheng-Yan Chien	Cheng-Yan Chien
NTD 2,000,000(inclusive）～ NTD 5,000,000 (exclusive)	Shan-Jen Chow、Tsin-Fu Jiang	Shan-Jen Chow、Tsin-Fu Jiang	Shan-Jen Chow、Tsin-Fu Jiang	Shan-Jen Chow、Tsin-Fu Jiang
NTD 5,000,000（inclusive ）～ NTD 10,000,000(exclusive)	Chia-Neng Huang	Chia-Neng Huang	Chia-Neng Huang	Chia-Neng Huang
NTD 10,000,000（inclusive ）～ NTD 15,000,000(exclusive)	Ming-Chien Chang、Chih-Hong Ho、Yeong-Wen Daih	Ming-Chien Chang、Chih-Hong Ho、Yeong-Wen Daih	-	-
NTD 15,000,000（inclusive ）～ NTD 30,000,000(exclusive)	Hsing-Hai Chen	Hsing-Hai Chen	Chih-Hong Ho、 Yeong-Wen Daih	Chih-Hong Ho、 Yeong-Wen Daih
NTD 30,000,000（inclusive ）～ NTD 50,000,000(exclusive)	-	-	Hsing-Hai Chen、Ming-Chien Chang	Hsing-Hai Chen、Ming-Chien Chang
NTD 50,000,000（inclusive ）～ NTD 100,000,000(exclusive)	–	–	–	–
NTD 100,000,000 or More	–	–	–	–
Total	8	8	8	8

2. Remunerations to President and Vice Presidents

As at December 31, 2021 Unit: NT$ 1,000/share

Title	Name	Salary (A)		Severance pay and pension (B) (Note 1)		Bonuses and allowances (C)		Employee's remuneration (D)				Proportion of net profit after tax to the sum of A, B, C, and D (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
								Cash	Stock	Cash	Stock			
President	Ming-Chien Chang	13,256	13,256	432	432	103,681	103,681	5,865	-	5,865	-	2.45%	2.45%	Nil
Senior Deputy President	Chih-Hong Ho													
Deputy President	Yeong-Wen Daih													
Deputy President	Kuan-Chun Chang													

Note 1: All are recognized contribution

Note 2: 2021 Distribution of employee' compensation of NT$314,318 thousand was approved by the Board of Directors on February 25, 2022. Since the amount of distribution has not been confirmed by internal management, the amount is calculated based on the proportion of employee' compensation in 2020.

Range of Compensation	Name of presidents and vice presidents	
	ESMT	All Company in the Consolidated Financial Statements
Lower than NTD 2,000,000	-	-
NTD 2,000,000(inclusive）～ NTD 5,000,000 (exclusive)	-	-
NTD 5,000,000（inclusive ）～ NTD 10,000,000(exclusive)	-	-
NTD 10,000,000（inclusive ）～ NTD 15,000,000(exclusive)	-	-
NTD 15,000,000（inclusive ）～ NTD 30,000,000(exclusive)	Chih-Hong Ho、 Yeong-Wen Daih、 Kuan-Chun Chang	Chih-Hong Ho、 Yeong-Wen Daih、 Kuan-Chun Chang
NTD 30,000,000（inclusive ）～ NTD 50,000,000(exclusive)	Ming-Chien Chang	Ming-Chien Chang
NTD 50,000,000（inclusive ）～ NTD 100,000,000(exclusive)	-	-
NTD 100,000,000 or More	-	-
Total	4	4

3. If a listed company has the following circumstances, it shall disclose the compensation of the first five top managementindividually: Not applicable since the following circumstances are not observed.

a.Parent company only or individual financial statements in the last three years have shown after-tax losses: None.

b.Listed companies whose results of the most recent corporate governance assessment are at lowest level: The result of the Company's corporate governance evaluation was Level 2 and thus not applicable.

4. Names of Managers for Distributing the Employees' Compensation and Distribution Status

Unit: NT$ 1,000

	Title	Name	Shares Amount	Cash Amount	Total	Ratio of the Total Amount to Net Profit After Tax (%)
Manager	President	Ming-Chien Chang	–	6,945	6,945	0.14%
	Senior Vice President	Chih-Hong Ho				
	Senior Vice President	Yeong-Wen Daih				
	Vice President	Kuan-Chun Chang				
	Senior Director of Finance Division	Candy Chu				
	Corporate Governance Officer	Hong-Gee Wu				

Note 1: The distribution of employees' compensation for the Financial Year 2021 amounted to NT$ 314,318 thousand was approved by the Board of Directors on February 25, 2022. Since the amount of distribution has not been confirmed by internal management, the amount is calculated based on the proportion of employee' compensation in 2020.

(IV) The analysis of the ratio of the total remuneration paid to the Company's Directors, Supervisors, President and Vice Presidents of the Company and all companies listed in the consolidated financial statements in the most recent two financial years to Net Profit After Tax, and the relevance of remuneration payment policies, standards and combination, procedures determining remuneration, business performance and future risk shall be compared and stated:

Units: NTD 1,000; %

Item	FY 2020		FY 2021	
	The Company	Consolidated Financial Statements	The Company	Consolidated Financial Statements
Total Directors' Remuneration	15,938	15,938	70,264	70,264
Ratio of Total Directors' Remuneration to Net Profit After Tax (%)	1.47%	1.47%	1.39%	1.39%
Total Remuneration for the President and Vice Presidents	38,903	38,903	123,234	123,234
Ratio of Total Remuneration for President and Vice Presidents to Net Profit After Tax (%)	3.59%	3.59%	2.45%	2.45%

There is no material difference in the ratio against Net Profit After Tax for FY2020 and FY2021.

According to Article 24-1 of the Companys' Articles of Incorporation, based on the profit of the year, the Company shall appropriate no less than 5% of the profit as remuneration to employees, and no more than 1% of the profit as remuneration to Directors. However, cumulative loss should be offset, if any. The Company shall also consider its operating results and the contribution to the Company's performance, and provide reasonable remuneration. The policy of remuneration of the President and Vice President is based on the Company's salary structure as fixed salary: basic salary, meal allowance and variable salary: allowance (overtime work, missed meals allowance), bonus (year-end bonus, work bonus), the salary level of the position in the industry, the scope of the position within the Company and the contribution to the Company’s operating goals. The procedures for determining remuneration are based on the Company's overall performance, future business risks and development trends of the Company, as well as the individual's performance achievement rate and contribution to the Company's performance, so as to provide reasonable remuneration. Performance assessment and the reasonableness of remuneration has been reviewed by the Remuneration Committee and the Board of Directors. In addition, the remuneration system is reviewed at any time according to the actual operating conditions and relevant laws and regulations. The Company's policy and procedures for setting directors', supervisors' and general managers' remuneration have taken into account the future operational risks faced by the Company and are positively correlated with its operational performance in order to achieve a balance between sustainable operation and risk control.

III. Implementation of Corporate Governance:

(I) Implementation of the Board of Directors

A total of Seven meetings were held by the Board of Directors in 2021, with the directors' attendance listed as follows:

Title	Name	Attendance Count	By Proxy	Attendance Count	Remarks
Chairman of the Board	Hsing-Hai Chen	7	–	100%	
Director	Ming-Chien Chang	7	–	100%	
Director	Chih-Hong Ho	6	1	86%	
Director	Yeong-Wen Daih	7	–	100%	
Director	Chia-Neng Huang	7	–	100%	
Independent Director	Shan-Jen Chow	7	–	100%	
Independent Director	Tsin-Fu Jiang	7	–	100%	
Independent Director	Cheng-Yan Chien	7	–	100%	

Other Matters:

I. Where the proceedings of the meeting of the Board of Directors include one of the following circumstances, state the date, session, topic discussed, opinions of every Independent Director, and the Company's handling of the Independ Directors' opinions:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date of the Meeting	Proposals	Opinions of All Independent Directors and the Company's Handling of These Opinions
The 8th Board	1.Amended the Company's "Regulations	Approved by all Independent Directors

11th Meeting 2021.02.26	Governing Self-Appraisal or Peer Appraisal by the Board of Directors" 2. Amended the Company's "Regulations Governing the Organization of the Salary and Remuneration Committee" 3. Approved the amendment to the Company's "Rules for Election of Directors" of the Company. 4. Approved the amendment to the Company's "Articles of Incorporation." 5. Approved the evaluation of the independence of the CPAs and their affiliated firms.	
The 8th Board 12th Meeting 2021.05.06	1. Approved the amendment to the Company's "Rules for Election of Directors" of the Company.	Approved by all Independent Directors
The 8th Board 13th Meeting 2021.06.16	1. Approved the amendments to the Company's "Audit Committee's Articles of Association".	Approved by all Independent Directors
The 8th Board 15th Meeting 2021.07.30	1.Approved the amendment to the Remuneration Assessment Scheme for Directors and Managers of the Company.	Approved by all Independent Directors
The 8th Board 18th Meeting 2022.02.25	1. Approved the amendment to the Company's "Articles of Incorporation." 2.Approved the amendments to the Company's "Procedures for the Acquisition and Disposal of Assets". 3.Rotation through a CPA. 4. Approved the evaluation of the independence of the CPAs and the CPAs' accounting firm.	Approved by all Independent Directors

(II) In addition to the aforementioned matters, other resolutions resolved by the Board of Directors that are objected to, or expressed reservations with record or declaration in writing by the Independent Directors: None.

II. When any Director recuse him/herself for being a stakeholder in certain proposals, the name of the Director(s), the content of the proposals, reasons for recusal and participation in voting shall be stated:

Board of Directors Date	Names of Directors	Proposals	Reason for Recusal	Voting
2021.5.6	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	Approved the resolution of the managers' bonus.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
2021.7.30	Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	Approved the resolution of the managers' bonus on July 12, 2021.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	The managers' salary adjustment of the Company in FY2021	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih Chia-Neng Huang Shan-Jen Chow	The Company's Directors remuneration distribution for FY2020	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	The managers' and employees' salaries and bonus of the Company for FY2020.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.

	Hsing-Hai Chen,	The Chairman of the Board' Hsing-Hai Chen' salary adjustment and special bonus of the Company	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
2021.12.2	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	Approved the resolution of the managers' bonus.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Hsing-Hai Chen,Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	Approved the resolution of the managers' and The Chairman of the Board' bonus on Dec 31,2021.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
2022.4.28	Cheng-Yan Chien	Nomination and review of the Independent Director candidates.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih Chia-Neng Huang	Nomination of the general Director candidates.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih Chia-Neng Huang Shan-Jen Chow Tsin-Fu Jiang Cheng-Yan Chien	The Company's Directors remuneration distribution for FY2021	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.
	Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih	The managers' and employees' salaries and bonus of the Company for FY2021.	The Person(s) in Conflict with the Proposal	The persons recused themselves and did not participate in discussion and voting.

III. TWSE/TPEx list companies shall disclose information on the evaluation cycle and period, scope, method and content of the self-evaluation by the Board of Directors (or peers), and complete Appendix 2(2) Bboard of Directors Evaluation.

On March 20, 2020, the Company's Board of Directors approved the "Board of Directors Self-Evaluation or Peer Evaluation Precedures".

1. Performance Evaluation of the Board of Directors:2022.02.25 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2021 To: Dec. 31, 2021	Board of Directors	Internal self-evaluation for the Board of Directors	1. Level of participation in corporate operations. 2. Improving Board of Directors decision-making. 3. Composition and structure of the Board of Directors. 4. Elections and continuous training of the directors.	Superior

				5. Internal control.	

2. Performance evaluation (self and peer evaluation) of the board members: 2022.02.25 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2021 To: Dec. 31, 2021	Members of Board of Directors	Internal self-assessment of board members	1. Knowledge of corporate objectives and mission. 2. Knowledge of the director’s responsibilities. 3. Level of participation in corporate operations. 4. Internal relationships and communications. 5. Director of professionalism and continuous training. 6. Internal control.	Superior

IV. Targets for strengthening the functions of the Board of Directors (e.g. establishment of the Audit Committee, enhancement of information transparency) and evaluation of the implementation: After the full re-election of directors and supervisors at the shareholders’ meeting on June 13, 2019, the Company established the Audit Committee, convened by Mr. Chou, Shuang-Jen, an independent director, to replace the supervisor’s function and strengthen the functions of the Board of Directors. On March 20, 2020, the Company's Board of Directors approved the "Board of Directors Self-Evaluation or Peer Evaluation Precedures".

1. Salary and Remuneration:2022.02.25 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2021 To: Dec. 31, 2021	Number of Members	Internal self-evaluation of committee members	1. Participation in the Company's operation 2. Awareness of the duties of the functional committees 3. Improving the decision-making of the functional committees 4. Composition of the functional committees, and election and appointment of committee members	Superior

2. Audit Committee:2022.02.25 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2021	Number of Members	Internal self-evaluati	1. Participation in the Company's operation 2. Awareness of the duties of the functional	Superior

	To: Dec. 31, 2021		on of committee members	committees 3. Improving the decision-making of the functional committees 4. Composition of the functional committees, and election and appointment of committee members 5. Internal control	

3. Nominating Committee:2022.02.25 approved the resolution by the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Methods	Evaluation Content	Rating
Conducted Annually	From: Jan. 1, 2021 To: Dec. 31, 2021	Number of Members	Internal self-evaluation of committee members	1. Participation in the Company's operation 2. Awareness of the duties of the functional committees 3. Improving the decision-making of the functional committees 4. Composition of the functional committees, and election and appointment of committee members 5. Internal control	Superior

(II) Implementation of the Audit Committee :

The Company established the Audit Committee after the shareholders' meeting on June 13, 2019. The Audit Committee held 6 meetings in FY2021, which the members of the Audit committee attended as follows:

Title	Name	Professional background and experience	Attendance Count	By Proxy	Attendance Count	Remarks
Independent Director	Shan-Jen Chow	Possesses five or more years of work experience required for the Company's business; graduated from Master of Business Administration, Golden Gate University, California, USA; once worked as the Public Accountant, Ding Zun Accounting Firm.	6	－	100%	
Independent Director	Tsin-Fu Jiang	Possesses five or more years of work experience required for the Company's business; graduated from PhD in Physics, National Tsing Hua University; once worked as the Professor, Institute of Physics, National Chiao Tung University.	6	－	100%	
Independent Director	Cheng-Yan Chien	Possesses five or more years of work experience required for the Company's business; graduated from	6	－	100%	

		Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc..				

Other matters:

I.With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the da the meetings, contents of motions, dissenting opinions from independent directors, reserved opinions, material the resolutions of the Committee, and the Company's response to the Committee's opinions shall be specified::

(I) Items listed in Article 14-5 of the Securities and Exchange Act

Audit Committee Date	Proposals (Items listed in Article 14-5 of Securities and Exchange Act)	Resolutions not approved by the Audit Committee but approved by over two thirds of all directors
8th meeting of the 1st session 2021.02.26	1. Approved the Company's 2020 final accounting books and statements. 2. Approved the distribution of the Company's 2020 earnings. 3. Approved the self-assessment of the Company's internal control system . 4. The Company's employee stock option exercised to subscribe for ordinary shares. 5. Assess the independence of CPAs and affiliated accounting firms.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
9th meeting of the 1st session 2021.05.06	1. The Company's 2021 Q1 financial report. 2. The Company's employee stock option exercised to subscribe for ordinary shares.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
10th meeting of the 1st session 2021.06.16	1. Appointment of the Head of Internal Audit	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
11th meeting of the 1st session 2021.07.30	1. The Company's 2021 Q2 financial report. 2. The Company's employee stock option exercised to subscribe for ordinary shares.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	

12th meeting of the 1st session 2021.10.28	1. The Company's 2021 Q3 financial report. 2. The Company's employee stock option exercised to subscribe for ordinary shares.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
13th meeting of the 1st session 2021.12.02	1.Approved the audit plan of the Company for 2022.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	
14th meeting of the 1st session 2022.02.25	1. Approved the Company's 2021 final accounting books and statements. 2. Approved the distribution of the Company's 2021 earnings. 3. Approved the self-assessment of the Company's internal control system . 4. The Company's employee stock option exercised to subscribe for ordinary shares. 5.Rotation through a CPA. 6. Assess the independence of CPAs and affiliated accounting firms.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	None
15th meeting of the 1st session 2022.04.28	1.The Company's 2022 Q1 financial report. 2.The Company's employee stock option exercised to subscribe for ordinary shares. 3. Adjustment of undistributed earnings from the beginning of the period in the 2021 disposition of net earnings. 4.Simplification of the investment structure of subsidiaries.	None
	Audit Committee Opinion: No objections or qualified opinion. The Company's actions in response to the opinions of the Audit Committee: Not applicable. Resolution: Approved by the Chairman upon consultation with all the Directors present.	

(II) Except for the items in the preceding issues, other resolutions which was not approved by the Audit Committee but approved by at least two-thirds of all Board of Directors members: None.

II.In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Inde Directors, the proposal content, reasons for recusal due to conflict of interests and voting outcomes should be stated:See P.26

III.Communications between the Independent Directors and the Head of Internal Audit and Accountant (such as t methods, and results of communication with respect to the Company's financial and business status):

The Head of Internal Audit reports the audit report to the individual independent directors for deficiencies and improvement suggestions found in the audit operation on a monthly basis. In addition, the Head of Internal Audit explains and discusses the Company's financial and business conditions from time to time. No material events have occurred. Relevant reporting matters are reported together in the Audit Committee and the Board of Directors. The period allows the corporate governance unit to fully understand the Company's risk assessment and control status. There are no major abnormalities in the 2021 audit results, and the independent directors have no objections. The previous communication situation is as follows:

Date of meeting	Nature and discussed issues	Independent Directors' Suggestion
2021.02.26	1.Report on the internal audit progress. 2.Company's Statement of Self-assessment of Internal Control System for 2020.	The Independent Directors have no opinions and suggestions.
2021.05.06	Report on the internal audit progress.	The Independent Directors have no opinions and suggestions.
2021.07.30	Report on the internal audit progress.	The Independent Directors have no opinions and suggestions.
2021.10.28	Report on the internal audit progress.	The Independent Directors have no opinions and suggestions.
2021.12.02	1.Report on the internal audit progress. 2.Discussion on the Company's 2022 audit plan.	The Independent Directors have no opinions and suggestions.

2. The Company’s CPAs communicate with the governance unit after the quarterly audit or review. In addition, at least two decree announcements are held in the Company each year (obtained the Certificate of the Republic of China Securities and Futures Market Development Foundation). The independent directors and accountants of the Company maintain smooth communication.

Communication in 2021 is as follows:

Date of meeting	Nature and discussion topics	Independent Directors' Suggestion
2021.02.26	Communicate with the governance unit after the review of 2020 consolidated financial report and individual financial report Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.
2021.05.06	Communicate with the governance unit after reviewing the consolidated financial report for the first quarter of 2021 Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.
2021.07.30	Communicate with the governance unit after reviewing the consolidated financial report for the second quarter of 2021 Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.
2021.10.28	Communicate with the governance unit after reviewing the consolidated financial report for the third quarter of 2021 Respond and discuss questions raised by participants	The Independent Directors have no opinions and suggestions.

(III) Implementation of Corporate Governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Thereof

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Descriptions	
I. Does the Company establish and disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the "Code of Corporate Governance Practices", which has been disclosed in the Corporate Governance Section of the MOPS. The Board of Directors appointed a Corporate Governance Officer at the meeting held on June 16, 2021. His responsibility is listed below.	No material departure
II. Shareholding Structure & Shareholders' Rights (I) Did the Company establish an internal procedures for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the internal procedures? (II) Did the Company maintain a register of major shareholders with controlling stake as well as a register of persons with ultimate controls over those major shareholders? (III) Did the Company establish and enforce risk controls and firewall systems with its affiliated companies? (IV) Did the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V V V V		1. The Company has set up e-mails and telephone lines for the relevant personnel to handle matters relating to shareholders' suggestions and disputes at any time. 2. The Company has set up a Shareholding Affairs Department and a stock service agency that can keep abreast of the major shareholders of the Company and the ultimate controlling persons of the major shareholders. 3. The financial and accounting matters of all affiliated companies of the Company are carried out independently, and are handled in accordance with the "Guidelines for the Transaction between the Company and Specific Companies, the Group and Related Parties" and the "Guideline for Supervision of Subsidiaries", and the risk controls and firewall mechanisms have been implemented. 4. The Company has established insider trading guidelines and has told the insiders to strictly abide by the guidelines.The rules are disclosed on the company's website.	No material departure
III. Composition and Responsibilities of the Board of Directors (I) Whether the Board of Directors has established diversity policy, specific goals, and whether these measures have been implemented? (II) In addition Remuneration Committee and Audit Committee established according to law, has the company voluntarily established other functional committees? (III) Has the Company established standards to measure the performance of the Board, and does it implement such standards annually? Does the Company report the results of the performance evaluation to the BOD	V V	V	1. The Company adopted the "Corporate Governance Code" in the 17th meeting of the 6th Board of Directors on December 18, 2015, and strengthen the functions of the Directors in Chapter 3 by setting a diversity policy to ensure the diversity and independence of the Directors. Please refer to schedule 1 for the director list of 8th term of the Board. 8 Board members have expertise in leadership, operational judgement, business management, risk handling, industry knowledge, and point of view in global market.See P.15. 2. The 8th Board The 9rd meeting on November 11, 2020, Approved the Company's "Organizational Rules of the Nomination Committee." And the appointment of the first-term Nomination Committee members.	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Descriptions	
and use them as a reference for each Director's remuneration and nomination of term renewal? (IV) Did the Company regularly implement assessments on the independence of the CPAs?	V		3. The Company's Remuneration Committee's organizational rules clearly define the responsibilities of the Remuneration Committee. The Remuneration Committee establishes the relevant policies and regularly evaluates the performance of the Board of Directors. Details of Implementation of the Board of Directors. 4. The Company independently evaluated the independence of its CPA every year, and submitted the evaluation results to the Board of Directors for review and approval on February 26, 2021 and February 25, 2022. After the evaluation, the Company's CPAs are in compliance with the Company's Independent Evaluation Standards (Please refer to Schedule II). Therefore, the independence of the CPAs should be undoubted, and the CPAs' accounting firm also issued a letter of declaration.	
IV. Did the listed company set up or appoint an exclusively (or concurrently) responsible department or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by the Directors and Supervisors, and handling, in accordance with relevant laws, matters related to the meetings of the Board of Directors and Shareholders' Meetings, business registration and the amendments to the registration, and for preparing minutes of the meetings of the Board of Directors and Shareholders' Meetings)?	V		The Corporate Governance Officer is responsible for handling governance related affairs, and the person in charge is responsible for furnishing information requested by the Directors and Supervisors, handling matters related to meetings of the Board of Directors and Shareholders' Meetings according to the laws, processing company 's registration and the amendments to the registration, and preparing minutes of the meetings of the Board of Directors and Shareholder's Meetings.	No material departure
V. Did the Company established a communication channel with stakeholders (including but not limited to the shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the Company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?	V		It is handled by relevant business personnel; interested parties can communicate with the Company at any time if necessary.Contact details of the company's website.	No material departure
VI. Has the Company appointed a professional shareholder service agency to deal with shareholders' affairs?	V		The company commissioned Capital Securities Corps. to handle shareholders' affairs and Shareholders' Meetings.	No material departure
VII. Information Disclosure (I) Did the Company establish a website to disclose information regarding financial operations and corporate governance?	V		1. The Company has set up a Chinese website to disclose relevant information at any time, and in accordance with the regulations of the competent authority to announce and declare various information at	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Descriptions	
(II) Does the Company have other information disclosure channels (e.g. establishing an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)? (III) Did the Company declare annual financial reports two months after the end of fiscal year, and declare Q1, Q2, and Q3 financial reports and monthly operational status before the prescribed deadline?	V V		MOPS, and set up automatic links for investors to query for relevant information. 2. The Company has appointed designated personnel to collect and disclose various information. The person in charge shall hold irregular corporate briefings from time to time, publicizes the Company's operation overview, and employed a spokesperson and an acting spokesperson. 3. The Company announces and declares annual financial reports three months after the end of fiscal year, and timely announces and declares Q1, Q2, and Q3 financial reports and monthly operational status before the prescribed deadline.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by the Directors and Supervisors)?	V		1. Employees' rights and care: the Company upholds the belief of taking good care of its employees, manages employees in a humane manner, and cooperates with various welfare measures to establish good relationships with the employees. 2. Investor relations, supplier relations, and rights of interested parties: the Company maintains good relationships with all related parties, and the Company's relevant business personnel communicates with each related party to deal with each related party's problems and suggestions. 3. The Independent Directors and Supervisors currently selected by the Company are all professionals who are finance professionals or in the fields related to the Company's business. During the meetings of the Board of Directors, both the Independent Directors and Supervisors can present their opinions and understand the Company's operations situation. 4. Continuing education of the Directors and Supervisors are attached in Schedule I. 5. Implementation of risk management policies and measurement standards: The internal control system and various measures have been established in accordance with the law, various risk management and evaluations have been carried out, and the Internal Audit Department reviews the implementation of the internal control system regularly and irregularly. Detailed risk assessment and policy description of Fulfillment of Corporate Social Responsibility. 6. Implementation of customer policies: The Company maintains good	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Descriptions	
			relationships with its customers, and provides various services to its customers in accordance with internal management methods, and takes customer satisfaction as the highest guiding principle. 7. The Company has purchased liability insurance for its Directors and key employees and reported to the Board of Directors.	

IX. Describe improvements made according to the corporate governance assessment made in the recent financial year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide prioritized improvements and measures to be taken for improvements that have yet to be carried out.

According to the results of the 7th Corporate Governance Review, the Company's scoreless items priority strengthening and improvement matters are as follows：

Improving measures and description	Item
It was added in the 2020 annual report	2.2、2.11、2.15、4.1、4.11、4.12、1.9、1.10、1.11、1.15、2.9、2.20、2.23 3.5、3.6、3.14、3.17、3.18、3.20、4.6、4.9、4.10、4.14、4.15、4.16、4.17
It was added in the 2021 annual report	2.9、2.10、2.21、3.10、3.21、4.2、4.3、4.4、4.14、4.15、4.17

Note 1: Describe briefly in implementation status column whether the result of implementation is "Yes" or "No".

Note 2: The Company's self-evaluation report is conducted in accordance with the Corporate Governance Self-Assessment Program, which is evaluated and explained by the Company, and reported on each evaluation program of the current operation and implementation of the Company.

Schedule I: Continuing education of the Directors and Supervisors in FY2019 is as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Organizer</th><th>Training Courses</th><th>Hours of Courses</th><th>Compliance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"</th></tr>
<tr><td>Chairman of the Board</td><td>Hsing-Hai Chen</td><td rowspan="8">1. Securities and Futures Institute</td><td rowspan="8">1.The trend of merge and acquisition in Taiwan and the development of holding companies
2.How to strengthen corporate governance and establish a professional Board of Directors</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Director</td><td>Ming-Chien Chang</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Director</td><td>Chih-Hong Ho</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Director</td><td>Yeong-Wen Daih</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Director</td><td>Chia-Neng Huang</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Independent Director</td><td>Shan-Jen Chow</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Independent Director</td><td>Tsin-Fu Jiang</td><td>6H(1, 2)</td><td>Yes</td></tr>
<tr><td>Independent Director</td><td>Cheng-Yan Chien</td><td>6H(1, 2)</td><td>Yes</td></tr>
</table>

Schedule II: Evaluation Criteria for the Independence of CPAs is as follows:

Compliance with Independence	Yes	No	Remarks
Is the CPAs not a Director or Independent Director at the Company or its affiliated companies?	V		
Is the CPAs not a shareholder of the Company or its affiliated companies?	V		
Is the CPAs not paid by the Company or its affiliated companies?	V		
Has the CPAs provided auditing services to the Company for less than seven years?	V		
Is it confirmed that the CPAs has complied with his/her accountant firm's CPA independence regulations?	V		
Are the former CPAs of the Company from the same firm of the current CPAs, within a year after stepping down, not serving as the Company's Director, manager or any position with substantial impact on audit results?	V		

(IV) Composition, duties, and implementation of the Remuneration Committee:

I. Information regarding the members of the Remuneration Committee:

<table>
<tr><th>Title</th><th>Qualification
Name</th><th>Professional background and experience (Note 2)</th><th>Independence status (Note 3)</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Convener and independent Director</td><td>Shan-Jen Chow</td><td>Possesses five or more years of work experience required for the Company's business; graduated from Master of Business Administration, Golden Gate University, California, USA; once worked as the Public Accountant, Ding Zun Accounting Firm.</td><td rowspan="3">(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 of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law. .
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.
(7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.
(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.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for</td><td>-</td></tr>
<tr><td>Independent Director Member</td><td>Tsin-Fu Jiang</td><td>Possesses five or more years of work experience required for the Company's business; graduated from PhD in Physics, National Tsing Hua University; once worked as the Professor, Institute of Physics, National Chiao Tung University.</td><td>-</td></tr>
<tr><td>Independent Director Member</td><td>Cheng-Yan Chien</td><td>Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc.</td><td>-</td></tr>
</table>

			which the provider in the past 2 years has received cumulative compensation, or a spouse thereof. (10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	

Note 1: Please state in the table down below the job tenure, professional qualifications, and independence status of each member of the Compensation Committee. If the member is an independent director, please state in the remark column the reference: Attachment I Director and Supervisor Information (I) Please state independent director or others in the Identity column. (If the member is a convener, please specify in the remark column)

Note 2: Professional qualification and experience: Please specify the professional qualification and experience of each member in the Compensation Committee.

Note 3: Independence status: Compensation Committee members shall state the conditions that qualify them as independent, including but not limited to whether the person, his/her spouse, relatives within the second degree of kinship are appointed as directors, supervisors or employees of the Company or its affiliates; the number and ratio of the shares of Company held by the person, his/her spouse and relatives within the second degree of kinship or under the name of another person; whether the person is a director, supervisor or employee of a company that has a specific relationship with the Company with reference to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and the remuneration received for commercial, legal, financial and accounting services rendered to the Company or its affiliates in the past two years.

II. Scope of Responsibilities of the Remuneration Committee:

1. Periodically review this Charter and make recommendations for amendments.
2. Establish and regularly review the annual and long-term performance targets and remuneration policies, systems, standards, and structures of the Directors, Supervisors, and managers.
3. Regularly evaluate the performance targets of the Directors, Supervisors, and managers of the Company, and establish the content and amount of their remuneration.

III. Attendance of Members at Remuneration Committee Meetings

(1) The Remuneration Committee of the Company is consist of three members.

(2) Term of office: June 13, 2019 to June 12, 2022. A total of five meetings (A) were conducted by the Remuneration Committee in the most recent financial year, where the qualifications and attendance of the members are as follows:

Title	Name	Attendance Count (B)	By Proxy	Rate of Actual Attendance (%) (B/A)	Remarks
Convener	Shan-Jen Chow	5	-	100%	

Member	Tsin-Fu Jiang	5	-	100%	
Member	Cheng-Yan Chien	5	-	100%	

Other matters:

I. If the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the meeting of the Board of Directors, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (such as the difference between the salary and remuneration approved by the Board of Directors and those proposed by the Remuneration Committee and the reason therefo): None.

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

III. Remuneration Committee meeting and resolution results and the Company's handling of members' opinions in the most recent year:

Remuneration Committee	Resolution content and results
5st meeting of the 4th session 2021.02.26	1.Amended the Company's "Regulations Governing Self-Appraisal or Peer Appraisal by the Board of Directors"
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
6nd meeting of the 4th session 2021.05.06	1.Approved the resolution of the managers' bonus.
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Not applicable.
7st meeting of the 4th session 2021.06.16	1.Approved the salary of Corporate Governance Officer.
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
8st meeting of the 4th session 2021.07.30	1.Approved the resolution of the managers' bonus on July 12,2021.. 2.The managers' salary adjustment of the Company in FY2021 3.The Company's Directors remuneration distribution for FY2020 4.The managers' and employees' salaries and bonus of the Company for FY2020. 5.The Chairman of the Board' Hsing-Hai Chen' salary adjustment and special bonus of the Company. 6.Amendment to the Remuneration Valuation Scheme for Directors and Managers of the Company.
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
9st meeting of the 4th session 2021.12.02	1.Approved the resolution of the managers' bonus on OCT 15,2021. 2.Proposal of the annual plan of the Company's Remuneration Committee for 2022.

	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.
10st meeting of the 4th session 2022.2.25	Reports: Report on the results of the evaluation of the performance of the Board of Directors and its committees for 2021.
11st meeting of the 4th session 2022.4.28	1.The Company's Directors remuneration distribution for FY2021. 2.Distribution of 2021 employees' compensation and bonus paid to managerial officers.
	Remuneration Committee Opinion: No objections or qualified opinion. Resolution results: In the case (1), except for the members: Shuang-Jen, Chou, Tsin-Fu Jiang and Jeng-Yang, Jian, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The case (2) was Approved without objection by the Chairman upon consultation with all the Directors present. The Company's actions in response to the opinions of the Remuneration Committee: Submitted to the Board of Directors for approval by all the directors in attendance.

(V) Nominating Committee member information and the Committee operation

I. State the qualification and duties of committee members

1. The Committee shall comprise at least 3 directors appointed by the Board of Directors, and half of the members shall be independent directors.
   The term of the Committee members shall end at the same time as that of the Board of Directors that appointed the members.
2. The Compensation Committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:
   a. Formulate and review the election criteria and succession plan for the Directors and the Manager, including their composition and qualification criteria.
   b. Select and review the potential candidates, assess the independence of independent directors and propose a list of candidates to the Board.
   c. Develop and review the establishment, duties and operation of each committee under the Board, and review the qualifications and potential conflicts of interests of each committee member.
   d. Formulate and implement the continuing education program for Directors.
   e. Other matters to be conducted by the Committee according to the Board of Directors‘ resolution.

II. The professional qualifications, experience and operation of the Committee members are as follows:

(I) There are a total of 4 members in the Nominating Committee.

(II) Nominating Committee term: November 11, 2020 to June 12, 2022. A total of 2 (A) meetings were held. Member qualifications, experience, and attendance were as follows:

Title	Name	Professional background and experience	Attendance Count	By Proxy	Attendance Count	Remarks
Convenor and independent Director	Cheng-Yan Chien	Possesses five or more years of work experience required for the Company's business; graduated from Master in business, Emory University, U.S.A.; once worked as the Vice President, Taipei Branch of Chase Bank, U.S.A., Assistant Manager, Vate Technology, Co., Ltd., President, Anfu Financial Technology, Co., Ltd., Independent Director, Eon Silicon Solution Inc..	2	－	100%	
Member and independent Director	Tsin-Fu Jiang	Possesses five or more years of work experience required for the Company's business; graduated from PhD in Physics, National Tsing Hua University; once worked as the Professor, Institute of Physics, National Chiao Tung University.	2	－	100%	
Member	Hsing-Hai, Chen	Possesses five or more years of work experience required for the Company's business; currently serving as the chairman of the board of the Company; had once worked as Factory Lead/Product Development Assistant Manager, Vanguard International Semiconductor Corporation.	2	－	100%	
Member	Ming-Chien, Chang	Possesses five or more years of work experiencerequired for the Company's business; had once worked as Component Sector Manager, Vanguard International Semiconductor Corporation. ; currently serving as the President of the Company.	2	－	100%	

Other Matters:

Specify the meeting date, term, meeting content, member suggestions, dissenting opinions, resolution, and the Company's response toward the member opinions.

Nominating Committee	Resolution content and results
1st meeting of the 1st term 2020.12.23	1.Formulate and review the qualification and composition of the Directors. 2. Succession plan for the Directors and Appointed Managers of the Company. 3. Annual seminar planning for Directors and Appointed Managers of the Company.
	Nominating Committee Opinion: No objections or qualified opinion. Resolution: Approved by the Chairman upon consultation with all the Directors present. The Company's response toward the opinions of the Nominating Committee: All attending directors agreed.
2st meeting of the 1st term 2021.02.26	Announcements 1. Planning and reporting of the 2021 continuing education program for the Company's Directors and Appointed Managers
3st meeting of the 1st term 2021.06.16	1. Approved the nomination of the Corporate Governance Officer.
	Nominating Committee Opinion: No objections or qualified opinion. Resolution: Approved by the Chairman upon consultation with all the Directors present. The Company's response toward the opinions of the Nominating Committee: All attending directors agreed.
4st meeting of the 1st term 2022.04.28	1.Proposed the List of Nominees for Directors
	Nominating Committee Opinion: No objections or qualified opinion. Resolution: Except for the Jeng-Yang, Jian, who did not participate in the discussion and recused themselves from voting for the interested parties, the remaining members passed the case without any disagreement. The Company's response toward the opinions of the Nominating Committee: All attending directors agreed.

(VI)Implementation of sustainable development and the deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof:

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	
I. Has the Company established sustainable development structure, and formulated a dedicated (or concurrent) unit responsible for sustainable development? Has the Board authorized the management team to handle such affairs and monitored the whole process?	V		The Corporate Sustainability Committee is responsible for the planning and implementation of affairs related to CSR. Charity activities held by ESMT Educational Foundation will help promote corporate sustainability. (See P55 for more detail).	No material departure
II. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The President's Office of the Company is responsible for matters related to the planning, implementation and promotion of corporate social responsibility, and organizing charity events of the "EMST Educational Foundation." (See P55 for more detail).	No material departure
III. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of its industry? (2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to address climate change issues?	 V V V		1. The Company is committed to green product design and has obtained Green Partner certifications from multiple customers. At present, the Company's products are in compliance with international standards, such as RoHS, REACH, etc. 2. To conduct environmental management, the Company established an environmental management system in 2007 and obtained ISO 14001 certification through verification in January 2008, and has continued to promote programs relating to environmental improvement ever since. 3. To tackle global climate change, reduce and manage greenhouse gas	No material departure

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	
(4) Has the Company taken inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and formulated policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management ?			emissions, deliver environmental justice, and fulfill its responsibility to protect the global environment, the Company conducts air conditioning and temperature control in summer to achieve efficient energy use and the goal of energy saving and carbon reduction. The Company continues to improve its performance in energy saving and carbon reduction in accordance with the ISO 14001 management system. 4. The Company actively responds to the Carbon Disclosure Project (CDP) and voluntarily discloses greenhouse gas emissions according to the "Greenhouse Gas Protocol" (GHG Protocol) published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). The results of the inventory are detailed on #page 100# of the annual report.	
V. Social Issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately? (3) Does the Company provide a healthy and safe working environment	V V V		1. Employee selection, training, appointment, retention, benefits and retirement of the Work Rules established by the Company are in compliance with domestic labor regulations and the International Bill of Human Rights. 2. The Company has established employee performance assessment procedures to evaluate employees' performance. The salary and remuneration are adjusted according to the evaluation results. Rewards and penalties are stipulated in the "Work Rules" with reference to the	No material departure

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	
and organize training on health and safety for its employees on a regular basis? (4) Does the Company provide its employees with effective career development and training sessions? (5) Does the Company comply with relevant laws, regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services etc, and has a policy and complaint procedure for protecting consumer or customer rights? (6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised the implementation?	 V V V		requirement of the corporate social responsibility policies. 3. The Company established the Labor Safety and Health Committee in October 2009 to continuously strengthen the hardware and software facilities of work environment safety and personnel protection, in compliance with the relevant domestic laws and regulations, and successively promote and implement the related improvement programs. 4. The Company enrolls employees in various seminars and courses related to career planning according to their career plans. The Company links the growth and development of the Company with the career development of its employees for the employer and the employees to grow together. The Company's Welfare Committee allocates subsidies for employee education and training every year. 5. The marketing and labeling of the Company's products and services are in compliance with relevant laws and regulations and international standards, such as the labeling of RoHS compliance on product packaging, The Company values customer feedback and has a dedicated unit that executes and handles complaint-related issues in accordance with the "Code of Practice for Handling Customer Complaints." When the Company signs a contract with a major supplier, the content of the contract should include the terms of compliance with the CSR policy of both parties, and both parties should each try the best to fully	

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	
			understand whether the other party has violated its CSR and incorporate the circumstance into the commercial contract accordingly.	
V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports, such as CSR reports, to disclose non-financial information? Have the foregoing reports been verified or guaranteed by a third-party certification body?	V		1. The Company has disclosed the fulfillment of social responsibilities on its website and in the report of the Annual Shareholders' Meeting. (See P57 for more detail)	No material departure

VI.If the Company has established the sustainable development best practice principles based on the " Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: To practice corporate social responsibility and achieve sustainable development goals, the Company established "Corporate Social Responsibility Practice Code" with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the internal and external environment of the Company, to manage the Company's economic, environmental and social risks and impacts. The Company also assumes corporate citizenship responsibility, enhances national economic contributions, improves the quality of life of its employees, the communities, and society, and promotes competitive advantages based on corporate responsibility.

VII. Other important information to facilitate better understanding of the Company's sustainable developmen practices:

1. Corporate Social Responsibility Promotion Unit

The Corporate Sustainability Committee of the Company is responsible for the planning, implementation and promotion of corporate social responsibility related matters. It integrates corporate social responsibility into the Company's business strategy in a purposeful, systematic and organized long-term manner, and fulfills corporate social responsibility. The Company established the Corporate Sustainability Committee on October 7, 2020.and related to the relevant instructions.

2. Risk Assessment and Policy

Based on the principle of corporate social responsibility, the Company conducts risk assessments on important issues, and formulates the following risk management policies or strategies based on the assessed risks:

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	

Major Issues	Assessment Item	Risk management policy or strategy
Environmental Sustainability	Environmental Protection	As a member of the global semiconductor product supply chain, The Company is obligated to take responsibility for the sustainable development of the environment. Through friendly environment, energy-saving and carbon reduction, and the formulation of safety and health policies, all business activities that affect the environment, safety and health should comply with legal requirements, reduce the negative impact on the environment, safety and health, and aim at increasing resource recycling. In addition, in line with international environmental protection laws and customers' requirements for environmental protection, The Company has also established a green product management system, making continuous improvement through the institutionalized PDCA management cycle, and obtained Green Partner certification from major international manufacturers. The products also comply with RoHS, REACH and other regulatory requirements. In the future, The Company's main goal of environmental sustainability will continue to work hard and improve on green product design, launch more energy-saving and low environmental load products, and contribute to the sustainable development of the environment.
Social Responsibility	Workplace Safety	To prevent occupational disasters and protect the safety and health of employees, The Company has established an occupational safety and health committee. Through internal and external safety inspections and regular committee meetings, labor safety and health related issues are discussed, various labor safety and health related policies are also implemented. Through education and training, the Company conveys the Company's commitment and relevant policy requirements, enabling employees and contractors to gain an understanding of the safety and health regulations and policies. The Company continues to improve through the institutionalized PDCA management cycle and implements the emergency response plan to ensure the achievement of safety and health goals and workplace safety.
	Social Care	The Company has long-term care for special education groups and cultural and educational activities, providing resources and

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	

		manpower, cooperating with the operation of the "ESMT Educational Foundation", combining the strength of related groups, helping children who have lost their families, and sponsoring or organizing culture, art and education, related public welfare activities, and reviewing the effectiveness according to the annual plan, to achieve the goal of caring for the society and giving back to the society.
Corporate Governance	Social-economy Legal Compliance	The Company ensures the achievement of the Company's operating efficiency by establishing a governance organization that meets the requirements and implements internal control mechanisms, thereby rewards shareholders, employees, and society. At the same time, through the establishment and promotion of relevant systems, the Company ensures that all personnel and operations shall strictly comply with relevant laws and regulations.

3. The Company cooperates and supports the "ESMT Educational Foundation" of the purpose of this Council is to promote public welfare activities such as education, arts and culture, and to encourage lifelong learning and the very nature of life:

I. Establish or provide scholarships to encourage study or learning preprofessional skills.

II. Promote, sponsor, or organize various public welfare activities and clubs related to education, art and literature, and advocacy of aesthetics.

III. Promote, sponsor, or organize various public welfare activities and clubs related to lifelong learning, talent cultivation, occupational competence training, life education, reformatory education and inspiring growth education.

IV. Sponsor high-tech education and talent cultivation.

V. Promote, sponsor, or organize various academic activities and interchanges.

VI. Provide rewards to cultivation of outstanding talents and participation in various performances and competition.

VII. Donate books, tools and materials, or equipment for the purpose of public welfare education.

VIII. Other education affairs of a public welfare nature that meet the purpose of the founding of this Foundation.

The 2021 implementation plan is as follows:

Actions implemented	Implementation (Note 1)			deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof
	Yes	No	Summary (Note 2)	
a. Sponsored the fund of Hsinchu Toranado Boxing Education Association. b. Sponsored the operating fund of Hsinchu Symphony Orchestra. c. Sponsored the student sewing hand-made course and teacher training project fund of Charity Foundation Hsinchu Catholic Social Welfare Foundation. The rest is omitted For the related content, please refer to the website of ESMT Educational Foundation: http://www.esmt.com.tw/foundation/index.asp				
I. A clear statement shall be made below if the Corporate Social Responsibility report were verified by external certification institutions: Not applicable.				

(V) Compliance with ethical corporate management, and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Descriptions	
I.Establishment of Ethical Corporate Management Policies and Programs (I) Has the Company formulated the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? (II) Has the Company established a risk assessment mechanism against unethical conduct to analyze and assess on a regular basis business activities within its business scope which are	V		1. The Company and the Group of Companies clearly specified in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management for rigorous and thorough implementation of such policies, and carried out the policies in internal management and in commercial activities. Compliance with ethical corporate management to see P.58 2. The Directors, managers, and employees of the Company shall not, directly or indirectly, provide, promise, demand or accept any improper benefits or engage in other unethical or illegal acts or breach their	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Descriptions	
at a higher risk of being involved in unethical conduct, and formulated a prevention program accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? (III) Has the Company defined operational procedures, conduct guidelines, and disciplinary and grievance systems for non-compliance in its prevention program against unethical conduct and implemented them, and does the Company regularly review and revise the foregoing program?	V V		fiduciary duties during the course of commercial activities in order to acquire or maintain their personal interest.See P276 3. When establishing the prevention program, the Company shall analyze business activities within the business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.	
II.Implementation of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct? (III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly? (IV) Has the Company established an effective accounting system and internal control system for the	V V V V		1. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with the integrity management policy. 2. The Corporate Sustainability Committee of the Company is responsible for the formulation and supervision of the corporate integrity management policy and the implementation of the plan, and reports to the Board of Directors on a regular basis. 3. The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks potentially resulting from unethical conducts, and shall also offer appropriate means for the Directors, Supervisors, managers, and other stakeholders attending or be present at	No material departure

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Descriptions	
implementation of ethical corporate management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of unethical conduct and checked the compliance of the prevention program against unethical conduct accordingly, or entrusted a CPA to perform the audit? (V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		the meetings of the Board of Directors to voluntarily explain whether their interests would potentially be conflicted with those of the Company. 4. The Company shall establish effective accounting systems and internal control systems for business activities that are potentially at a higher risk of being involved in unethical conducts to prevent from having under-the-table accounts or keeping secret accounts, and conduct reviews regularly to ensure that the design and enforcement of the systems are effective. The Internal Audit Department regularly reviews the compliance of various systems and reports to the Board of Directors. 5. The Company promotes the concept of integrity management at all levels of management meetings and communication meetings. In addition, there are a variety of communication channels that can be communicated at any time.Detailed information on relevant education and training to see P.58。	
III.Status of Enforcing Whistle-blowing Systems in the Company (I) Has the company established a concrete whistleblowing and rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused? (II) Has the Company established an SOP for investigation and relevant confidentiality mechanism for all whistleblowing cases? (III) Does the Company take any measures to protect whistleblowers so that they are safe from mishandling?	V V V		1. The Company has strengthened the promotion of ethical concepts to employees and established a dedicated hotline and e-mail, where employees can report to the management if they suspected or identified violations of laws and regulations or ethical standards. In addition, a reward and punishment system is stipulated in the "Work Rules" and announced to all employees of the Company. 2. The Company has a dedicated complaint hotline and e-mail to provide employees with timely response and opinion. Complaints are handled according to the Company's relevant measures. To protect whistleblowers, confidentiality terms are stipulated in the procedures. The Company will take appropriate measures depending on the seriousness of the circumstances. 3. The measures of the Company stipulated protection measures for the whistleblowers to ensure the quality and fairness of the investigation and avoid unfair treatment.	No material departure
IV.Enhanced Disclosure of Corporate Social Responsibility				

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation Status (Note 1)</td><td rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof</td></tr>
<tr><td>Yes</td><td>No</td><td>Descriptions</td></tr>
<tr><td>Information
Has the Company disclosed the content of its integrity operation principles and its result of implementation on its website and MOPS?</td><td>V</td><td></td><td>1. The Company has established the "Code of Integrity Management", which has been disclosed in the Corporate Governance section on MOPS to see P.58.</td><td>No material departure</td></tr>
<tr><td colspan="5">V.If the Company has established the Corporate Social Responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: To establish a corporate culture and sound development of integrity management, the Company refers to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", and the internal and external environment of the Company, and formulate the "Code of Integrity Management" to comply with.</td></tr>
<tr><td colspan="5">VI.Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. reviews and amendments to its policies).
The Company should operate its business in a fair and transparent manner based on the principle of good faith management. Designated people are in place as regular communication channels with the customers to keep up with the customer dynamics at any time through a good mechanism to ensure the integrity of both parties. The Company also pays attention to the relevant laws and regulations on integrity management at any time, based on which it reviews and improves the relevant operation standards of the Company and enhances the effectiveness of the Company's integrity management. The Company has prepared a Corporate Social Responsibility Report related to detailed instructions to see P.57.</td></tr>
</table>

Note : Describe briefly in implementation status column whether the result of implementation is "Yes" or "No".

(VI) Please disclose the access to the Company's corporate governance principles and related rules and regulations:

The Company has established the "Corporate Governance Code" and related regulations, which have been disclosed in the Corporate Governance section of MOPS, which is available for access to the investors (including shareholders).

(VII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance must be disclosed together:

I. Responsibilities of the Corporate Governance Officer:

The company resolved in the 1st term, 3rd nomination meeting on June 16, 2021 and the 8th term,13th Board meeting on the same day to appoint Mr. Hong-Gee Wu as the corporate governance officer to protect shareholder interests and strengthen the functions of the Board of Directors.

Pursuant to Article 21, relevant affairs of corporate governance, the responsibilities of the Corporate Governance Officer shall include:

I. Handle matters in relation to the Board meetings and shareholders' meetings according to law

II. Keep minutes at the Board meetings and shareholders' meetings

III. Assist directors and supervisors in taking office and carrying out continuing education

IV. Provide information required for the Directors to conduct business.

V. Assisting Directors and Supervisors in complying with the laws and regulations.

VI. Other matters stipulated in the Articles of Association or contracts.

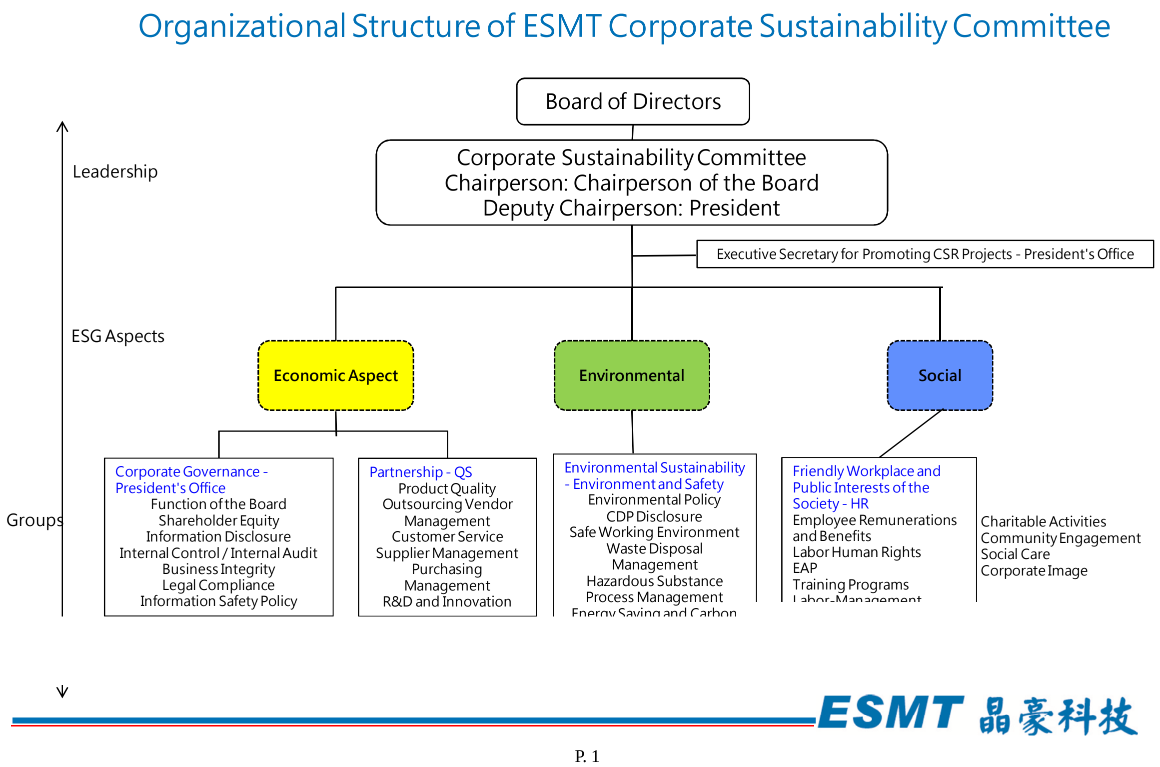
Before being designated as the corporate governance officer, Mr. Hong-Gee Wu has equipped similar experience as an internal audit supervisor in public listed companies for three years; The total hours of training in 2021 were 21, and the details are as follows:

Date	Unit	Course Name	Hours of Courses
2021/09/01	Financial Supervisory Commission	13th Corporate Governance Forum in Taipei	6.0
2021/10/15	Securities and Futures Institutes	2021 Legal Compliance of Equity Transfer by Insiders of Listed Companies	3.0
2021/11/10	Taiwan Accounting Research and Development Foundation	The Latest Interpretations of Corporate Governance Policy and Audit Compliance Practices for Setting "Corporate Governance Personnel"	6.0
2021/12/14	Taiwan Accounting Research and Development Foundation	Enhance Corporate Strategies Using ESG and Response to Sustainable Finance	6.0

II.Corporate Sustainability Committee

In response to the promotion of risk management and corporate sustainability strategy, the Company established the Corporate Sustainability Committee on October 7, 2020. The Chairperson of the Board and the President are the Chairperson and the Deputy Chairperson of the Committee, respectively, convening senior executives to form the Committee, which consists of working groups on "Corporate Governance," "Partnership," "Environmental Sustainability," and "Friendly Workplace and Public Interests of the Society." The aim is to manage business risks in the economic, environmental and social aspects based on the principle of sustainable management, and provide a reference for the senior managers and the Board of Directors to formulate strategic policies and improve management. Details of the Committee's organization and annual operation are shown in the attached chart.

The Company submitted a report on the establishment of the Corporate Sustainability Committee to the Board of Directors at the ninth meeting of the eighth Board (Nov. 11, 2020).



Committee Responsibilities

˙Formulate the direction, strategy and goals for the sustainable development of the Company
˙Define the severity of the impact of various issues on the Company
˙Confirm the Company's major issues and the priority of their implementation
˙Assign the executive secretary and group leaders
˙Review the short-, mid- and long-term goals and implementation proposals of major issues prepared by each working group
˙Supervise the working groups implementing plans and programs

˙Track and review the achievement status of each goal and implementation plan
˙Report to the Board of Directors on the effectiveness of implementation and future plans

Risk management policy

Under the principle of corporate sustainable management, the Company conducts risk control in the economic, environmental, and social aspects, and through the promotion of the Corporate Sustainability Committee, the Company assesses risks, formulates strategic policies and carries out work in the directions of "corporate governance," "partnership," "environmental sustainability," and "friendly workplace and public interests of the society" in the hope of improving management and achieving sustainable management.

The Company submitted a report on risk management policies to the Board of Directors at the ninth meeting of the eighth Board (Oct. 28, 2021).

Responsibilities of the Working Groups

Aspect	Group	Responsibilities
G	Corporate Governance	1. Assist the Board of Directors in fortifying the functions 2. Protect the rights and interests of investors 3. Establish various systems and regulations for corporate governance 4. Ensure the transparency and disclosure of information 5. Comply with relevant laws and regulations
	Partnership	1. Improve the sustainability of the supply chain 2. Build long-term partnerships for co-prosperity regarding product quality, customer service, and delivery and supply in supply chain management.
E	Environmental Sustainability	1. Promote the environmental protection work of the Company to meet the requirements of laws and regulations 2. Promote work on safety and health to meet the requirements of laws and regulations and ensure the safety of the working environment 3. Promote energy saving and carbon reduction to achieve the set goals
S	Friendly Workplace and Public Interests of the Society	1. Plan employee benefits 2. Assist the Company in planning employee career development 3. Uphold employees' rights at work 4. Create a friendly workplace 5. Develop community welfare and give back to the community in line with the Company's core philosophy.

Operation in 2021

1. Committee meetings
   (1) 2021/05/05 (Committee founded)
   - Report and discussion of 2020 Corporate Social Responsibility Report and CSR Report
   - Report and discussion of 2021 Corporate Social Responsibility Work Plan
   - Discussion and determination of stakeholder engagement, impact level, and operational relevance survey process
   - Report of 2020 Corporate Governance Assessment Result and discussion on 2021 improvement plans

   (2) 2021/07/22-Material issue discussion and matrix confirmation

(3) 2021/09/06
- Discussion on corporate sustainability direction
- Establish vision and core values

(4) 2021/09/28
- Finalize 2020 Corporate Social Responsibility Report

(5) 2021/09/30
- Upload and issue 2020 Corporate Social Responsibility Report

2. Report on Board Meetings

(1) 2021/05/06(12th meeting, the 8th term of the Board of Directors)
- Report of 2021 Corporate Sustainable Committee work plans
- Report of 2020 charity event results and 2021 plan
- Report of 2020 Corporate Governance Assessment Result and discussion on 2021 improvement plans

(2) 2021/07/30 (15th meeting, the 8th term of the Board of Directors)
- Report of stakeholder engagement and material issue analysis
- Performance report of 2020 corporate social responsibility

(3) 2021/10/28 (16th meeting, the 8th term of the Board of Directors)
Report of the issuance of 2020 CSR Report

III.Corporate Social Responsibility Report

About this Report

Elite Semiconductor Memory Technology Inc. (ESMT) hereby published the 2020 Corporate Social Responsibility Report. The content of this report is made in an open and transparent manner to allow stakeholders who are concerned with ESMT to better understand ESMT's economic, environmental and social commitment and achievements.

Scope of this Report

The scope of information disclosure in this report is based on the performance in the economic, environmental and social aspects such as corporate governance, partnership, environmental performance, friendly workplace and social welfare in 2020 (from January 1 to December 31, 2020) of ESMT, which headquartered in Hsinchu, Taiwan.

Principles of Consolidation

This report collects information on issues such as ESMIT's ESG and other relevant topics to understand stakeholders' concerns based on the materiality analysis. This report is prepared and disclosed in accordance with the core options of GRI Standards.

The data disclosed in this report is consolidated by each responsible unit of ESMT. Financial performance is the public information verified by the certified public accountant, and is consistent with the Annual Report.

Third-Party Assurance

This report is prepared and consolidated by the workgroups and executive secretary under the Corporate Sustainability Committee. The report was reviewed by unit supervisors, and was checked by the members of the Corporate Sustainability Committee. After the approval of the chief member, the report was reported to the Board of Directors.

Report Issuance

The CSR report was published on the official website, available for parties who wish to read it.

Time of Issuance: September 2021

IV. Ethical Management Unit and Operation Status

A corporate governance team is set up under the Company's Corporate Sustainability Committee. It is composed of the corporate governance officer, legal, financial, share affairs, and information security units to initiate relevant tasks of corporate governance and operation integrity (refer to 2020 CSR Report). The convenor is Mr. Hong-Gee Wu. Based on different functions of the units, the team assists Sustainability Committee and supervisors to establish and monitor operation integrity policies, ensuring the guidelines have been adopted thoroughly and the results being reported to the Board of Directors. The team, along with the Sustainability Committee, made a report to the Board of Directors on October 28, 2021.

Results and Goals

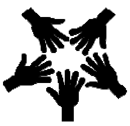
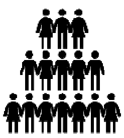
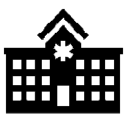
Issue	Result in 2020	Future Goals
Legal compliance and anti-corruption	No violation was found Relevant training on employees: 77.24%	Maintain the operation of corporate governance and ethical management Relevant training on employees > 90%

The Company completed the educational training featuring the prevention of insider trading through online learning in December 2021. A total of 457 people completed the training, with the achievement rate reaching 91.77%. For employees who haven't completed the training, they will be tracked closely in the education program in the following year.

V. Identity of Stakeholders, Issues of Concern, Communication Channels, and Response Methods

Investigate engagement level (issue of concern and communication channel)

ESMT collected 34 issues and investigated the issues of concern that the five groups of stakeholders care about by delivering 151 questionnaires. 138 questionnaires had been collected with the response rate reaching 91.39%. Hence the issues of concern were collected.

Stakeholder	Connection	Communication channel	Issues of concern
Clients/customers 	Long-term partners and the key to company growth	• Client satisfaction survey (annually) • CSR Report (annually) • Designated unit (occasionally) • Customer audit (occasionally) • Business meetings (occasionally) • Company website (occasionally)	1. Quality management 2. information protection/ personal information security/client privacy 3. Corporate integrity 4. Innovative R&D of products and services 5. anti-corruption
Employee 	An important asset of the Company. Develop a sense of belonging through welfare and career development.	• Labor relations meetings, Employee Welfare Committee meetings (quarterly) • Employee mailbox/hotline: • Internal website and announcement board • Conversation with the Chairman of the Board and the President (regular)	1. Salary and Welfare 2. Employee career management 3. Talent development 4. Innovative R&D of products and services 5. Employment
Supplier 	Long-term partners for stable development and sustainable operation	• Supplier assessment (quarterly) • CSR Report (annually) • Designated unit (occasionally) • Supplier meetings (occasionally) • Company website (occasionally)	1. information protection/ personal information security/client privacy 2. Occupational safety and health 3. Corporate integrity 4. Economic performance 5. Environmentally-friendly products
Shareholders 	The main source of capital. Good performance demonstrates company value and pursues sustainable operation.	• Company financial statements (quarterly) • Investor conference (twice a year) • Annual Report (annually) • Shareholders' meeting (annually) • MOPS (according to law) • CSR Report (annually) • Company website (occasionally) • Mailbox and hotline (occasionally)	1. Corporate integrity 2. Economic performance 3. Innovative R&D of products and services 4. Legal Compliance 5. Quality management
Government institutions 	Communication channel with the government to understand the latest legal news	• MOPS (regular) • Pollution prevention reporting (regularly) • CSR Report (annually) • Government audits (occasionally) • Official documents, emails and meetings (occasionally) • Company website (occasionally)	1. Legal Compliance 2. information protection/ personal information security/client privacy 3. Corporate integrity 4. Economic performance 5. Intellectual Property Rights

Analyze business impacts

By considering the impacts of ESG, risks and opportunities in every aspect, ESMT analyzed the impact levels of 34 issues after the identification and assessment of the Sustainability Committee.

Decide the disclosure border/ review the disclosed content (management strategies of material issues)

After the discussion with ESMT Sustainability Committee, other than the eight issues that have high impacts on business and high level of concerns from the stakeholders, the committee members also considered eco-friendly products and supplier management are also important. Therefore, the two issues were added to the material issues. According to GRI Guidelines to disclose management strategies and performance, future goals have been made for each issue, and regular reviews have been conducted.

The Company submitted a report on communications with stakeholders to the Board of Directors at the 16th meeting of the eighth Board (Oct. 28, 2021).

(VIII) Status of Internal Control System:

1. Statement of Internal Control:

Elite Semiconductor Microelectronics Technology Inc

Date: February 25, 2022

This Statement of Internal Control System is issued based on the self-assessment of the Company for the Financial Year 2021.

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the three aforementioned goals. In addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the

Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Guidelines Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Guidelines") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Guidelines divide the internal control system into five constituent elements: 1. control environment; 2. risks assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Guidelines.

IV. The Company has already adopted the aforementioned Guidelines to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of its subsidiaries), to provide reasonable assurance over the Company's operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.

VI. This statement will constitute the main content of the Company's Annual Report and the Prospectus, which will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Company's Board of Directors on February 25, 2022, and out of the 8 members of the Board of Directors in attendance, none had objected to it and all consented to the contents expressed in this statement.

Elite Semiconductor Microelectronics Technology Inc

Chairman of the Board: Hsing-Hai Chen Signature and Seal

President: Ming-Chien Chang Signature and Seal

2. Any CPA commissioned to conduct an audit on the Internal Control System shall disclose the CPA’s audit report: None.

(IX) The Company and its internal personnel that have been punished according to law in the most recent financial year and up to the date of publication of the Annual Report, and the punishment imposed by the Company on its internal personnel for violating internal control system regulations, and major deficiencies and improvements: None.

(X) Important resolutions of the Shareholders' Meetings and the meetings of the Board of directors from the most recent financial year up to the date of publication of the Annual Report.

Board of Directors:

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
The 8th Board The 11th meeting. Feb 26, 2021	(1)Amended the Company's "Regulations Governing Self-Appraisal or Peer Appraisal by the Board of Directors"	V	
	(2)Amended the Company's "Regulations Governing the Organization of the Salary and Remuneration Committee"	V	
	(3)Approved the 2020 remuneration distribution for employees and directors.		
	(4)Approved the Company's 2020 final accounting books and statements.		
	(5)Approved the distribution of the Company's 2020 earnings.		
	(6)Approved the self-assessment of the Company's internal control system for 2020.		
	(7)Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$57.6 per share until Mar. 31, 2021. If the employee exercises the stock option, the Chairperson of the Board is authorized to set the actual number of shares issued within the range of 258,915 shares to 412,145 shares. The base date for the issuance of new shares is Mar. 31, 2021. In the event of a change, the Chairperson is authorized to set another date.		
	(8)Approved the establishment of the operating plan and budget for fiscal year 2021.		
	(9)Approved the amendment to the Company's "Rules for Election of Directors" of the Company.	V	
	(10)Approved the amendment to the Company's "Articles of Incorporation."	V	
	(11)Approved the convening of the Company's 2021 Annual General Shareholders' Meeting.		
	(12)Approved the designated period and venue for accepting proposals from the shareholders.		
	(13)Approved the resolution of the evaluation of the independence of the CPAs and CPAs' accounting firm.	V	
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: All the directors present voted in favor of the resolution without any objection.		
The 8th Board The 12th meeting May 6, 2021	(1) Approved that Company's employee stock option can be exercised to subscribe for ordinary shares at NT$57.6 per share until June 30, 2021. If the employee exercises the stock option, the Chairman is authorized to set the actual number of shares issued range from 29,607 to 71,174 shares. The base date for the issuance of new shares is June 30, 2021. In the event of a change, the Chairman is authorized to change the date.		
	(2) Approved the amendments to the Company's " Rules for Election of Directors "	V	
	(3) Approved to apply to various financial institutions for credit lines in response to the Company's capital requirements.		
	(4) Approved the Addition the Discussions for General Shareholders' Meeting.		
	(5) Approved the resolution of the managers' bonus.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: Case (5) excluding Directors: Directors Ming-Chien Chang, Chih-Hong Ho and Yung-Wen Tai, who are stakeholders, did not participate in the discussion and recused themselves from voting. There were five directors who participated in the voting, except for Director Chia-Neng Huang, who expressed dissenting opinions, the other directors did not express any dissenting opinions. The original motion was passed with 4 votes in favor and 1 vote against.		
The 8th Board	(1) Approved the re-establishing the date and venue of the Company's 2021 Annual General Shareholders' Meeting.		

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
The 13st meeting June 16, 2021	(2) Approved the amendments to the Company's "Audit Committee's Articles of Association".	V	
	(3) Approved the appointment of the Corporate Governance Officer.		
	(4) Approved the appointment of the Internal Audit.		
	Opinions of Independent Directors: None.		
	The Company's actions in response to the Opinions of the Independent Directors: None.		
	Resolution results: All the Directors present voted in favor of the resolution without any objection.		
The 8th Board The 15nd meeting July 30, 2021	(1) Approved the resolution that the Company will be subject to the stock price adjustment of the employee's stock option of the original Eon Silicon Solution Inc. due to the merger.		
	(2) Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$ 57.6 per share until Sep 30, 2021. If the employee exercises the stock option, the Chairman of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 20,735 shares. The record date for the issuing of new shares is set at September 30, 2021. The Chairman of the Board is authorized to amend the date if any change arises.		
	(3) Approved the application for the credit line with various financial institutions in response to the Company's capital needs.		
	(4) Approved the resolution of the managers' bonus on July 12,2021.		
	(5) Approved the resolution of the managers' remuneration ajustment for FY2021 of the Company.		
	(6) Approved the resolution of the Company's remuneration to Directors and Supervisors for FY2020.		
	(7) Approved the resolution of managers' and employees' compensation and bonus for FY2020 of the Company.		
	(8) The Chairman of the Board' Hsing-Hai Chen' salary adjustment and special bonus of the Company.		
	(9) Approved the amendment to the Remuneration Assessment Scheme for Directors and Managers of the Company.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: Resolutions 1-3 and 9 were approved by all Directors present at the meeting. Resolutions 4 -5 and 7 were approved by all Directors present at the meeting except the recusal of Directors Ming-Chien Chang, Chih-Hong Ho, and Yeong-Wen Daih from the voting due to conflict of interests. Resolutions 6 was approved by all Directors present at the meeting except the recusal of Directors Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih, Chia-Neng Huang, and Shan-Jen Chow from the voting due to conflict of interests. Resolutions 8 was approved by all Directors present at the meeting except the recusal of Directors Hsing-Hai Chen from the voting due to conflict of interests.		
The 8th Board The 16rd meeting October 28, 2021	(1) Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$57.6 per share until Dec. 31, 2021. If the employee exercises the stock option, the Chairperson of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 14,117 shares. The base date for the issuance of new shares is Dec. 31, 2021. In the event of a change, the Chairperson is authorized to set another date.		
	(2) Approved the application for the credit line with various financial institutions in response to the Company's capital needs.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution: All the directors present voted in favor of the resolution without any objection.		
The 8th Board	(1) Approved the audit plan of the Company for 2022.		
	(2) Approved the resolution of the managers' bonus.		

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
The 17nd meeting Dec 2, 2021	(3) Approved the resolution of the managers' and The Chairman of the Board' bonus on Dec 31,2021.		
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: Resolutions 1 were approved by all Directors present at the meeting. Resolutions 2 were approved by all Directors present at the meeting except the recusal of Directors Ming-Chien Chang, Chih-Hong Ho, and Yeong-Wen Daih from the voting due to conflict of interests. Resolutions 3 was approved by all Directors present at the meeting except the recusal of Directors Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho and Yeong-Wen Daih from the voting due to conflict of interests.		
The 8th Board The 18nd meeting Feb 25, 2022	(1)Approved the 2021 remuneration distribution for employees and directors.		
	(2)Approved the Company's 2021 final accounting books and statements.		
	(3)Approved the distribution of the Company's 2021 earnings.		
	(4)Approved the self-assessment of the Company's internal control system for 2021.		
	(5)Approved the Company's allowance of employee stock option to be subscribed for ordinary shares of NT$57.6 per share until Mar. 31, 2022. If the employee exercises the stock option, the Chairperson of the Board is authorized to set the actual number of shares issued within the range of 1,000 shares to 14,117 shares. The base date for the issuance of new shares is Mar. 31, 2022. In the event of a change, the Chairperson is authorized to set another date.		
	(6)Approved the amendment to the Company's "Articles of Incorporation."	V	
	(7) Approved the amendments to the Company's "Procedures for the Acquisition and Disposal of Assets".	V	
	(8)Approved the establishment of the operating plan and budget for fiscal year 2022.		
	(9)A motion for re-election is submitted upon the expiration of the term of office of the Company's directors.		
	(10)Approved the convening of the Company's 2022 Annual General Shareholders' Meeting.		
	(11)Approved the designated period and venue for accepting proposals from the shareholders.		
	(12)Approved the designated period and venue for accepting proposals from the shareholders nomination of directors (independent directors).		
	(13) Rotation through a CPA.	V	
	(14)Approved the evaluation of the independence of the CPAs and their affiliated firms.	V	
	Opinions of the Independent Directors: None.		
	The Company's actions in response to the opinions of the Independent Directors: None.		
	Resolution results: All the directors present voted in favor of the resolution without any objection.		
The 8th Board The 19nd meeting April 28, 2022	(1)Approved the nomination and review of the Independent Director candidates..		
	(2)Approved the nomination of the general Director candidates.		
	(3)Approved the proposal to release of restriction on competitive of activities for Directors.	V	
	(4)Approved the resolution of the Company's remuneration to Directors for FY2021.		
	(5)Approved the resolution of managers' and employees' compensation and bonus for FY2021 of the Company.		
	(6)Approved that Company's employee stock option can be exercised to subscribe for ordinary shares at NT$57.6 per share until June 30, 2022. If the employee exercises the stock option, the Chairman is authorized to set the actual number of shares issued range from 1,000 to 14,117 shares. The base date for the issuance of new shares is June 30, 2022. In the event of a change, the Chairman is authorized to change the		

Date	Content of Proposals and Follow-up Actions	Issues specified in Article 14-3 of the Securities and Exchange Act	Objections or Qualified Opinion of the Independent Directors
	date.		
	(7)Approved the application for the credit line with various financial institutions in response to the Company's capital needs.		
	(8)Approved the adjustment of undistributed earnings from the beginning of the period in the 2021 disposition of net earnings.		
	(9)Approved the Company's greenhouse gas inventory and verification schedule.		
	(10)Approved the simplification of the investment structure of subsidiaries.		
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Resolution: Resolutions 3 and 6-10 were approved by all Directors present at the meeting. Resolutions 1 was approved by all Directors present at the meeting except the recusal of Directors Jeng-Yang, Jian from the voting due to conflict of interests. Resolutions 2 were approved by all Directors present at the meeting except the recusal of Directors Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih, and Chia-Neng Huang from the voting due to conflict of interests. Resolutions 4 was approved by all Directors present at the meeting except the recusal of Directors Hsing-Hai Chen, Ming-Chien Chang, Chih-Hong Ho, Yeong-Wen Daih, Chia-Neng Huang, Shan-Jen Chow, Tsin-Fu Jiang, and Jeng-Yang, Jian from the voting due to conflict of interests. Resolutions 5 were approved by all Directors present at the meeting except the recusal of Directors Ming-Chien Chang, Chih-Hong Ho, and Yeong-Wen Daih from the voting due to conflict of interests.		

Shareholders' Meeting:

<table>
<tr><th>Date</th><th>Review of Key Resolutions and Implementation</th></tr>
<tr><td rowspan="2">July 12,2021</td><td>Adoption Item 1: Adoption of the Business Report and Financial Statements for FY2020.
Resolution: The proposal is voted and resolved as it is..
Voting Results:
<table>
<tr><th>Number of Votes by Attending Shareholders</th><th>Approved Votes</th><th>Disapproved votes</th><th>Abstained Votes/No Votes</th></tr>
<tr><td>176,910,565 rights</td><td>165,206,229 rights</td><td>9,299 rights</td><td>11,695,037 rights</td></tr>
<tr><td>100%</td><td>93.38%</td><td>0.00%</td><td>6.61%</td></tr>
</table></td></tr>
<tr><td>Adoption Item 2: Adoption of the Earnings Distribution for FY2020.
Resolution: The proposal is voted and resolved as it is.
Voting Results:
<table>
<tr><th>Number of Votes by Attending Shareholders</th><th>Approved Votes</th><th>Disapproved votes</th><th>Abstained Votes/No Votes</th></tr>
<tr><td>176,910,565 rights</td><td>165,415,349 rights</td><td>74,175 rights</td><td>11,421,041 rights</td></tr>
<tr><td>100%</td><td>93.50%</td><td>0.04%</td><td>6.45%</td></tr>
</table>
Implementation review: The cash ex-dividend date of this Earnings Distribution was August 4, 2021, and the dividend was distributed by remittance and postal cheque on August 31, 2021</td></tr>
</table>

Discussion Item 1: Proposed resolution to amend the Company's "Articles of Association".
Resolution: The proposal is voted and resolved as it is.
Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
176,910,565 rights	164,603,954 rights	12,561 rights	12,294,050 rights
100%	93.04%	0.00%	6.94%

Implementation review: The Company's operating management system documents have been amended, and the relevant "Articles of Association" shall be handled in accordance with this newly revised provision.

Discussion Item 2: Amendment to the Company’s Rules for Election of Directors.
Resolution: The proposal is voted and resolved as it is.
Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
176,910,565 rights	164,606,211 rights	11,303 rights	12,293,051 rights
100%	93.04%	0.00%	6.94%

Implementation review: The Company's operating management system documents have been amended, and the relevant " Company’s Rules for Election of Directors " shall be handled in accordance with this newly revised provision.

Discussion Item 3: Amendments to the Company’s Procedures for Acquisition or Disposal of Assets.
Resolution: The proposal is voted and resolved as it is.
Voting Results:

Number of Votes by Attending Shareholders	Approved Votes	Disapproved votes	Abstained Votes/No Votes
176,910,565 rights	164,605,090 rights	12,315 rights	12,293,160 rights
100%	93.04%	0.00%	6.94%

Implementation review: The Company's operating management system documents have been amended, and the relevant " Company’s Procedures for Acquisition or Disposal of Assets " shall be handled in accordance with this newly revised provision.

(XI) Major Issues of Record or Written Statements Made by Any Director Objecting to Important Resolutions Passed by the Board of Directors in the most recent recent financial year and up to the date of publication of the Annual Report: None.

(XII) Resignation or Dismissal of the Chairman of the Board, President, and Heads of Accounting, Finance, Internal Audit and R&D in the most recent recent financial year and up to the date of publication of the Annual Report: None.

IV. Information of Audit Fee

(I) Information of Audit Fee:

Unit:Thousand NTD

CPA Accounting Firm	Name of CPAs	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers Taiwan	Cheng, Ya-Huei	2021.1.1~ 2021.12.31	6,450	890	7,340	
	Li, Tien-Yi	2021.1.1~ 2021.12.31				

(II) If the Company is in any one of the following conditions, the following information shall be disclosed:

(1) If the non-audit fees paid to CPAs, the CPA's accounting firm and its affiliates amounted to over one-fourth of the audit fees paid to the CPAs, the amount of audit and non-audit fees and the content of the non-audit services shall be disclosed:

The non-audit fees are mainly the income tax exemption application service fee of NT$840 thousand and dual-status business entities verification fee of NT$50 thousand, etc.

(2) Where the CPA firm was replaced, and the audit fees in the financial year when the replacement was made were less than that in the previous financial year before the replacement, the amount of the audit fees paid before the replacement and reasons for paying said amount shall be disclosed: Not applicable.

(3) Where accounting fee paid has decreased for more than 15% than that of the previous year, the amount, proportion, and reason of the reduction shall be disclosed: None.

V. Changes of CPAs:

According to the internal job rotation of PricewaterhouseCoopers Taiwan and relevant laws, the CPAs, Cheng Ya-Huei and Li Tien-Yi, in the 1st quarter of 2022 were replaced by the CPA Cheng Ya-Huei and Lin Yu-Kuan.

(I) Former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="4">February 25, 2022</td></tr>
<tr><td>Replacement Reasons and Explanations</td><td colspan="4">Legal compliance and internal job rotation adjustment of PricewaterhouseCoopers.</td></tr>
<tr><td rowspan="3">Termination by Aurora or the CPAs</td><td colspan="2">Status</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination by the Company</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">Termination by the CPAs</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="5">Deviation form the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
</table>

	None	V
	Description	
Other Revealed Matters Additional Disclosures under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines	N/A	

(II) Regarding the successor CPA

Name of the CPA accounting firm	PricewaterhouseCoopers Taiwan
Name of CPAs	Cheng Ya-Huei, Lin Yu-Kua, CPA
Date of Appointment	February 25, 2022
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

VI. Any of the Company's Chairman of the Board, President, or managers in charge of finance or accounting held a position in CPA's accounting firm or its affiliates in the most recent year: None.

VII. Conditions of shares transfer and changes in equity pledge from the Chairman of the Board, managers, and shareholders who hold more than ten percent (10%) of the total shareholder, from the most recent financial year up to the date of publication of the Annual Report:

(I) Shares changes by Directors, Supervisors, anagers, and major shareholders

Title	Name	FY2021		As at April 17, 2022	
		Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)	Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)
Chairman of the Board Chief Executive Officer	Hsing-Hai Chen	-	-	-	-
Director President	Ming-Chien Chang	-	-	-	-
Director Senior Vice President	Chih-Hong Ho	-	-	-	-
Director Vice President	Yeong-Wen Daih	(9,000)	-	-	-
Director	Shin Xin Investment Co., Ltd.	(70,000)	-	-	-
Corporate Representative of Directors	Chia-Neng Huang	-	-	-	-

Title	Name	FY2021		As at April 17, 2022	
		Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)	Shareholding (Number of Shares) Amount Increased (Decreased)	Shares Pledged Amount Increased (Decreased)
Independent Director	Shan-Jen Chow	-	-	-	-
Independent Director	Tsin-Fu Jiang	-	-	-	-
Independent Director	Cheng-Yan Chien	-	-	-	-
Vice President	Kuan-Chun Chang	-	-	-	-
Senior Director of Finance Department	Candy Chu	-	-	-	-
Corporate Governance Officer	Hong-Gee Wu				

(II) Equity transfer information: None.

(III) Shares pledged: None.

VIII. Information of the Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse & Minor Children Children's Shareholding		Shareholding by Nominees		The name and relationship with any one who is a related party or a relative within the second degree of kinship among the ten largest shareholders,		Remarks
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Name (or Name)	Relationship	
Jie Yong Investment Ltd.	13,354,000	4.67%	-	-	-	-	Hsing-Hai Chen	Chairman of the Board of this company	
							Ming-Chien Chang	Director of this company	
Representative of Jie Yong Investment Ltd.: Hsing-Hai Chen	8,411,629	2.94%	1,195,927	0.42%	-	-	Jie Yong Investment Ltd.	Chairman of the Board of this company	
Hsing-Hai Chen	8,411,629	2.94%	1,195,927	0.42%	-	-	Jie Yong Investment Ltd.	Chairman of the Board of this company	
Ming-Chien Chang	5,523,825	1.93%	1,618,785	0.56%	-	-	Jie Yong Investment Ltd.	Director of this company	
British Virgin Islands merchant KAHOW LTD.	4,922,985	1.72%	-	-	-	-	Shun Cheng Investment Co., Ltd.	Subsidiary	
Representative of British Virgin Islands merchant KAHOW LTD.: ML Chiou	949	-	-	-	-	-	-	-	
Shun Cheng Investment Co., Ltd.	4,507,941	1.58%	-	-	-	-	British Virgin Islands merchant KAHOW LTD.	Parent company	
Representative of Shun Cheng Investment Co., Ltd.: Ming-Hui Chen	-	-	-	-	-	-	-	-	
New Labor Pension Fund	4,459,000	1.56%							
Chase hosts the Van Garde Group Emerging Markets Fund	3,533,000	1.24%	-	-	-	-	-	-	
You Shanquan	3,146,000	1.10%	-	-	-	-	-	-	
Chase hosts the Advanced Starlight Advanced Total International Equity Index.	3,108,717	1.09%							

Name	Current Shareholding		Spouse & Minor Children Children's Shareholding		Shareholding by Nominees		The name and relationship with any one who is a related party or a relative within the second degree of kinship among the ten largest shareholders,		Remarks
Fuhua Small and Medium-sized Select Fund Account	2,859,000	1.00%	-	-	-	-	-	-	

IX. Shares held by the Company, its Directors, Supervisors, managers, and businesses directly or indirectly controlled by the Company as a spin-off, and the percentage of consolidated shares held:

Unit: Shares; %

Spinoff Company	Investment by the Company		Investment by Directors/Supervisors/managers and by companies directly or indirectly controlled by the Company		Total Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
Elite Semiconductor Memory Technology Inc.	100,000	100.00%	—	—	100,000	100.00%
Charng Feng Investment Ltd.	50,000,000	100.00%	—	—	50,000,000	100.00%
Elite Memory Technology Inc.	—	—	10,000,000	100.00%	10,000,000	100.00%
Elite Silicon Technology Inc.	—	—	7,455,860	98.10%	7,448,960	98.10%
Jie Yong Investment Ltd.	3,600,000	41.86%	2,900,000	33.72%	6,500,000	75.58%
Elite Investment Services Ltd.	15	100.00%	—	—	15	100.00%
Elite Innovation Japan Ltd.	—	—	200	100.00%	200	100.00%
Eon Silicon Solutions, Inc.USA	200,000	100.00%	—	—	200,000	100.00%
Elite Semiconductor Memory Technology (Shenzhen) Inc.	—	—	—	100.00%	—	100.00%
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	—	—	—	100.00%	—	100.00%
CHI Microelectronics Limited.	—	—	10,000	100.00%	10,000	100.00%

Note: This document is dated March 31, 2022.

Capital Overview

I. Capital and Shares

(I) Sources of Capital

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
1998.5	10	30,000	300,000	10,540	105,400	Capital Shares at Founding	Technical Value NT$ 10,540 thousand	Note 1
1999.4	10	30,000	300,000	28,571	285,715	Increase of Capital in Cash NT$ 162,284 thousand	Technical value NT$ 18,031 thousand	Note 2
1999.7	10	30,000	300,000	30,000	300,000	Recapitalization of Retained Earnings NT$ 14,285 thousand	Nil	Note 3
2000.9	10	100,000	1,000,000	55,453	554,530	Recapitalization of Retained Earnings NT$ 254,530 thousand	Nil	Note 4
2001.9	10	100,000	1,000,000	100,000	1,000,000	Recapitalization of Retained Earnings NT$ 445,470 thousand	Nil	Note 5
2002.9	10	150,000	1,500,000	137,500	1,375,000	Recapitalization of Retained Earnings NT$ 375,000 thousand	Nil	Note 6
2003.9	10	180,000	1,800,000	158,125	1,581,250	Recapitalization of Retained Earnings NT$ 206,250 thousand	Nil	Note 7
2004.9	10	210,000	2,100,000	177,891	1,778,906	Recapitalization of Retained Earnings NT$ 197,656 thousand	Nil	Note 8
2005.9	10	260,000	2,600,000	204,574	2,045,742	Recapitalization of Retained Earnings NT$ 266,836 thousand	Nil	Note 9
2006.2	10	260,000	2,600,000	207,833	2,078,325	Increase of Capital by Merger NT$32,583 thousand	Nil	Note 10
2006.9	10	260,000	2,600,000	216,665	2,166,654	Recapitalization of Retained Earnings NT$ 88,329 thousand	Nil	Note 11
2007.9	10	260,000	2,600,000	227,365	2,273,654	Recapitalization of Retained Earnings NT$ 107,000 thousand	Nil	Note 12
2008.9	10	260,000	2,600,000	239,007	2,390,071	Recapitalization of Retained Earnings NT$ 116,417 thousand	Nil	Note 13
2008.11	17.65	260,000	2,600,000	241,532	2,415,321	Exercising of Employee Stock Options of NT$ 25,250 thousand	Nil	Note 14
2009.4	17.65	260,000	2,600,000	241,995	2,419,951	Exercising of Employee Stock Options of NT$ 4,630 thousand	Nil	Note 15

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
2009.5	17.65	260,000	2,600,000	242,251	2,422,519	Exercising of employee stock options NT$ 2,568 thousand	Nil	Note 16
2009.9	17.65	260,000	2,600,000	242,340	2,423,404	Exercising of Employee Stock Options of NT$ 885 thousand	Nil	Note 17
2010.1	16.65	260,000	2,600,000	244,310	2,443,101	Exercising of Employee Stock Options of NT$ 19,697 thousand	Nil	Note 18
2010.4	16.65	260,000	2,600,000	244,683	2,446,834	Exercising of Employee Stock Options of NT$ 3,733 thousand	Nil	Note 19
2010.5	16.65	300,000	3,000,000	245,422	2,454,221	Exercising of Employee Stock Options of NT$ 7,387 thousand	Nil	Note 20
2010.7	16.65	300,000	3,000,000	245,874	2,458,749	Exercising of Employee Stock Options of NT$ 4,528 thousand	Nil	Note 21
2011.1	15.65	300,000	3,000,000	246,035	2,460,351	Exercising of Employee Stock Options of NT$ 1,602 thousand	Nil	Note 22
2011.4	15.65	300,000	3,000,000	246,224	2,462,246	Exercising of Employee Stock Options of NT$ 1,895 thousand	Nil	Note 23
2011.7	15.65	300,000	3,000,000	246,291	2,462,911	Exercising of Employee Stock Options of NT$ 665 thousand	Nil	Note 24
2011.11	14.7 10	350,000	3,500,000	259,777	2,597,774	Exercising of Employee Stock Options of NT$ 1,638 thousand and stock swap of NT$ 133,225 thousand	Nil	Note 25
2012.4	14.7	350,000	3,500,000	260,522	2,605,229	Exercising of Employee Stock Options of NT$7,455 thousand	Nil	Note 26
2012.7	14.7	350,000	3,500,000	260,741	2,607,414	Exercising of Employee Stock Options of NT$ 2,185 thousand	Nil	Note 27
2012.7	-	350,000	3,500,000	266,741	2,667,414	Issuance of New Restricted Employee Shares Amounted NT$ 60,000 thousand	Nil	Note 28
2013.1	14.2	350,000	3,500,000	267,175	2,671,749	Exercising of Employee Stock Options of NT$ 5,285 thousand Cancellation of restricted employee shares of NT$ 950 thousand	Nil	Note 29
2013.6	-	350,000	3,500,000	266,980	2,669,799	Cancellation of Restricted Employee Shares NT$ 1,950 thousand	Nil	Note 30
2013.11	-	350,000	3,500,000	266,873	2,668,729	Cancellation of Restricted Employee Shares NT$ 1,070 thousand	Nil	Note 31

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
2014.5	-	350,000	3,500,000	266,782	2,667,819	Cancellation of Restricted Employee Shares NT$ 910 thousand	Nil	Note 32
2014.11	24.3	350,000	3,500,000	271,454	2,714,544	Cancellation of Restricted Employee Shares NT$ 600 thousand Exercising of Employee Stock Options of NT$ 47,325 thousand	Nil	Note 33
2015.4	24.3	350,000	3,500,000	272,424	2,724,241	Cancellation of Restricted Employee Shares NT$ 140 thousand Exercising of Employee Stock Options of NT$ 9,837 thousand	Nil	Note 34
2015.10	22.8	350,000	3,500,000	272,514	2,725,144	Exercising of Employee Stock Options of NT$ 903 thousand	Nil	Note 35
2016.1	22.8	350,000	3,500,000	272,834	2,728,344	Exercising of Employee Stock Options of NT$ 3,200 thousand	Nil	Note 36
2016.4	22.8	350,000	3,500,000	273,103	2,731,026	Exercising of Employee Stock Options of NT$ 2,682 thousand	Nil	Note 37
2016.8	22.8	350,000	3,500,000	281,518	2,815,177	Exercising of Employee Stock Options of NT$ 1,415 thousand Stock Issued Pursuant to Acquisitions NT$ 82,736 thousand	Nil	Note 38
2016.10	21.8	350,000	3,500,000	281,924	2,819,239	Exercising of Employee Stock Options of NT$ 4,062 thousand	Nil	Note 39
2017.1	21.8	350,000	3,500,000	282,574	2,825,737	Exercising of Employee Stock Options of NT$ 6,498 thousand	Nil	Note 40
2017.4	21.8	350,000	3,500,000	283,281	2,832,814	Exercising of Employee Stock Options of NT$ 7,077 thousand	Nil	Note 41
2017.7	20.9	350,000	3,500,000	284,025	2,840,252	Exercising of Employee Stock Options of NT$ 7,438 thousand	Nil	Note 42
2017.10	20.9	350,000	3,500,000	284,699	2,846,992	Exercising of Employee Stock Options of NT$ 6,740 thousand	Nil	Note 43
2018.1	20.9	350,000	3,500,000	285,759	2,857,589	Exercising of Employee Stock Options of NT$ 10,597 thousand	Nil	Note 44
2021.4	57.6	350,000	3,500,000	286,099	2,860,999	Exercising of Employee Stock Options of NT$ 3,409 thousand	Nil	Note 45

Year and Month	Price at Issuance	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Number of Shares (Thousand Shares)	Value (NT$ 1,000)	Sources of Capital	Increase of Capital by Assets Other Than Cash	Others
2021.7	57.6	350,000	3,500,000	286,150	2,861,503	Exercising of Employee Stock Options of NT$ 504 thousand	Nil	Note 46
2021.10	57.6	350,000	3,500,000	286,157	2,861,570	Exercising of Employee Stock Options of NT$ 67 thousand	Nil	Note 47

		Approval Date and Number by FSC Securities and Futures Bureau	Approval Date and Number by Science Park Bureau
Note 1	Established in May 1998	–	(1998) Park Commercial No. 013135 on June 2, 1998
Note 2	Increase of Capital in April 1999	–	(1999) Park Commercial No. 007633 on April 19, 1999
Note 3	Increase of Capital in July 1999	–	(1999) Park Commercial No. 014586 on July 6, 1999
Note 4	Increase of Capital in September 2000	(2000) Taiwan Financial Securities (1) No. 31221 on April 21, 2000	Park Commercial No. 019842 on September 15, 2000
Note 5	Increase of Capital in September 2001	(2001) Taiwan Financial Securities (1) No. 144603 on July 10, 2001	(2001)Park Commercial No. 023715 on September 20, 2001
Note 6	Increase of Capital in September 2002	Taiwan Financial Securities (1) No. 0910139350 on July 16, 2002	Park Commercial No. 0910022134 on September 18, 2002
Note 7	Increase of Capital in September 2003	Taiwan Financial Securities (1) No. 0920129883 on July 4, 2003	Park Commercial No. 0920025611 on September 10, 2003
Note 8	Increase of Capital in September 2004	Financial Supervisory Securities (1) No. 0930132757 on July 22, 2004	Park Commercial No. 0930025291 on September 20, 2004
Note 9	Increase of Capital in September 2005	Financial Supervisory Securities (1) No. 0940129095 on July 20, 2005	Park Commercial No. 0940024896 on September 19, 2005
Note 10	Increase of Capital in Februrary 2006	Financial Supervisory Securities (1) No. 0940147723 on November 1, 2005	Park Commercial No. 0950002485 on February 3, 2006
Note 11	Increase of Capital in September 2006	Financial Supervisory Securities (1) No. 0950131360 on July 19, 2006	Park Commercial No. 0950024568 on September 21, 2006
Note 12	Increase of Capital in September 2007	Financial Supervisory Securities (1) No. 0960036695 on July 16, 2007	Park Commercial No. 0960024944 on September 19, 2007
Note 13	Increase of Capital in September 2008	Financial Supervisory Securities (1) No. 0970035546 on July 15, 2008	Park Commercial No. 0970026074 on September 22, 2008
Note 14	Increase of Capital in November 2008	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0970032595 on November 21, 2008

		Approval Date and Number by FSC Securities and Futures Bureau	Approval Date and Number by Science Park Bureau
Note 15	Increase of Capital in April 2009	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0980009444 on April 14, 2009
Note 16	Increase of Capital in May 2009	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0980012992 on May 13, 2009
Note 17	Increase of Capital in September 2009	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0980025248 on September 10, 2009
Note 18	Increase of Capital in January 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990002583 on January 28, 2010
Note 19	Increase of Capital in April 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990009166 on Apil 13, 2010
Note 20	Increase of Capital in May 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990013413 on May 13, 2010
Note 21	Increase of Capital in July 2010	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 0990018991 on July 7, 2010
Note 22	Increase of Capital in January 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1000001111 on January 13, 2011
Note 23	Increase of Capital in April 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1000009811 on April 14, 2011
Note 24	Increase of Capital in July 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No.1000019060 on July 6, 2011
Note 25	Increase of Capital in November 2011	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006 Financial Supervisory Securities Issued No. 1000047861 on October 13, 2011	Park Commercial No. 1000035125 on November 28, 2011
Note 26	Increase of Capital in April 2012	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1010009398 on April 3, 2012
Note 27	Increase of Capital in July 2012	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No.1010020247 on July 9, 2012
Note 28	Increase of Capital in October 2012	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Park Commercial No. 1010031715 on October 15, 2012
Note 29	Increase of Capital in January 2013	Financial Supervisory Securities (1) No. 0950128713 on July 6, 2006	Park Commercial No. 1020000199 on January 7, 2013
Note 30	Decrease in Capital in June 2013	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Park Commercial No. 1020018681 on June 28, 2013
Note 31	Decrease in Capital in November 2013	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Park Commercial No. 1020036135 on November 27, 2013
Note 32	Decrease in Capital in May 2014	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012	Hsinchu Commercial No. 1030015402 on May 29, 2014

		Approval Date and Number by FSC Securities and Futures Bureau	Approval Date and Number by Science Park Bureau
Note 33	Increase of Capital in November 2014	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1030034996 on November 28, 2014
Note 34	Increase and Decrease of Capital in April 2015	Financial Supervisory Securities Issued No. 1010030033 on July 9, 2012 Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1040010347 on April 17, 2015
Note 35	Increase of Capital in October 2015	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1040029657 on October 15, 2015
Note 36	Increase of Capital in January 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1050001500 on January 19, 2016
Note 37	Increase of Capital in April, 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1050009686 on April 13, 2016
Note 38	Increase of Capital in August 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012 Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1050021881 on August 5, 2016
Note 39	Increase of Capital in October 2016	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1050028662 on October 18, 2016
Note 40	Increase of Capital in January 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 060001396 on January 19, 2017
Note 41	Increase of Capital in April 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1060009648 on April 14, 2017
Note 42	Increase of Capital in July 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1060019320 on July 18, 2017
Note 43	Increase of Capital in October 2017	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1060028218 on October 16, 2017
Note 44	Increase of Capital in January 2018	Financial Supervisory Securities Issued No. 1000064985 on January 10, 2012	Hsinchu Commercial No. 1070002487 on January 16, 2018
Note 45	Increase of Capital in April 2021	Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1100010380 on April 15, 2021
Note 46	Increase of Capital in July 2021	Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1100019845 on July 19, 2021
Note 47	Increase of Capital in October 2021	Financial Supervisory Securities Issued No. 1050014535 on May 4, 2016	Hsinchu Commercial No. 1100029581 on October 15, 2021

(II) Category of Shares

Shareholding record date: April 17, 2022; Unit: Shares

Category of Shares	Authorized Capital			Remarks
	Outstanding	Unissued shares	Total	
Registered Common	286,156,953	63,843,047	350,000,000	Listed on March 4, 2002

Note: shares of a listed company

(III) Shareholder Structure

Record date: April 17, 2022

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Foreign Natural Persons	Total
Number of	3	41	228	66,389	243	66,904
Number of Shares	6,892,000	12,563,740	26,121,620	203,315,645	37,263,948	286,156,953
Shareholding	2.41%	4.39%	9.13%	71.05%	13.02%	100.00%

Note: Percentage of shareholding from China: None.

(IV) Distribution of Equities (nominal value of NT$ 10 per share)

1. Ordinary Shares:

Record Date: April 17, 2022

Range of Shareholding	Number of Shareholders	Number of Shares Held	Number of Shares Held
1 to 999	20,395	1,769,791	0.62
1,000 to 5,000	41,265	72,952,890	25.49
5,001 to 10,000	3,057	23,932,113	8.36
10,001 to 15,000	728	9,343,373	3.27
15,001 to 20,000	433	8,038,906	2.81
20,001 to 30,000	361	9,318,482	3.26
30,001 to 40,000	164	5,867,927	2.05
40,001 to 50,000	98	4,573,385	1.60
50,001 to 100,000	180	12,743,513	4.45
100,001 to 200,000	98	13,999,485	4.89
200,001 to 400,000	49	14,120,419	4.94
400,001 to 600,000	22	11,216,746	3.92
600,001 to 800,000	18	12,354,520	4.32
800,001 to 1,000,000	7	6,376,634	2.23
1,000,001 or more	29	79,548,769	27.79
Total	66,904	286,156,953	100.00

2. Preferred Shares: None.

(V) List of Major Shareholders:

Record date: April 17, 2022

Shareholder's Name \ Shareholding	Number of Shares Held	Percentage (%)
Jie Yong Investment Ltd.	13,354,000	4.67%
Hsing-Hai Chen	8,411,629	2.94%
Ming-Chien Chang	5,523,825	1.93%
British Virgin Islands merchant KAHOW LTD.	4,922,985	1.72%
Shun Cheng Investment Co., Ltd.	4,507,941	1.58%
New Labor Pension Fund	4,459,000	1.56%
Chase hosts the Van Garde Group Emerging	3,533,000	1.24%
You Shanquan	3,146,000	1.10%
Chase hosts the Advanced Starlight Advanced	3,108,717	1.09%
Fuhua Small and Medium-sized Select Fund	2,859,000	1.00%

(VI) Per Share Market Price, Net Book Value, Earnings and Dividends and Related Information over the Past Two Financial Years

Unit: NT$

Item \ Year			2020	2021	As at March 31. 2022
Market Price Per Share	Highest		66.70	213.00	182.00
	Lowest		23.70	57.20	133.00
	Average		40.00	130.22	156.69
Net Book Value Per Share	Before Distribution		28.92	44.46	47.78
	After Distribution		26.92	(Note 1)	N/A
Earnings Per Share	Weighted Average Number of Shares (thousand shares)		279,909	280,221	280,567
	Earnings Per Share	Before Adjustment	3.85	17.76	3.41
		After Adjustment	3.85	(Note 1)	N/A
Dividends Per Share	Cash Dividends		2.00	(Note 1)	N/A
	Free Allotment	Dividends from Retained Earnings	—	(Note 1)	N/A
		Dividends from Capital Reserves	— —	(Note 1)	N/A
	Cumulative Unpaid Dividends		— —	—	—
Investment Return Analysis	Price-Earnings Ratio (Note 2)		10.39	7.33	45.95
	Price-Dividend ratio (Note 3)		20.00	(Note 1)	N/A
	Cash Dividend Yield % (Note 4)		5.00	(Note 1)	N/A

Note 1: Verdict after the resolution of the Board of Directors' or Annual Shareholders' Meeting .
Note 2: Price-Earnings ratio = Average per share closing price of the year/earnings per share.
Note 3: Price-Dividend ratio = Average closing price per share of the year/cash dividends per share
Note 4: Cash dividend yield %= cash dividend per share/current year average per share closing price.

(VII) Dividend Policy and Implementation Status

(1) Dividend policy as set out in the Articles of Association:

The Company's industrial life cycle is still in the growth stage. More than 5% of the total dividend distribution of shareholders is planned to be distributed in cash, and the rest will be distributed in the form of shares.

(2) The Company's Board of Directors' plan for reserve distribution and capital reserve allocation for FY2021 is as follows:

1. The surplus distribution of cash dividend of NT$8,000 per thousand shares (rounded off to the nearest dollar), as approved in the 2022 Annual Shareholders' Meeting , authorizes the Chairman of the Board to set a separate ex-dividend

(3) Any expected material changes to the dividend policy shall be further explained:

Where the Company has a profit at the end of each fiscal year, the Company shall distribute the earnings in the following order:

(I) Tax payment

(II) Deficit compensation

(III) Setting aside 10% for legal reserve, except for the accumulated legal reserve that has reached the Company’s paid-in capital.

(IV) Special reserve appropriated.

(V) The residual amount, together with the accumulated undistributed earnings from the previous period, represents the shareholders’ bonus, which is determined by the shareholders’ meeting.

The Company is in the growth stage of the industry life cycle. In light of future capital needs, long-term financial plans, and shareholders' demand for cash dividends, the distributable earnings in the current year can all be allocated. The allocation plan is made by the Board of Directors according to regulations and is resolved at the shareholders' meeting. The Company may distribute dividends to shareholders in cash or stocks. The ratio of cash dividends cannot be lower than 50% of total shareholders' dividends. The above amendment was passed by the Board of Directors on 25 February 2022 and will be submitted to the Resolution of the Shareholders' Meeting on 15 June 2022.

(VIII) The impact on the Company's business performance and Earnings Per Share (EPS) for allotment of free shares proposed at the shareholder's meeting: N/A

(According to the regulations of Financial Supervisory Securities (6) No. 0930005938 “Regulations Governing the Publication of Financial Forecasts of Public Companies” by the Financial Supervisory Commission on December 9, 2014 , the Company does not need to disclose the financial forecast information for 2022)

(IX) Employees' Compensation and Directors' and Supervisors' Remuneration

1. Quantity or scope of compensation for employees, Directors, and Supervisors as prescribed under the Articles of Incorporation:

Article 24-1 of the Company's Articles of Association stipulates that the Company shall allocate no less than five percent (5%) of its annual profits for compensations to the employees and no more than one percent (1%) for compensations to the Directors. However, the Company shall set aside a sufficient amount to offset its accumulated losses. The compensation shall be distributed, in shares or in cash, to the employees of the Company or the qualified employees of the affiliated companies.

The profit for the year referred in the first clause is referred to the Profit Before Tax for the year, before deducting employees' compensation, and remuneration to Directors.

2. The basis for estimating the amount of compensation and remuneration to the employees, Directors, and Supervisors in the current period shall be the basis for calculating of the number of shares to be distributed as employees' remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

   The basis for estimating the employees' compensation and the Directors' and Supervisors' remuneration during the current period is detailed in the aforementioned "1. Statement". When the actual number of employees' compensation and the Directors' and Supervisors' remuneration is different from the estimated amount, this shall be an accounting estimates changes and will be adjusted in the profit and loss for the following year.

3. Information of the proposed employees' comentation approved by the Board of Directors:

Remuneration to Directors and Supervisors Cash (NT$)		62,863,661
Employees' Compensation Cash (NT$)		314,318,302
Proposed distribution of employee shares compensation Amount		—
The ratio of the total Net Profit After Tax and otal employees' compensation for the current period		—
Estimated Earnings Per Share after proposed allotment of employee remuneration and Directors' and Supervisors' remuneration:	(NTD)	17.76

4. Distribution of employee bonus and Directors' and Supervisors' remuneration from the earnings of 2020:

2020			
Actual distributed amount as resolved in the Shareholders' Meeting	Proposed distribution by the Board of Directors	Discrepancies	Reason

I. Distribution				
1. Employees' Cash Compensation (NT$ thousand)	66,124	66,124	—	—
2. Employees' Shares Bonus				
(1) Amount	—	—	—	—
(2) Proportion of total Net Profit After Tax and total employees' compensation for the current period	—	—	—	—
3. Remuneration for Directors and Supervisors (NT$ thousand)	13,225	13,225	—	—
II. Relevant information on Earnings per Share:				
1. Original Earnings Per Share (Note 1)	NT$3.85	NT$3.85	—	—
2. Calculation of Earnings Per Share (Note 2)	NT$3.85	NT$3.85	—	—

Note 1: The calculation was not adjusted according to the ratio of earning reserves and employee compensation to the increase of capital in 2021.

Note 2: The calculation of Earnings Per Share = (Net Profit - employees' compensation -Directors' and Supervisors' remuneration) / (weighted average number of shares outstanding in the current year)

(X) Shares Buyback: None.

II. The issuance of corporate bonds, preferred shares, overseas depository receipts, employee stock options, and mergers and acquisitions (including mergers, acquisitions, and divestment) and implementation of funds utilization plans.

(I) Issuance of corporate bonds: None.

(II) Issuance of preferred shares: None.

(III) Issuance of overseas depository receipts: None.

(IV) Issuance of employee stock options:

1. Issuance of employee stock options

As at March 31, 2022

Category of employee stock options	The Company received the employee stock options of the original Eon Silicon Solution Inc. due to the merger
Declaration Effective Date	May 4, 2016
Date of Issuance (Placement)	May 4, 2016
Number of Options Issued	1,175,443
Ratio of subscribable shares to total issued and outstanding shares	0.41%
Duration of Subscription	Duration till August 18, 2023
Method for Exercising the Options	Issuance of New Shares
Restrictions on the Option Exercise Period and Exercise Ratio (%)	Expiration of 2 years: 50% Expiration of 3 years: 75% Expiration of 4 years: 100%
Shares Exercised	398,028
Total Value of Shares Subcribed by Exercising Option	22,926,413
Number of Shares Unsubscribed	14,117
Subscription Price Per Share of the Unsubscribed Shares	NT$ 57.60
Ratio of the Amount of Unsubscribed Options to the Total Number of Issued Shares	0.00%
Impact to Shareholders' Equity	Limited impact of dilution to the existing ordinary shareholders' equity

2. Restriction on employees' right to subsribe new shares: None.

3.The names of the managers and top ten employees who obtained the employee stock option certificates, and the status acquisition and subscription: None.

As at March 31, 2022
Unit:Share,%,NT$

	Title	Name	Shares Option	Ratio of subscribable shares to total issued and Shares Option	Shares Exercised				Unsubscribed Share			
					Shares Exercised	Subscription Price Per Share of the Shares Exercised	Total Value of Shares Subcribed by Exercising Option	Ratio of subscribable shares to total issued and Shares Exercised	Number of Shares Unsubscribed	Subscription Price Per Share of the Unsubscribed Shares	Total Value of Shares Unsubscribed	Ratio of subscribable shares to total issued and Number of Shares Unsubscribed
Manage	NA		-	-	-	-	-	-	-	-	-	-
Staff	Technical Associate	Cheng, Po Yuan	282,346	0.09867%	282,346	57.6	16,263,130	0.09867%	-	-	-	-
	Technical Associate	Wu Shuqi										
	Senior Chief Engineer	Huang Shimin										
	Senior Chief Engineer	Tong Ziyun										
	Technical manager	Li Kuiwang										
	Technical Associate	Jiang Lanqing										
	Technical Associate	Liu Guanhui										
	Senior Account Manager	Xu Zijie										
	Technical Associate	Huang Jiancheng										

	Technical manager	Chen Boling										

4. The names of the managers and top ten employees who obtained the new restricted employees' right shares, and the acquisition status: None.

(V) Mergers, acquisitions or issuance of new shares to acquire shares of other companies: None.

(VI) Implementation of capital utilization plan: Up to the quarter preceding the date of publication of the Annual Report, the Company has no incomplete issuance or placement of private securities or completed placement where the benefits of the plan have yet to be realized in the past three years.

Business Operations Overview

I. Business Activities

(I) Business Scope

The Company is a professional integrated circuit (IC) design company, the main business is research, development, manufacturing, and sales of DRAM, Flash Memory, analog integrated circuit, analog and digital mixed-signal IC and product design related to the Company's business and R & D technical services. The IC revenue in 2021 was NT$ 23,844,898 thousand, accounted for 100% of the operating ratio.

With the increasingly enhanced functions of terminal electronic products, the easier operation interface and the humanized application interface and functions designed by its application software, such as artificial intelligence (AI), the imminent fifth generation mobile communication generation (5G) and entering of the commercial stage, due to the characteristics of faster transmission, high-frequency bandwidth, high density and low latency, it is conducive to the development of services such as big data, artificial intelligence, and the Internet of Things, which can drive value-added innovative applications such as high-quality audio-visual entertainment, smart medical, smart factories, self-driving cars, drones, and smart cities, as well as various emerging application fields to make memory ICs a key component of electronic products. The relative capacity, operating speed and low power consumption requirements are also becoming stricter. In addition to continuing to focus on the development of high-density, high-speed and low-power memory ICs, the company will also speed up the development of flash memory, analog, analog and digital mixed-signal ICs in response to industry development and market demand. The product line enhances product competitiveness and develops towards product diversification.

(II) Industry Overview

1. Current situation and development of the industry

The 2021Q4 global semiconductor market sales amounted to US$152.6 billion, an increase of 4.9% from Q3 2021 and an increase of 28.3% from Q4 2020. Sales volume reached 288.5 billion, down by 1.8% from Q3 2021, up by 10.1% from Q4 of 2020; ASP was US$0.529, up 6.9% from Q3 2021 and 16.5% from Q4 of 2020.

The global semiconductor market reported total annual sales of US$555.9 billion in 2021, an increase of 26.2% from 2020. The total sales reached US$1,146.9 billion in 2021, an increase of 20.2% from 2020, whereas the ASP recorded US$0.485 in 2021, an increase of 5% from 2020.

2021 Q4 US semiconductor market sales reached US$36.4 billion, up 12.6% from Q3 2021 and 38.4% from Q4 2020; Japan’s semiconductor market sales reached US$11.8 billion, up by 2.6% from Q3 2021 and 18.9% from Q4 2020. Europe’s semiconductor market sales reached US$12.9 billion, up 6.6% from Q3 2021 and 27.0% from Q4 2020. Mainland China’s market reached US$51.5 billion, up by 1.8% from Q3 2021 and 29.2% from Q4 2020. Sales of semiconductors in the Asia-Pacific region reached US$40 billion, up 2.7% from Q3 2021 and 22.4% from Q4 2020.

As regards total annual sales in 2021, the U.S. semiconductor market reached US$121.5 billion, an increase of 27.4% from 2020. Japan's semiconductor market reached US$43.7 billion, an increase of 19.8% from 2020. Europe's semiconductor market recorded US$47.8 billion, an increase of 27.3% from 2020. Mainland China market reached US$192.5 billion, an increase of 27.1% from 2020. Asia Pacific semiconductor market reached US$150.5 billion, an increase of 25.9% from 2020. The global semiconductor annual sales totaled US$555.9 billion in 2021, an increase of 26.2% from 2020.

According to the statistics of the ITRI Industrial Economics and Knowledge Center, Taiwan's overall IC industry output value (including IC design, IC manufacturing, IC packaging, and IC testing) in the fourth quarter of 2021 (21Q4) reached NT$ 1,106 billion (US$ 39.5 billion), grew 1.9% compared with the previous quarter (21Q3) and an increase of 25.4% from the same period last year (20Q4). Of which, the output value of the IC design industry is NT$317.5 billion (US$ 11.3 billion), which is 3.8% lower than the previous quarter (21Q3) and 28.5% higher than the same period last year (20Q4); IC manufacturing is NT$613.5 billion (US$21.9 billion)), An increase of 4.5% from the previous quarter (21Q3) and an increase of 24.4% from the same period last year (20Q4), of which the wafer foundry was NT$540.1 billion (US$ 19.3 billion), an increase of 6.3% from the previous quarter (21Q3), compared to the same period last year (20Q4) grew by 23.6%, and memory and other manufacturing were NT$73.4 billion (US$2.6 billion), which was 6.9% lower than the previous quarter (21Q3) and 30.4% higher than the same period last year (20Q4). The IC packaging industry was NT$120 billion (USD$ 4.3 billion), an increase of 4.3% from the previous quarter (21Q3) and an increase of 22.4% from the same period last year (20Q4). the IC testing industry was NT$ 55 billion (US$ 2.0 billion), which was an increase of 3.8% from the previous quarter (21Q3) and 26.4% from the same period last year (20Q4). The exchange rate of the New Taiwan Dollar (NTD) to the US Dollar is set at 28.0.

According to statistical data from the ISTI at ITRI, the output value of Taiwan's IC industry had reached NT$4.082 trillion (US$145.8 billion) in 2021, showing a 26.7% increase from 2020. Of which, the output value of the IC design industry was NT$ 1.2147 trillion (US$ 43.4 billion), an increase of 42.4% from 2020. The IC manufacturing industry was NT$ 2,228.9 billion (US$ 79.6 billion), which was an increase of 22.4% from 2020. The workforce was NT$ 1,941 billion (US$ 69.3 billion), an increase of 19.1% from 2020. Memory and other manufacturing was NT$ 287.9 billion (US$ 10.3 billion), an increase of 51.0% from 2020. The IC packaging industry was NT$435.4 billion (US$ 15.6 billion), an increase of 15.3% from 2020. The IC testing industry was NT$ 203 billion (US$ 7.3 billion), an increase of 18.4% from 2020. The exchange rate of the New Taiwan Dollar (NTD) to the US Dollar is set at 28.0.

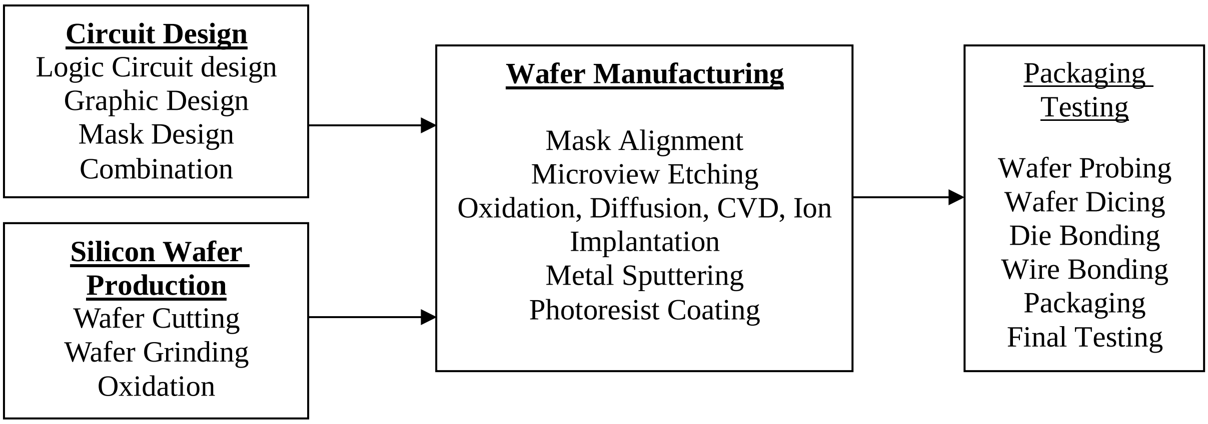
The statistical results of Taiwan's IC industry output value from 2018 to 2021

Unit: NT$100million

	2018	2019	2020	Growth Rate in 2020	2021	Growth Rate in 2021
IC Industry Output Value	26,199	26,656	32,222	20.9%	40,820	26.7%
IC Design Industry	6,413	6,928	8,529	23.1%	12,147	42.4%
IC Manufacturing Industry	14,856	14,721	18,203	23.7%	22,289	22.4%
Wafer Foundry	12,851	13,125	16,297	24.2%	19,410	19.1%
Manufacturing Own Products	2,005	1,596	1,906	19.4%	2,879	51.0%
IC Packaging Industry	3,445	3,463	3,775	9.0%	4,354	15.3%
IC Testing Industry	1,485	1,544	1,715	11.1%	2,030	18.4%
IC Product Output Value	8,418	8,524	10,435	22.4%	15,026	44.0%
Global Semiconductor Growth Rate	13.7%	-12.1%	-	6.8%	-	26.2%

Source: TSIA ITRI IEK (2022/02)

2. Semiconductor upstream, middle and downstream correlation diagram



The following describes the relative industrial characteristics of the abovementioned IC industry upstream, midstream and downstream, as follows:

A. IC Design

IC design company is an integrated circuit product design company. Its main business is to design product sales or design directly entrusted by the customers. It is a brain-intensive industry, it requires much smaller capital than the wafer manufacturing plants. There is a fairly complete semiconductor industry support structure in Taiwan and IC design talents are increasingly abundant, which has prompted many manufacturers to invest in this industry.

B. IC Manufacturing and Foundry

The main business of the IC manufacturing company is to convert the designed circuit into a chip with sophisticated equipment, complex manufacturing processes, and strict quality control. This industry is capital and technology-intensive, and the barriers to entry are quite high. At present, the cost of constructing a 12-inch wafer fab is about NT$ 100 billion, and the subsequent maintenance and research and development costs must continue to be invested to maintain the effective operation of the IC fab.

C. IC Packaging and Testing

However, the barriers to entry for this industry are much lower than those for wafer manufacturing, and its profit comes from the fixed revenue of processing. The key factors that affect its profitability are the equipment utilization rate and personnel costs. The IC design industry is an upstream industry in the industrial value chain. Before the final product is completed, the main processes of photomask, manufacturing, packaging, and testing are required. As far as industrial development trends are concerned, processes such as photomask, packaging, and testing are all directed towards the mode of commissioning production by external professional companies.

3. Product Development Trends and Competition

A. High Degree of Integration

With the evolution of Windows operating system software and the continuous development of diversification of application software, DRAM products have been developed towards high degree of integration. The current mainstream market is 8 GB (DDR4) and 4 GB (DDR3).

B. High Speed

DRAM and CPU have an apparent gap in data transmission speed for a long time, and it has become the bottleneck of PC's overall system performance. To solve this problem, many high-speed DRAM architectures have been proposed, such as DDR3/DDR4 and RAMBUS. In order to adapt to the requirements of network communication products with different performances, such as switches and routers, SRAM (Zero Bus Turnaround SRAM) with high-frequency bandwidth and high-speed operation capability is also introduced due to the mixed reading and writing operations.

C. Low Power Consumption

With the continuous increase of CPU computing speed and the application of portable electronic products, characteristics such as low power consumption and low voltage are necessary to achieve power-saving or avoid the problem of overheating of components.

D. Reduced Crystallite Size

The continuous decline in the price of memory IC products is a characteristic of the industry. To maintain the competitive position and profitability of the products, with the design and process control, the output quantity of a single wafer is increased and the high quality rate is being maintained, only then could the Company effectively reduce product costs and enhance market competitiveness.

4. Product Competition

The Company's products are mainly based on niche memory. At present, the main domestic and foreign competitors are as follows:

Domestic Competitors	Foreign Competitors
Nan Ya Technology, Etron, Powerchip, Winbond	Samsung, Hynix, Micron

(III) Technology and R&D Overview

(1) Technical aspects of the business activities

The Company is a professional memory IC design company. It owns the core technology of memory IC design. The members of the R&D design team are well-versed in the design profession for many years and possess extensive practical experience. Since the Company can control the development and design technology of memory IC, it can adjust the product combination in time in response to market changes. Since its establishment, tbe Company has continued to develop memory ICs with high integration, high capacity, high speed and high performance by adhering to superb and outstanding design technology.

(2) Research and development

The Company's development and design of DRAM, Pseudo SRAM, NOR Flash, MCP, analog IC, and analog and digital mixed-signal IC are all focused on mastering "Time-to-Market". The future research and development is directed towards high-end process technology and high-integration product development.

(3) Education and experience of research and development personnel

The Company and its subsidiaries currently have a total of 315 R&D personnel, most of whom have a college degree or above and abundance of experience in R&D. With the pulse of the existing and future markets, they continue to develop new technologies and new products to continue to lead the industry and meet the market needs.

March 31, 2022

Item	Education		
	PhD	Master	University
Number of Persons	7	219	89

Percentage (%)	2.22%	69.52%	28.25%

(4) R&D expenses and technologies or products successfully developed in the most recent Financial Year:

A. R&D expense in the most recent financial year

Unit: NT$ 1,000

Item \ Year	2021	Q1 2022
R&D Expenses	1,786,681	497,448
Growth Rate (%)	89.90%	-

B. Successfully developed technologies or products

1. The Company's DRAM product line has completed the development of 16 MB - 2 GB SDRAM, DDR / DDR2 / DDR3 and other products with 12" 38/45/50 / 60nm process technology. The 25nm process has been initially developed and new products will be designed for mass production.
2. In terms of Flash Memory, the development of 65nm low-capacity 4 MB / 8 MB / 16 MB / 32 MB have been developed, and entered mass production, high-capacity 64 MB and 128 MB have also been completed development and entered mass production with 65nm.
3. Integrated NAND Flash and LP DRAM product technologies and launched MCP products.
4. In terms of non-memory products, various power management and IC solutions for Class D/AB power amplifiers have been developed.

(IV) Long-term and Short-term Development Plans

1. Short-term development plans

(1) Marketing strategy

A. Adopt marketing strategies based on product functions and cost-competitive advantages to provide customers with a stable supply.

B. Strengthen the interactive relationship with agents and distributors, continue to penetrate the domestic market, and actively develop handheld devices, PC-related equipment, and information appliance manufacturers in overseas markets to access direct business opportunities.

(2) Production strategies

A. Improve the use of process technology to reduce production costs.

B. Establish a good cooperative relationship with the wafer foundry and back-end packaging and testing outsourcers to ensure that production capacity, product delivery and quality can be achieved, and meet the demand for flexible scheduling.

(3) Product development

Use new generation process technology to develop mainstream products to reduce production costs and enhance product competitiveness.

(4) Human resources

Provide humane management and share operating profits with the employees to attract professional talents to join the management team and stabilize the Company's personnel flow, maintaining the Company's leading position in technology and operations.

2. Long-term plan

(1) Marketing strategy

Maintain revenue sources from proprietary products and design technical services that are functional/cost competitive to ensure the stability of profits.

(2) Production strategies

Ensure the production quality and cycle time of wafer foundry partners, including fabs, packaging and outsourced testing factories

(3) Product development

Continue to develop memory ICs with high integration, high speed, low power and small die size to increase product performance and enhance product competitiveness. Also, use the new generation process technology for the manufacturing of existing products to strengthen cost competitiveness. In addition, in response to industry development and market demand, the company will actively mass produce MCP, analog, analog and digital mixed-signal IC product lines, towards product diversification.

II. Analysis of the market as well as production and marketing situation

(I) Market analysis

(1) Sales of main products (services) by region

The Company's current product combination is mainly based on high-speed and high-integration DRAM/FLASH/analog IC and technical service income. The product sales regions in the past two years are as follows:

Units: Thousand NTD; %

Geographical Region \ Year		2020		2021		Q1 2022	
		Sales Value	Percentage	Sales Value	Percentage	Sales Value	Percentage
Internal sales		6,138,237	40	11,523,346	48	2,250,907	44
External sales	Asia	9,069,729	60	12,196,154	51	2,797,223	56
	Others	59,173	-	125,398	1	33,127	-
	Sub-total	9,128,902	60	12,321,552	52	2,830,350	56
Total		15,267,139	100	23,844,898	100	5,081,257	100

(2) Market share

The global overall memory market has grown significantly in 2021 compared with 2020, resulting in global market size of US$ 94.3 billion. Based on the Company's 2021 revenue calculation, its share of the global market is approximately 0.91%.

(3) Future market demand and supply status and growth characteristics

The main factor affecting the price trend of DRAM products is the spread between supply and demand. On the supply side, the CEO of Micron, a memory chip manufacturer, has recently publicly indicated that the semiconductor chip supply shortage has improved. Yet the supply shortage may remain in some sectors till 2023. In the case of semiconductor long and short material, memory is a relatively “long material". The lack of other chips will also affect customers’ willingness to buy memory chips.

In terms of demand, DRAM application products can be divided into three categories: the first category is computers and relevant products, such as desktop computers, notebook computers, workstations, servers, printers, scanners, DVD-ROM, tablet computers and mining machines, etc.; the second category is network communication application products, mobile devices, ADSL, router (Switch/Router), Internet of Things, Internet of Vehicles, cloud data center, 5G communication and artificial intelligence (AI), etc.; the third category is consumer applications, such as DVD (Blu-ray) players, digital set-top boxes, digital cameras, iPod music players (MP3 Player), game consoles (PS4, XBOX, Wii), LCD (quantum Point) TV and smart voice assistant. On the demand side, In terms of PC demand, according to TrendForce, the product delivery in 2021 Q4 remained unchanged due to the material shortage. Therefore, as DRAM inventory of PC OEMs decreased, TrendForce lowered its price fall forecast in 2022 Q1. However, since 2022 Q1 will be low season, the average DRAM price will remain low, with an estimated 8-13% of drop rate. The future price change will be determined by the inventory amount and psychological expectations from the procurement.

(4) Competitive niche

A. Core competitiveness of design and R&D

The Company's design and development team has accumulated many years of practical experience, and can effectively control the performance and cycle time of product development, so as to fully access the market opportunities. This is proved by the Company's successful design and development of a variety of market-leading product lines.

B. Long-term procurement of outsourced foundry production capacity

Since the Company's business has grown steadily, it is able to give outsourcing foundries a stable order quantity. At the same time, through product design and technical services, it can still help the fab to use the new generation process to expand the product line and contribute to fab capacity utilization. The establishment of this cooperation model promotes a more stable cooperative relationship between the two parties, which can ensure that the Company's wafers are secured when the OEM production capacity is tight.

C. Competitiveness of cost structure

The Company's operating team, in addition to a strong R&D team, also includes professionals in processing, packaging, and testing. It can assist various professional OEM partners in process improvement and yield improvement, thus establishing an effective reduction of the production cycle and lower product production cost.

D. Good interaction with agency dealers

The R&D capabilities and cost competitiveness cultivated by the Company can launch the products in time as required by the market, and actively integrate with the logic chips represented by the distributors to form a complete turn-key solution to provide to system manufacturers. This will further enhance the value of products/services and establish a long-term and stable mutually beneficial relationship with well-known domestic and international distributors, which will greatly help the sales and promotion of the Company's products.

(5) Advantages, disadvantages and countermeasures of the development prospect:

Favorable factors

A. With the global economic boom gradually recovering, the demand for technology products in emerging markets has become the main growth driver of the global technology industry. It is expected that the demand for technology products in emerging markets will continue to grow in 2019.

B. The rapid development of smartphones, personal computers and workstations in emerging markets, coupled with the rise of multimedia product applications and the rise of the Internet (Internet of Things, Internet of Vehicles, Cloud Data

Center, 5G, Artificial Intelligence (AI)). In the long-term, the demand for the memory IC market has shown steady growth.

C. The market demand for products is extensive, including computer peripherals, communications and consumer products. In addition to personal computers/workstations, it is also widely used in multimedia and information appliances, such as digital cameras, high-end graphics cards, DVDs, TVs, mobile phones, printers, set-top-Box, MP3, game consoles, ADSL, routers, and routers, mining machines and smart voice assistants.

D. The domestic semiconductor industry has a good development environment, and the industry's vertical division of labor system is perfect. The main raw material suppliers are located in the Hsinchu Science Park. The industry has a high degree of industry concentration, and it has great advantages in timeliness control and cost control.

E. Strong R&D team, high-quality personnel and extensive experience. Able to lead the design of products with high integration, high speed and cost advantage.

<u>Unfavorable factors and countermeasures</u>

A. Market products change rapidly, and product life cycle is shortened. IC products that meet market and customer needs need to be launched in time.

<u>Countermeasures</u>

Maintain excellent design and R&D capabilities, shorten product development time and production cycle to meet market demand.

B. There are many competitors in memory products and the price fluctuation is fierce.

<u>Countermeasures</u>

a. Actively develop niche products that meet market needs, develop new processes to reduce product costs, and increase the added value of products to enhance the overall competitiveness of products by establishing a good product quality image.

b. Expansion of non-memory product lines such as analog, analog and digital mixed signal integrated circuits, and the development of product diversification to diversify product concentration risks.

C. When the wafer fab's production capacity is insufficient, the increase in wafer prices will affect the profit margin

<u>Countermeasures</u>

Maintain long-term and stable cooperative relations with wafer foundry manufacturers.

D. Professionals are in short supply and high turnover

<u>Countermeasures</u>

Focus on the building professional image and the deep penetration of R&D technical ability in order to retain the required talents, and to further attract more professionals to join. At the same time, provide a good working environment, and to encourage employee's centripetal force towards the Company through dividends, employee stock options and a suitable and effective reward system design,

(II) Major uses and production process of the primary products

1. Usage of the main products

Products	Major products	Usage/functions	Product application
Dynamic Random Access Memory (DRAM)	SDRAM, PSRAM, Mobile SDRAM/DDR, DDR1/DDR2/ DDR3/DDR4/ SDRAM Product line	Main memory components of various high-end personal computers and peripheral devices. The main function is data storage during system operation.	Consumer products: DVD-Player, Set-Top-Box, Digital Still Camera, Scanner, VGA Card, HDD and Printer Network products: Cable Modem, ADSL, 5G Products
		The memory element used in portable commodity equipment a low-power consumption feature.	Portable device such as mobile phone, PDA and HPC.
		The basic components of various high-end computer display memories. The main function is to store the data of each pixel on the fluorescent screen.	Graphics cards and multimedia video cards, flat panel TV (liquid crystal / plasma TV) and high-end Desktop/notebook PC, servers, workstations and computer peripherals, etc.
NOR flash memory		It is a non-volatile memory element that can be read and written at high speed that can be used to write fixed boot programs in computers or electronic devices, called "Code Flash", or it can be used for wireless cell phone control and data access.	Desktop/notebook PC, server, workstation, and storage and use of boot programs for various computer equipment products; or used to write fixed boot programs for consumer electronic devices (such as DVD DVR, etc.), or it can be used for wireless cell phone control and data access.
MCP products		Integrate memory ICs such as NAND Flash and LP DRAM for data access of handheld related product systems.	Used in mobile communication data card and other mobile communication related product systems.
Audio processing IC (including Class D audio amplifier, A/D & D/A converter, Codec IC, etc.)		It is a mixed-signal IC product, which is the basic component of audio processing/output of various computers or electronic equipment, used for analog/digital conversion and signal amplification processing of various audio. Of that, the Class D audio amplifier has the feature of low-power consumption and high-amplification efficiency because it is a digital amplifier.	It is suitable for audio processing of various electronic products, including audio transmission and amplification output of PC/notebook, TV, mobile phone, MP3, car/home audio.
Power management (Power IC)		It is an analog IC product, which is a key component of power management for various electronic equipment systems.	Suitable for various 3C equipment and optical component system power management applications.
Technical service		Technical services for memory, power management and audio IC product design and development.	

2. Production Process

The Company's integrated circuit manufacturing process is mainly divided into the following stages:

Development and design: After determining product specifications, developing design components and selecting design criteria; designing the chip architecture and layout planning of various circuit items on the chip, and then planning circuit design and layout; making this layout file into a photomask .

Wafer manufacturing: Repetitive processes such as photolithography, etching, oxidation, and diffusion are used to design and manufacture the circuit on the photomask layer by layer on a silicon wafer.

Packaging test: The wafer needs to be tested by Probe Card to select the chip with normal function and meet the design requirements, and then to be packaged and shipped.

(III) Supply of primary raw materials

The Company's main raw material is wafers, which are mainly supplied by well-known semiconductor companies at home and abroad. Good cooperative relationships are being maintained currently.

(IV) Names of customers who have accounted for more than 10% of total purchases (sales) in any of the most recent two financial years, their purchases and sales amounts and proportions, and reasons for changes:

1. Main sales customers

Unit: NT$1,000

	2020				2021				Q1 2022			
Item	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer
1	Company A	3,430,386	22	Nil	Company A	7,122,477	30	Nil	Company A	1,417,613	28	Nil
2	Others	11,836,753	78		Others	16,722,421	70		Others	3,663,644	72	
	Net Revenue	15,267,139	100		Net Revenue	23,844,898	100		Net Revenue	5,081,257	100	

Reasons for Change:

The Company's products are mainly sold through agents, and Company A is the Company's main agent. Due to the increase in business volume in 2021, the revenue of Company A has increased compared with 2020.

2. Main Purchase Suppliers

Unit: NT$1,000

	2020				2021				Q1 2022			
Item	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer	Name	Amount	Ratio to Net Revenue for the FY (%)	Relationship with the Issuer
1	Company A	7,787,121	59	Nil	Company A	7,268,035	53	Nil	Company A	2,450,396	56	Nil
2	Company B	1,413,681	11	Nil	Company B	1,625,021	12	Nil	Company B	312,522	7	Nil
3	Company C	1,152,224	9	Nil	Company C	1,406,415	10	Nil	Company C	394,504	9	Nil
4	Others	2,746,154	21		Others	3,473,274	25		Others	1,248,295	28	
	Net Purchase	13,099,180	100		Net Purchase	13,772,745	100		Net Purchase	4,405,717	100	

Reasons for Change:

The Company is a professional IC design company. The main cost structure in the production process is wafer raw materials and outsourced processing fees, while wafer selling prices and outsourced processing fees are closely linked to the semiconductor business cycle. In the semiconductor industry in 2021, due to continue to recover in the global economic climate, and the electronics industry is growing strongly, the average unit price of wafers and outsourced processing fees have generally declined, so the value and proportion of major purchasers in 2021 have changed compared with 2020.

(V) Production Volume Table for the last two FY

Unit:1 ,000; NT$1,000

Item	2020		2021	
	Production	Production	Production	Production
Integrated Circuit (IC)	2,353,898	7,674,993	2,024,633	7,356,106

Note: The Company's products are outsourced to external professional companies for processing, so no capacity is disclosed.

(VI) Sales quantity and value for the last two FY

Unit:1 ,000; NT$1,000

FY / Item	2020				2021			
	Internal sales		External sales		Internal sales		External sales	
	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Integrated Circuit (IC)	1,014,336	6,138,237	978,513	9,128,902	1,201,729	11,523,346	1,012,446	12,321,552
Total	1,014,336	6,138,237	978,513	9,128,902	1,201,729	11,523,346	1,012,446	12,321,552

III. Employee information for the most recent two financial year up to the date of publication of the Annual Report

Year		2020	2021	Until March 31, 2022
No. of employees	Management Personnel	132	134	134
	R&D Technicians	373	393	390
	Operators	—	—	—
	Total	505	527	524
Average Age		41.20	41.46	41.85
Average Year of Service		9.30	9.67	9.86
Academic Distribution Ratio	PhD	2.0%	1.7%	1.7%
	Master	51.9%	53.3%	53.4%
	University	44.0%	42.9%	42.8%

	High school	2.1%	2.1%	2.1%
	Below high school	—	—	—

IV. Disbursements for Environmental Protection

(I) In the financial year 2021 up to March 31, 2022, there has been no penalty arising from environmental pollution or industrial safety incidents or any disciplinary authority.

(II) Countermeasures for environmental protection and industrial safety in the future:

The Company has always upheld the spirit of the ISO 14001 environmental management system and is committed to complying with international advanced environmental standards. It is committed to providing and maintaining a working environment that is compliant with laws and regulations and at the same time which is an industrial and practical working environment. The Company also continuously improves in its attempt to eliminate the risk of any predictable causes of environmental pollution. Through the preventive measures of process optimization, the Company will continue to improve in the reduction of the emission of hydropower substances and pollutants, and strive to implement the concept of designing for the environment, and become a sustainably developed green enterprise. In order to implement the effectiveness of environmental management, the Company plans to establish the ISO 14001 environmental management system in 2007, and the verification and certificate were obtained in January 2008.

(III) Environmental protection policy and improvement plan

(1) Future quantitative management of energy saving and carbon reduction

After the Company introduced the ISO-14001 environmental management system and continued to implement a number of energy-saving and carbon reduction measures, it has achieved significant performance so far; based on the management principle of continuous improvement, the Company set relevant quantitative management goals for improvement, with a view to making further contributions to protecting the global environment, as explained below:

A. Quantitative management objectives for greenhouse gas reduction, water resources management and waste management:

1. Greenhouse gas reduction

The Company's quantitative management goals for greenhouse gas reduction are as follows: The per capita greenhouse gas emission decreases by 4% in 2025 compared with 2019.

2. Water resources management

In response to climate change, stable water supply has become a global issue. To fulfill its social responsibilities and respond to global water shortage issues, the company has set quantitative goals for water resources management as follows: By 2025, the overall per capita water consumption will be reduced by 2% compared with 2019, with a view to taking concrete actions to face the challenges of climate change with global corporates.

3. Waste reduction

The Company's goal of quantitative management of waste reduction: The personal output of waste in 2025 will be 2% lower than that in 2019.

B. Measures to achieve goals:

1. Greenhouse Gas Reduction

- Evaluation of public area lighting system to be replaced by LED lights

- The air-conditioning temperature of the office area is set at 26 ~ 28°C.
- Turn off non-essential lighting during meals and breaks.
- Promote a paperless policy and import electronic forms to reduce paper consumption.
- Use environmentally friendly tableware for dining and encourage employees to bring their own tableware to reduce the use of disposable tableware.
- Use green products and select equipment and appliances with energy-saving labels.
- Encourage employees to use stairs instead of elevators.

2. Water Resource Management
- Display water-saving slogans to develop the habit of saving water.
- Monitor water consumption and address any abnormalities immediately to avoid wasting water resources.
- Reduce the amount of environmental cleaning agents and reduce the amount of cleaning water.

3. Waste Management
- Implement a resource recycling classification mechanism.
- Promote employee waste reduction.
- Comply with the relevant provisions of environmental regulations and implement environmental policies.

(2) Climate change assessment and countermeasures

The United Nations Intergovernmental Panel on Climate Change (IPCC) pointed out that global warming will exceed 1.5°C in 2040 at the earliest. Climate change has become an issue that should be ignored.

ESMT is of the view that climate change is becoming more and more serious, and there is a high degree of correlation between product production and the supply chain of related industries. In order to continue to strengthen the Company's ability to respond to and combat climate change, the Company will disclose detailed environmental and climate-related measures in an appropriate manner, and disclose the risks and opportunities brought by the climate to the Company's operations with reference to the Task Force on Climate-related Financial Disclosures (TCFD). From the four major aspects of governance, strategy, risk management, and indicators and objectives, the Company will strengthen its governance of climate change in response to the expectations of external stakeholders about the Company's management of climate change.

	Risk Item	Description	Response measures
Climate related risks	Energy price increase	In response to the greenhouse gas reduction requirements, the pressure to increase energy prices and the efficiency of related equipment used has led to an increase in energy costs.	Promote workplace energy saving and carbon reduction measures
			Set annual power saving goals
	Stricter fuel/energy/environmental regulations	Increase in operating and manufacturing costs, related fines, litigation cases, and policy changes led to asset impairment	Continue to monitor and identify the impact of changes in regulations
			Communicate with industry association and participate in

			government regulations courses
			Strengthen awareness on laws and regulations and training
	Increase in frequency of extreme climate events	Extreme weather events will cause loss of property and equipment, and may even cause business interruption	Improve the recovery time of the operation-related support system and shorten the recovery time to normal business operation
			Implement a mechanism for handling major abnormal events
			Continuously supervise suppliers to carry out plans and drills for extreme climate events
			Assess and build backup equipment
Climate-related opportunities	Market transformation/ technology development	Develop low-carbon products, encourage suppliers to use low-carbon technology processes, and increase access to relevant markets	Evaluation and development of low-carbon products and markets
			Encourage existing suppliers to use low-carbon technology processes, and prioritize suppliers using low-carbon technology processes

(IV) Information on the implementation of RoHS (Limiting Hazardous Substances in Electronic Motor Equipment) in the EU is as follows:

(1) The Company's management measures

1.Process changes are subject to EU RoHS and customer green production specifications.

2.Notify suppliers of environmentally friendly green production practices and request relevant supporting documentation.

3. Audit suppliers from time to time and coach them to establish a green supply chain.

(2)The Company's products comply with the RoHS specifications related to the restrictions on the use of hazardous substances, so does not affect the company's products market sales.

(V) Annual greenhouse gas emissions, water consumption and the total weight of waste in the past two years

In response to global climate change, the Company reduced and managed greenhouse gas emissions, implemented environmental justice, and fulfilled the responsibility to jointly protect the global environment. In addition, the Company actively responds to the Carbon Disclosure Project (CDP), and voluntarily disclosed its investigation in greenhouse gas emissions according to the World Business Sustainable Development Association (WBCSD) and the GHGProtocol issued by the Resource Research Institute (WRI). The results of the investigation are shown in the table below.

Table - Annual greenhouse gas emissions

Year	Greenhouse gas emissions (year)	Greenhouse gas emissions per capita	%
2020	3,336.88	7.87	4.54
2021	3,370.24	7.49	0.99

Unit (CO2 equivalent)

Table - Water Consumption

Year	Water Consumption	Water consumption per capita (degrees)	%
2020	19,169	45.10	13.1
2021	17,820	39.60	-7.04

Unit (M3)

Table - Total waste

Year	Total Waste	Individual output	%
2020	18	42.45 kg	67.29
2021	17.13	38.06 kg	-4.84

Unit (Ton)

V. Labor Relations

(I) The systems and implementation status of the Company's employee welfare policies, continuing education, training, and retirement, as well as the agreements between the employees and employer, and employees’ rights and interests:

(1) Employee welfare policy

The Company provides a friendly and supportive working environment, allowing employees to achieve balance and harmony between work, family and life.

Measures and benefits related to work-life balance:

1.Work:

a. Flexible working hours and two days off a week that allow employees to arrange working hours flexibly to take care of their family or health.
b. Provide employees with annual leave better than the Labor Standards Act.
c. Provide employees with festival and birthday giftcard and festival bonuses.
d. Organize the year-end party and give senior colleagues awards and bonuses to encourage them.
e. In addition to labor (retirement), health insurance and group insurance, the Company also provides travel insurance for employees on business trips.

2.Family:

a. Friendly maternal protection measures including setting up breastfeeding rooms in the health center, and providing unlimited breastfeeding time.
b. Arrange one-on-one consultation with on-site physicians for employees after pregnancy and childbirth.
c. Provide various subsidies for employee birth and education.
d. Assist in the evaluation of special nursery centers, kindergartens and provide health education information related to childcare.

e. Handle parent-child communication and other related courses and lectures.

f. Organize activities such as parent-child travel for employees and their families to provide opportunities for communication and interaction between parents and children.

g. Provide group insurance for employees and their families, and provide professional on-site services and consultation.

3. Health:

a. Staff assistance programs and health promotion activities provide employees with physical and mental health and safety

b. Provide regular labor health checks that are better than that required by regulations.

c. Established a health center to provide staff health management, health inspection and health education and consultation, and care for specific targets and arrange health consultations with on-site physicians.

d. Established fitness centers, basketball courts, badminton courts, music classrooms and other sports fitness and leisure spaces to encourage employees to maintain a healthy body.

e. The Employee Welfare Committee regularly handles various national and international travel, birthday celebrations and afternoon tea activities to adjust the physical and mental health of employees, strengthen employee communication and mutual interaction and connection.

f. Provide various subsidies for employees' marriage, bereavement, illness, childbirth and education.

g. Organize self-growth and stress relief related courses and lectures.

h. Provide meal subsidies for dining staff, and the Company has a staff restaurant that provides buffet, pasta or light meals and other diverse options and calorie information.

(2) Continuous education, training and the implementation thereof

Depending on the needs of each employee's job capacity, future personal development, and the requirement of the Company's operational expansion, the Company formulates individual refresher training programs, and each department regularly formulates and implements its annual training plans every year. If requirements arise in the financial year, each department may, from time to time, submit an "Education and Training Requirement Questionnaire" to add the required training items , which should effectively achieve the purpose of enhancing objectives of the employees' work functions.

(3) Retirement System

In December 1998, the Company set up a special account for labor pension preparation in the Central Trust Bureau, which was allocated at 2% of the total monthly salary. The standard and method of payment of the pension application shall be handled in accordance with the provisions of the Labour Standards Act. Since the beginning of the implementation, no employees have applied for retirement. Since 1999 and in accordance with the Pension Bulletin No. 18, a qualified actuary is hired to conduct actuarial pension assessment. In addition, the Company has solicited the wishes of employees, and since July 1, 2005, according to the regulations of the new labor pension regulations, a retirement fund has been allocated to each employee ’s pension account. Regarding the handling of employee retirement-related matters, it is understood to be handled in accordance with relevant regulations.

(4) Agreements between the employer and employees

The Company has set up labor management meetings in accordance with relevant laws and regulations to negotiate labor management issues through regular discussions. At the same time, through the operation of the employee welfare committee, the Company and the welfare committee cooperated to promote the improvement of employee welfare. In addition, the Company values humane management and recognizes the coexistence and co-prosperity of labor capital as a whole. Therefore, the two-way coordination and communication are adopted in the communication of labor and management issues, so that both parties can understand each other better to achieve the same goals.

(5) Measures to protect employees' rights and interests:

The Company handles all employee rights and welfare measures in accordance with the relevant laws and regulations to fulfill its maintenance responsibilities, and should be able to reasonably and fully protect employees' rights and interests.

(6) Work environment and protection for the physical safety of workers:

The Company spares no effort in workplace safety and health, and will continue to work on the safety and health prevention in the future, to prevent the injury of the workplace and the personal safety of employees through continuous improvement. The Company's occupational safety and health implementation results are as follows:

Occupational safety and health implementation results

1. Labor Operating Environment Monitoring

To understand the actual condition of the working environment in the labor workplace and assess the worker's exposure to the working environment, for which the Company conducts planning, sampling, measurement and analysis accordingly. To protect workers from harmful substances in the workplace and provide workers with a healthy and comfortable working environment, regular environmental monitoring is carried out every year to gradually understand the actual degree of hazards the workers are exposed to, thereby improving the on-site environment and preventing occupational disasters.

Table - Work Safety Performance

Workplace safety inspection	
Workspace safety inspection	Daily inspection
Management by walking around	First level supervisor once a quarter
Work safety inspection in construction site	Conducted from time to time as needed

2. Labor Safety and Health Committee

To prevent occupational disasters and ensure the safety and health of employees, ESMT has an internal occupational safety and health committee. It holds regular meetings every quarter to discuss labor safety and health related matters and promote various labor safety and health related businesses.

3. Personnel Safety and Health Training

Through education and training, ESMT enables employees to understand environmental, safety and health regulations, policies and the Company's environmental, safety and health commitments, enhances the Company's awareness on environmental impact, safety and health risks, and emergency contingency plans to fulfill environmental, safety and health goals and comply with environmental, safety and health.

The Administration Department is responsible for surveying the training needs of various safety, health and environmental protection related courses and organizing training plans. Each department participates in training as needed, and arranges relevant personnel to organize relevant safety and health education and training. In addition, contractors are also required to provide and participate in relevant training in accordance with the "Contractor Management Measures" to ensure the safety and health of the personnel in the Company.

Table - Work Safety Education Training and Promotion

Year	Training participants	Average training man hour
2020	149	332.5
2021	163	363.5

Table - Professional Work Safety Management Personnel

Work safety personnel with professional license	
Type A Occupational Safety and Health Manager	1
Occupational Safety Manager	1
Occupational Safety and Health Manager	1
Operators of Forklift Over 1 Ton	9
Oxygen-Deficient Operations Supervisor	1
High-pressure Gas-specific Equipment Operators	1
High-Pressure Gas Container Operator	1
Radiation Safety Certificate for Operator	5
First Aid Personnel	9
Healthcare Personnel for Labor Health Services	1
Ionizing radiation	3
Other	3

4. Statistics of Disability due to Occupational Disasters

ESMT is committed to providing colleagues with a safe working environment. For accidents, the parties or surrounding personnel will notify the supervisor and the administrative department as soon as possible, and the work safety and nursing staff will provide assistance.

According to the Occupational Accident and Disability Certification of the Occupational Safety and Health Administration of the Ministry of Labor, traffic accidents beyond the Company are excluded. For occasion traffic contingency, ESMT held quarterly to explain the occurrence of the incident and the new personnel occupational safety and health course to conduct case publicity to prevent similar accidents from happening again through the occupational safety and health committee.

Table - Company's Work Safety Performance in the Past Two Years - Statistics of Employee Disability Injury

Year	Fatal accident	Disability accident
2020	Male: 0 Female: 0	Male: 0 Female: 0
2021	Male: 0 Female: 0	Male: 0 Female: 0

5. Measures for the Prevention and Management of Diseases Caused by Abnormal Workload

ESMT is a professional IC design company with a simple office environment. According to the provisions of Article 6 of the Occupational Safety and Health Act, to ensure the work safety of employees and their physical and mental health, employers should avoid overwork diseases caused by shifts, night work, long hours or other workload factors. "Only a safe and healthy workforce can ensure the competitiveness of the Company"; Labor is an important asset of a company. Based on the principle that prevention is better than cure, the provisions of the Occupational Safety and Health Act are implemented, and relevant measures to promote the physical and mental health of the workers are adopted to create a more friendly and healthy workplace environment for workers, and ensure their rights and interests. ESMT has established the “Measures for the Prevention and Management of Diseases Promoted by Abnormal Workloads” and adopted disease prevention measures and related management to ensure the physical and mental health of employees and prevent employees from causing diseases due to abnormal workloads. Nursing staff regularly evaluates and interviews with specialist doctors in the occupational medicine department, and makes follow-up recommendations and measures based on the interview records of physicians.

(II) Specify losses arising from labor disputes in the most recent year up to the publication date of this Annual Report, and disclose potential losses in the current and future periods as well as and countermeasures:

To uphold the belief of perfect care for the employees, the Company has a vacation and retirement system, and also a variety of welfare measures. Therefore, employees have a high degree of centripetal force to the Company. A harmonious relationship between labor and management is maintained, and thus, there was no loss arising from by labor disputes.

VI. Important Contracts

Nature of Contract	Counterparty	Term	Salient terms	Restrictions
Lease Contract	Science Park Bureau	January 1, 2021 to December 31, 2040	Land Lease	Nil
Lease Contract	Science Park Bureau	January 1, 2021 to December 31, 2040	Land Lease	Nil
Lease Contract	Science Park Bureau	August 1, 2019 to December 31, 2033	Land Lease	Nil

Financial Overview

I. Balance Sheet and Profit and Loss Statement Summary for the 5 most recent financial years

(1) Balance Sheet Summary - Adopted International Financial Reporting Standards

1. Consolidated Balance Sheet Summary - Adopted of International Financial Reporting Standards (IFRS)

Unit: NT$ 1,000

Item \ Financial Year		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Financial Data as at March 31, 2022
Current assets		8,499,324	9,206,455	9,497,077	11,832,047	17,811,977	18,210,147
Property, plant, and equipment		891,701	799,062	696,328	776,598	1,302,287	1,287,838
Intangible assets		154,069	133,975	81,593	111,688	83,825	74,260
Other assets		71,821	149,820	205,322	280,015	1,039,290	1,927,358
Total assets		9,616,915	10,289,312	10,480,320	13,000,348	20,237,379	21,499,603
Current liabilities	Before distribution	2,412,330	3,011,680	3,025,945	4,756,158	7,467,705	7,743,217
	After distribution	3,052,777	3,440,318	3,311,704	5,327,895	Undistributed	N/A
Non-current liabilities		34,444	33,194	113,596	114,907	110,114	145,623
Total liabilities	Before distribution	2,446,774	3,044,874	3,139,541	4,871,065	7,577,819	7,888,840
	After distribution	3,087,221	3,473,512	3,425,300	5,442,802	Undistributed	N/A
Equity attributable to parent company		7,277,594	7,355,348	7,461,460	8,264,043	12,721,415	13,673,513
Share capital		2,825,737	2,857,589	2,857,589	2,857,589	2,861,570	2,861,570
Capital reserves	Before distribution	116,645	59,072	104,305	109,677	181,329	181,329
	After distribution	47,716	59,072	104,305	109,677	Undistributed	N/A
Retained profits	Before distribution	4,635,058	4,576,008	4,645,411	5,436,890	9,839,838	10,796,820
	After distribution	4,063,540	4,147,370	4,359,652	4,865,153	Undistributed	N/A
Minority interest		(194,377)	–	(8,524)	5,536	(23,906)	(28,790)
Treasury shares		(137,321)	(137,321)	(137,321)	(145,649)	(137,416)	(137,416)
Non-controlling interest		(107,453)	(110,910)	(120,681)	(134,760)	(61,855)	(62,750)
Total equity	Before distribution	7,170,141	7,244,438	7,340,779	8,129,283	12,659,560	13,610,763
	After distribution	6,529,694	6,815,800	7,055,020	7,557,546	Undistributed	N/A

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.
Note 2: No asset revaluation has been processed in the above years.

2. Balance Sheet Summary of the Company - Adopted of International Financial Reporting Standards (IFRS)

Unit: NT$ 1,000

Item \ Financial Year		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Current assets		7,086,882	8,013,401	8,346,065	10,623,102	16,484,075
Property, plant, and equipment		883,532	792,823	695,067	776,013	1,237,536
Intangible assets		150,772	132,628	81,177	111,688	83,825
Other assets		1,503,040	1,396,296	1,356,424	1,494,414	2,350,407
Total assets		9,624,226	10,335,148	10,478,733	13,005,217	20,155,843
Current liabilities	Before distribution	2,311,832	2,946,250	2,912,373	4,630,790	7,324,117
	After distribution	2,952,279	3,374,888	3,198,132	5,202,527	Undistributed
Non-current liabilities		34,800	33,550	104,900	110,384	110,311
Total liabilities	Before distribution	2,346,632	2,979,800	3,017,273	4,741,174	7,434,428
	After distribution	2,987,079	3,408,438	3,303,032	5,312,911	Undistributed
Equity attributable to parent company		7,277,594	7,355,348	7,461,460	8,264,043	12,721,415
Share capital		2,825,737	2,857,589	2,857,589	2,857,589	2,861,570
Capital reserves	Before distribution	116,645	59,072	104,305	109,677	181,329
	After distribution	47,716	59,072	104,305	109,677	Undistributed
Retained profits	Before distribution	4,635,058	4,576,008	4,645,411	5,436,890	9,839,838
	After distribution	4,063,540	4,147,370	4,359,652	4,865,153	Undistributed
Other equity interest		(194,377)	–	(8,524)	5,536	(23,906)
Treasury stock		(137,321)	(137,321)	(137,321)	(145,649)	(137,416)
Non-controlling interest		–	–	–	–	–
Total equity	Before distribution	7,277,594	7,355,348	7,461,460	8,264,043	12,721,415
	After distribution	6,637,147	6,926,710	7,175,701	7,692,306	Undistributed

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.

Note 2: No asset revaluation has been processed in the above years.

3. Consolidated Comprehensive Profit and Loss Summary - Adopted International Financial Reporting Standards (IFRS)

Unit: NT$1,000

Year / Item	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Financial data as at March 31, 2022
Revenue	10,456,519	11,555,124	11,983,479	15,267,139	23,844,898	5,081,257
Gross profit	2,056,683	2,128,927	1,802,208	2,649,042	8,716,119	1,643,974
Operating profit (loss)	731,398	806,415	574,943	1,154,785	5,875,007	860,277
Non-operating income and expenses	243,341	41,845	1,237	98,915	105,887	287,968
Net profit before tax	974,739	848,260	576,180	1,253,700	5,980,894	1,148,245
Net profit from continuing operations	862,058	716,194	505,611	1,084,441	5,040,020	956,751
Loss from discontinued operations	–	–	–	–	–	–
Profit (loss) for the year	862,058	716,194	505,611	1,084,441	5,040,020	956,751
Other comprehensive income (net, after tax)	(233,490)	337	(7,888)	14,872	(30,391)	(4,884)
Total comprehensive income	628,568	716,531	497,723	1,099,313	5,009,629	951,867
Net profit attributable to the parent company	865,167	706,508	497,405	1,076,426	4,976,211	956,982
Net profit attributable to non-controlling interest	(3,109)	9,686	8,206	8,015	63,809	(231)
Total comprehensive profit attributable to parent company	631,677	706,845	489,517	1,091,298	4,945,820	952,098
Total comprehensive profit attributable to non-controlling interest	(3,109)	9,686	8,206	8,015	63,809	(231)
Earnings per share (NT$)	3.11	2.52	1.78	3.85	17.76	3.41

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.

4. Company's Comprehensive Profit and Loss Summary - Adopted International Financial Reporting Standards (IFRS)

Unit: NT$1,000

Item / Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue	10,415,576	11,491,609	11,964,770	15,252,723	23,844,898
Gross profit	2,002,960	2,053,252	1,745,049	2,577,636	8,679,125
Operating profit (loss)	803,092	855,921	578,899	1,101,133	5,857,145
Non-operating income and expenses	156,582	(20,130)	(15,466)	141,956	52,038
Net profit before tax	959,674	835,791	563,433	1,243,089	5,909,183
Net profit from continuing operations	865,167	706,508	497,405	1,076,426	4,976,211
Loss from discontinued operations	–	–	–	–	–
Profit (loss) for the year	865,167	706,508	497,405	1,076,426	4,976,211
Other comprehensive profit (net, after tax)	(233,490)	337	(7,888)	14,872	(30,391)
Total comprehensive profit	631,677	706,845	489,517	1,091,298	4,945,820
Earnings per share (NT$)	3.11	2.52	1.78	3.85	17.76

Note 1: The financial information of the Company has been reviewed or audited by the CPAs.

(2) Names of CPAs in the five most recent financial years and audit opinions

Year	Name of the CPA	Name of CPAs	Audit opinion	Rema
FY 2017	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2018	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2019	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2020	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	
FY 2021	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng & Danie Lee	Unqualified opinion	

II. Financial analysis for the five most recent financial years

(1) Financial analysis - Adopted International Financial Reporting Standards (IFRS)

1. Consolidated Financial Analysis - Adopted International Financial Reporting Standards (IFRS)

Item			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Financial data as of March 31, 2022
Financial structure	Debts to total assets ratio (%)		25.44	29.59	29.96	37.47	37.44	36.69
	Long-term capital to PPE ratio (%)		807.96	910.77	1,070.53	1,061.58	980.56	1,068.18
Debt service ability	Current ratio (%)		352.33	305.69	313.85	248.77	238.52	235.18
	Quick ratio (%)		197.54	111.39	148.39	122.58	165.61	149.51
	Interest coverage ratio (times)		70,478.27	17,457.48	6,617.87	10,976.20	29,372.19	28,677.53
Operating ability	Accounts receivable turnover rate (times)		9.43	10.32	10.06	10.49	13.14	10.74
	Average collection days (days)		39	35	37	35	28	34
	Inventory turnover rate (times)		2.29	1.93	1.82	2.25	2.64	2.33
	Payables turnover rate (times)		4.71	5.14	4.94	5.46	5.62	4.48
	Average inventory turnover days (days)		159	189	201	163	139	157
	Turnover rate for PPE (times)		12.52	13.67	16.03	20.73	22.94	15.69
	Total asset turnover rate (times)		1.11	1.16	1.15	1.30	1.43	0.97
Profit ability	Return on assets (%)		9.17	7.24	4.94	9.32	30.43	4.60
	Return on equity (%)		12.27	9.94	6.93	14.02	48.49	7.28
	Ratio to paid-in Capital (%)	Operating profit margin (%)	25.59	28.22	20.12	40.41	205.31	30.06
		Net profit before tax margin (%)	34.11	29.68	20.16	43.87	209.01	40.13
	Net profit margin (%)		8.24	6.20	4.22	7.10	21.14	18.83
	Earnings per share (NT$)		3.11	2.52	1.78	3.85	17.76	3.41
Cash flow	Cash flow ratio (%)		39.41	-	61.12	9.53	111.01	1.45
	Cash flow adequacy ratio (%)		62.35	17.02	28.20	57.56	144.61	125.73
	Cash reinvestment ratio (%)		8.95	-	15.60	1.72	51.08	0.69
Leverage	Operating leverage		2.58	2.58	3.30	2.20	1.29	1.56
	Financial leverage		1.00	1.01	1.02	1.01	1.00	1.00

Analysis of financial ratio differences for the last two years:

1. Quick ratio increase: Mainly due to a significant increase in profit, which leads to a significant increase in cash equivalent.
2. The interest coverage multiple rose, mainly due to a significant increase in income tax expenses as a result of an increase in profit during the year.
3. Accounts receivable turnover ratio increased: Mainly due to a significant increase in sales revenue,

and the increase in accounts receivable was not as significant as the increase in revenue.

4. The return on assets, return on equity, operating income/net income before income taxes to paid-in capital ratio, net income ratio and earnings per share rose, mainly due to the sluggish global economy caused by the COVID-19 pandemic. However, the electronics industry grew against the trend due to the China-US trade war, and the Company's operating profit increased from the previous year.
5. The cash flow ratio and the cash reinvestment ratio rose, mainly due to the growth in revenue and profit during the year, which leads to a significant increase in the operating cash flow from the previous year.
6. The cash flow adequacy ratio rose, mainly because the average operating cash flow increased significantly from the previous year.
7. The degree of operating leverage fell, mainly due to the China-US trade war and severe supply shortage. However, the electronics industry grew against the trend, and the Company's operating income increased significantly from the previous year.

2. Financial Analysis of the Company - Adopted International Financial Reporting Standards (IFRS)

Item \ Year			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial structure	Debts to total assets (%)		24.38	28.83	28.79	36.46	36.88
	Long-term capital to PPE ratio (%)		827.63	931.97	1,088.58	1,079.16	1,036.88
Debt service ability	Current ratio (%)		306.55	271.99	286.57	229.40	225.07
	Quick ratio (%)		146.57	73.71	114.99	99.87	151.01
	Interest coverage ratio (times)		69,742.53	17,223.36	6,565.09	11,093.00	29,150.60
Operating ability	Accounts receivable turnover rate (times)		10.07	10.80	10.69	11.36	13.93
	Average collection days (days)		36	34	35	33	27
	Inventory turnover rate (times)		2.30	1.93	1.83	2.26	2.65
	Payables turnover rate (times)		4.81	5.30	5.12	5.74	5.97
	Average inventory turnover days (days)		159	189	200	162	138
	Turnover rate for PPE (times)		12.60	13.71	16.08	20.74	23.68
	Total asset turnover rate (times)		1.11	1.15	1.15	1.30	1.44
Profit ability	Return on assets (%)		9.21	7.12	4.85	9.25	30.12
	Return on equity (%)		12.13	9.66	6.71	13.69	49.74
	Ratio to paid-in Capital (%)	Operating profit margin (%)	28.10	29.95	20.26	38.53	204.68
		Net profit before tax margin (%)	33.58	29.25	19.72	43.50	206.50
	Net profit margin (%)		8.31	6.15	4.16	7.06	20.87
	Earnings per share (NT$)		3.11	2.52	1.78	3.85	17.76
Cash flow	Cash flow ratio (%)		38.24	-	66.94	9.63	110.95
	Cash flow adequacy ratio (%)		65.11	19.60	34.46	60.02	143.95

Item \ Year		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Cash reinvestment ratio (%)	7.96	-	16.49	1.55	49.74
Leverage	Operating leverage	2.45	2.52	3.26	2.26	1.29
	Financial leverage	1.00	1.01	1.02	1.01	1.00

Analysis of financial ratio differences for the last two financial years:

1. Quick ratio increase: Mainly due to a significant increase in profit, which leads to a significant increase in cash equivalent.
2. The interest coverage multiple rose, mainly due to a significant increase in income tax expenses as a result of an increase in profit during the year.
3. Accounts receivable turnover ratio increased: Mainly due to a significant increase in sales revenue, and the increase in accounts receivable was not as significant as the increase in revenue.
4. The return on assets, return on equity, operating income/net income before income taxes to paid-in capital ratio, net income ratio and earnings per share rose, mainly due to the sluggish global economy caused by the COVID-19 pandemic. However, the electronics industry grew against the trend due to the China-US trade war, and the Company's operating profit increased from the previous year.
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6. The cash flow adequacy ratio rose, mainly because the average operating cash flow increase d significantly from the previous year.
7. The degree of operating leverage fell, mainly due to the China-US trade war and severe supply shortage. However, the electronics industry grew against the trend, and the Company's operating income increased significantly from the previous year.

The formulas for calculating the financial ratios are as follows:

1. Financial structure
   (1) Liability to asset ratio = total liabilities / total assets.
   (2) Long-term capital PPE = (total equities + non-current liabilities) / net value of PP&E.
2. Debt service ability
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenditures) / current liabilities.
   (3) Interest coverage ratio = profit before interest and tax / interest expenditures for this year.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = net revenue / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average collection days = 365 / receivables turnover rate.
   (3) Inventory turnover = cost of goods sold / average inventory value.
   (4) Payable turnover rate (including bills payable resulting from accounts payable and business operations) = cost of goods sold / average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average sales days = 365 / inventory turnover ratio.
   (6) PPE turnover ratio = net sale / average PPE value.
   (7) Total asset turnover ratio = Net revenue / average total PPE value.

4. Profitability

(1) Return on assets ＝ [net profit after taxes + interest expense (1 – tax rate)] / average total assets.

(2) Equity remuneration rate = net profit (loss) after tax / average total equity value.

(3) Net profit margin = net profit (loss) after tax / net revenue.

(4) Earnings per share (EPS) = (Profit (loss) attributable to the parent company - dividend for preferred shares) / weighted average of issued shares

5. Cash flow

(1) Cash flow ratio = net cash from business activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow for business activities for the last 5 years / (capital expenses + additional inventory sum + cash dividend) for the past 5 financial years.

(3) Cash re-investment ratio = (net cash flow from business activities - cash dividend) / (gross amount of PPE + long-term investments + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage＝(net revenue－variable operating cost and expense)／operating income

(2) Financial Leverage = operating profit / (operating profit - interest expense).

III. Audit Committee's Audit Report for the Most Recent Fiscal Year

Elite Semiconductor Microelectronics Technology Inc.

Audit Committees' Review Report

The BOD has prepared Business Report, Financial Statements, and proposal for earnings distribution of the Company for the year 2021. The Certified Public Accountant firm of PricewaterhouseCoopers has audited the Financial Statements and issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee of the Elite Semiconductor Microelectronics Technology Inc. We hereby report to the shareholders as described above in accordance with relevant requirements of the Securities and Exchange Act and the Company Act.

To: 2022 Annual General Shareholders' Meeting of Elite Semiconductor Microelectronics Technology Inc.

Elite Semiconductor Microelectronics Technology Inc.

Convener of the Audit Committee: Shan-Jen, Chow

April 28, 2022

IV. Financial Statements for the Most Recent Financial Year

Independent Auditors' Report

(2022) Finance-Audit-Letter No.21003671

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

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

In our opinion, 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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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:

Evaluation of inventories

<u>Description</u>

Refer to Note 4 (13) for the accounting policies on the evaluation of inventories, Note 5 (2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, Note 6 (5) for the Details of inventory. As at December 31,2021, the inventory and allowance for inventory valuation loss amounted to NT$5,401,972 thousand and NT$26,287 thousand.

The Group is primarily engaged in research, development, production, manufacture, and sales of integrated circuit. The Group evaluates inventories stated at lower of cost and net realizable value. Since the evaluation of net realizable value of the inventories exceed specific period and obsolete inventories is subject to management's judgment and uncertainty of estimations. Consequently, we consider the evaluation of inventories as a key audit matter.

<u>How our audit addressed the matter</u>

We have performed primary audit procedures for the above key audit matter included assessed the rationality of policy and procedure on allowance for inventory valuation loss based on our understanding of the Group's operations and industry, the historical data of product marginalization in the market and judged the rationality of obsolete inventories. We inspected the appropriateness of inventory aging report to confirm the consistency of report and policy, selected samples to compare the historical data of product marginalization in the market which determine the net realizable value of the obsolete inventories and net realizable value of the obsolete inventories to assessed the rationality of the allowance for inventory valuation loss.

Other matter–Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Elite Semiconductor 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 audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, 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 auditor’s 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 auditor’s 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; and

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 auditor’s 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.

Cheng, Ya-Huei

Li, Tien-Yi

for and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

	Assets	Note	December 31, 2021 Amount		December 31, 2021 %	December 31, 2020 Amount		December 31, 2020 %
	Current assets							
1100	Cash and cash equivalents	6(1)	$	9,790,722	48	$	3,597,917	28
1110	Financial assets at fair value through profit or loss - current	6(2)		359,686	2		365,474	3
1136	Financial assets at amortized cost - current			110,720	-		136,704	1
1170	Accounts receivable, net	6(4)		1,989,419	10		1,633,993	12
1200	Other receivables			116,462	1		95,830	1
130X	Inventories	6(5)		5,375,685	27		5,969,330	46
1410	Prepayments			69,113	-		27,602	-
1470	Other current assets			170	-		5,197	-
11XX	**Total current assets**			17,811,977	88		11,832,047	91
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		35,394	-		64,836	-
1550	Investment accounted for under the equity method	6(6)		51,812	-		33,883	-
1600	Property, plant and equipment	6(7)		1,302,287	7		776,598	6
1755	Right-of-use assets	6(8)		73,549	-		80,782	1
1760	Investment property, net	6(9)		16,731	-		17,701	-
1780	Intangible assets	6(10) (11)		83,825	1		111,688	1
1840	Deferred income tax assets	6(27)		3,116	-		3,813	-
1900	Other non-current assets	6(12) 8		858,688	4		79,000	1
15XX	**Total non-current assets**			2,425,402	12		1,168,301	9
1XXX	**Total assets**		$	20,237,379	100	$	13,000,348	100

(Continued)

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

	Liabilities and equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 1,700,000	8	$ 1,340,000	10
2110	Short-term notes and bills payable		-	-	149,756	1
2130	Contract liabilities - current	6(20)	21,399	-	5,346	-
2150	Notes payable		2,205	-	2,115	-
2170	Accounts payable		2,980,701	15	2,396,158	19
2200	Other payables	6(14)	1,832,840	9	694,001	5
2230	Current income tax liabilities		911,140	5	147,948	1
2280	Lease liabilities - current		11,501	-	10,356	-
2300	Other current liabilities		7,919	-	10,478	-
21XX	**Total current liabilities**		7,467,705	37	4,756,158	36
	Non-current liabilities					
2550	Provisions - non-current		18,040	-	16,495	-
2570	Deferred income tax liabilities	6(27)	15,455	-	12,442	-
2580	Lease liabilities – non-current		63,328	-	71,281	1
2600	Other non-current liabilities	6(15)	13,291	-	14,689	-
25XX	**Total non-current liabilities**		110,114	-	114,907	1
2XXX	**Total liabilities**		7,577,819	37	4,871,065	37
	Equity attributable to owners of the parent					
	Share capital	6(17)				
3110	Common stock		2,861,570	14	2,857,589	22
	Capital surplus	6(18)				
3200	Capital surplus		181,329	1	109,677	1
	Retained earnings	6(19)				
3310	Legal reserve		1,516,762	8	1,409,039	11
3320	Special reserve		-	-	8,524	-
3350	Unappropriated retained earnings		8,323,076	41	4,019,327	31
	Other equity interest					
3400	Other equity interest		(23,906)	-	5,536	-
3500	Treasury shares	6(17)	(137,416)	(1)	(145,649)	(1)
31XX	**Total equity attributable to owners of the parent**		12,721,415	63	8,264,043	64
36XX	**Non-controlling interest**		(61,855)	-	(134,760)	(1)
3XXX	**Total equity**		12,659,560	63	8,129,283	63
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Significant Events after the End of the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 20,237,379	100	$ 13,000,348	100

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

Chairman: Hsing-Hai Chen Manager: Ming-Chien Chang Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended December 31, 2021 and 2020

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	6(20)	$ 23,844,898	100	$ 15,267,139	100
5000	Operating costs	6(5)(25)(26)	(15,128,779)	(63)	(12,618,097)	(83)
5950	Gross profit		8,716,119	37	2,649,042	17
	Operating expenses	6(25)(26)				
6100	Selling expenses		(483,319)	(2)	(271,045)	(2)
6200	Administrative expenses		(576,825)	(2)	(290,943)	(2)
6300	Research and development expenses		(1,786,681)	(8)	(940,851)	(6)
6450	Expected credit impairment gain	12(2)	5,713	-	8,582	-
6000	Total operating expenses		(2,841,112)	(12)	(1,494,257)	(10)
6900	Operating profit		5,875,007	25	1,154,785	7
	Non-operating income and expenses					
7100	Interest income	6(21)	33,234	-	27,412	-
7010	Other income	6(22)	48,630	-	26,505	-
7020	Other gains or losses	6(23)	26,526	-	55,852	1
7050	Financial costs	6(24)	(20,432)	-	(11,527)	-
7060	Share of profit (loss) of associates and joint ventures accounted for under equity method	6(6)	17,929	-	673	-
7000	Total non-operating income and expenses		105,887	-	98,915	1
7900	**Profit before income tax**		5,980,894	25	1,253,700	8
7950	Income tax expenses	6(27)	(940,874)	(4)	(169,259)	(1)
8200	**Profit for the period**		$ 5,040,020	21	$ 1,084,441	7
	Other comprehensive income (loss) - net					
	Items not reclassified to profit or loss					
8311	(Loss)Gain on remeasurements of defined benefit plans	6(15)	($ 949)	-	$ 812	-
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(3)	(29,442)	-	14,060	-
8300	**Other comprehensive income (loss) - net**		($ 30,391)	-	$ 14,872	-
8500	**Total comprehensive income for the period**		$ 5,009,629	21	$ 1,099,313	7
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 4,976,211	21	$ 1,076,426	7
8620	Non-controlling interest		$ 63,809	-	$ 8,015	-
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 4,945,820	21	$ 1,091,298	7
8720	Non-controlling interest		$ 63,809	-	$ 8,015	-
	Earnings per share	6(28)				
9750	Basic earnings per share		$ 17.76		$ 3.85	
9850	Diluted earnings per share		$ 17.63		$ 3.83	

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

Chairman: Hsing-Hai Chen Manager: Ming-Chien Chang Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2021 and 2020

Unit: NT$ thousand

	Note	Equity attributable to owners of the parent									
				Retained earnings							
	Note	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Treasury share	Total	Non-controlling interest	Total equity
2020											
Balance at January 1, 2020		$ 2,857,589	$ 104,305	$ 1,359,235	$ -	$ 3,286,176	($ 8,524)	($ 137,321)	$ 7,461,460	($ 120,681)	$ 7,340,779
Profit for the period		-	-	-	-	1,076,426	-	-	1,076,426	8,015	1,084,441
Other comprehensive income for the period		-	-	-	-	812	14,060	-	14,872	-	14,872
Comprehensive income for the period		-	-	-	-	1,077,238	14,060	-	1,091,298	8,015	1,099,313
Distribution of 2019 earnings	6(19)										
Legal reserve appropriated		-	-	49,804	-	(49,804)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(285,759)	-	-	(285,759)	-	(285,759)
Special reserve appropriated		-	-	-	8,524	(8,524)	-	-	-	-	-
Acquisition of company's share by subsidiary recognized as treasury share		-	-	-	-	-	-	(8,328)	(8,328)	(11,566)	(19,894)
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	6(18)	-	1,146	-	-	-	-	-	1,146	(10,396)	(9,250)
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	6(18)	-	5,925	-	-	-	-	-	5,925	-	5,925
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(18) (29)	-	(1,781)	-	-	-	-	-	(1,781)	(132)	(1,913)
Expired cash dividends transferred to capital surplus	6(18)	-	82	-	-	-	-	-	82	-	82
Balance at December 31, 2020		$ 2,857,589	$ 109,677	$ 1,409,039	$ 8,524	$ 4,019,327	$ 5,536	($ 145,649)	$ 8,264,043	($ 134,760)	$ 8,129,283
2021											
Balance at January 1, 2021		$ 2,857,589	$ 109,677	$ 1,409,039	$ 8,524	$ 4,019,327	$ 5,536	($ 145,649)	$ 8,264,043	($ 134,760)	$ 8,129,283
Profit for the period		-	-	-	-	4,976,211	-	-	4,976,211	63,809	5,040,020
Other comprehensive income for the period		-	-	-	-	(949)	(29,442)	-	(30,391)	-	(30,391)
Comprehensive income for the period		-	-	-	-	4,975,262	(29,442)	-	4,945,820	63,809	5,009,629
Distribution of 2020 earnings	6(19)										
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(572,314)	-	-	(572,314)	-	(572,314)
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-	-	-
Disposal of company's share by subsidiary recognized as treasury share	6(18)	-	40,089	-	-	-	-	8,233	48,322	11,435	59,757
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	6(18)	-	1,146	-	-	-	-	-	1,146	(7,233)	(6,087)
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	6(18)	-	11,739	-	-	-	-	-	11,739	-	11,739
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(18) (29)	-	(27)	-	-	-	-	-	(27)	(1)	(28)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(18)	-	(311)	-	-	-	-	-	(311)	4,895	4,584
Issue new shares due to employee stock options exercised	6(16) (17) (18)	3,981	18,946	-	-	-	-	-	22,927	-	22,927
Expired cash dividends transferred to capital surplus	6(18)	-	70	-	-	-	-	-	70	-	70
Balance at December 31, 2021		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415	($ 61,855)	$ 12,659,560

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

Chairman: Hsing-Hai Chen　　Manager: Ming-Chien Chang　　Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2021 and 2020

Unit: NT$ thousand

	Notes	2021	2020
Cash flows from operating activities			
Profit before income tax for the period		$ 5,980,894	$ 1,253,700
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(7) (8) (9) (25)	409,566	312,334
Amortization	6(10) (25)	116,858	111,556
Expected credit impairment gain	12(2)	(5,713)	(8,582)
Net gain on financial assets at fair value through profit or loss	6(2) (23)	(114,844)	(132,628)
Interest expenses	6(24)	20,432	11,527
Interest income	6(21)	(33,234)	(27,412)
Share of (loss) profit of associates and joint ventures accounted for under equity method	6(6)	(17,929)	(673)
Dividend income	6(22)	(22,184)	(13,053)
Impairment loss	6(10) (11) (23)	18,302	25,352
Gains on disposals of property, plant and equipment	6(22)	(10)	-
Gains arising from lease modifications	6(23)	(37)	(211)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit and loss		120,632	19,747
Notes receivable		-	34
Accounts receivable		(350,686)	(367,741)
Accounts receivable - related parties		973	(732)
Other receivables		(16,889)	(16,458)
Inventories		593,645	(996,778)
Prepayments		(37,468)	(158)
Other current assets		5,027	(2,300)
Net changes in liabilities relating to operating activities			
Notes payable		90	134
Accounts payable		584,543	170,249
Contract liabilities		16,053	1,387
Other payables		1,190,428	142,077
Other current liabilities		(2,984)	4,398
Other non-current liabilities		(2,049)	395
Cash inflow (outflow) generated from operations		8,453,416	486,164
Interest received		29,491	30,782
Interest paid		(19,336)	(10,313)
Income taxes paid		(173,972)	(53,285)
Net cash flows from operating activities		8,289,599	453,348

(Continued)

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2021 and 2020

Unit: NT$ thousand

	Notes	2021	2020
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 144,324)	($ 140,157)
Disposal of financial assets at amortized cost		170,308	144,359
Acquisition of property, plant and equipment	6(30)	(917,073)	(354,308)
Proceeds from disposal of financial assets at fair value through profit or loss		10	-
Acquisition of intangible assets	6(30)	(106,868)	(167,003)
Increase in guarantee deposit paid		(835,542)	(234)
Dividends received	6(22)	22,184	13,053
Net cash flows from investing activities		(1,811,305)	(504,290)
Cash flows from financing activities			
Increase in short-term borrowings	6(30)	360,000	1,066,000
Increase (decrease) in short-term notes and bills payable	6(30)	(148,869)	150,476
Lease principal repayment	6(30)	(12,386)	(10,575)
Decrease in guarantee deposit received	6(30)	(298)	(3,236)
Cash dividends paid	6(19)	(572,314)	(285,759)
Employee exercised stock options		22,927	-
Subsidiaries paid cash dividends to non-controlling interests		(6,087)	(9,250)
Subsidiaries received cash dividends from parent	6(18)	11,739	5,925
Disposal of treasury share	6(18)	48,322	-
Disposal of treasury share – increase of non-controlling interests		11,435	-
Expired cash dividends	6(18)	70	82
Acquisition of ownership interests from non-controlling interests	6(29)	(28)	(1,913)
Treasury share acquired		-	(19,894)
Net cash flows from (used in) financing activities		(285,489)	891,856
Net increase in cash and cash equivalents		6,192,805	840,914
Cash and cash equivalents at beginning of period	6(1)	3,597,917	2,757,003
Cash and cash equivalents at end of period	6(1)	$ 9,790,722	$ 3,597,917

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

Chairman: Hsing-Hai Chen Manager: Ming-Chien Chang Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020

Unit: NT$ thousand
(Unless otherwise indicated)

1.History and Organization

Elite Semiconductor Microelectronics Technology Inc. (the Company) was founded in May 1998 and started operation in December of the same year. The core business of the Company and its subsidiaries (collectively referred herein as “the Group”) include research, development, production, manufacture, and sales of dynamic and static random access memory, flash memory, analog integrated circuit, analog and digital mixed integrated circuit. The Group also provides technical services related to product design and R&D.

The Company merged with Ji Xin Technology Co., Ltd. On December 5, 2005, and merged with Eon Silicon Solution Inc. on June 8, 2016, and the Company is the surviving company.

2.The Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

The consolidated financial statements were reported to the Board of Directors on February 25, 2022.

3.Application of New Standards, Amendments and Interpretations

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

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

New Standards, Amendments and Interpretations	Effective Date by International Accounting Standards Board(“IASB”)
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 Company

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

New Standards, Amendments and Interpretations	Effective Date by IASB
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) Effects of 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, Amendments and Interpretations	Effective Date by IASB
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 IASB
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 – comparative information”	January 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1, “Disclosure of accounting policies”	January 1, 2023
Amendments to IAS 8, “Definition of accounting estimates”	January 1, 2023
Amendments to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets (including derivatives instruments) at fair value through profit or loss.

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

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Note
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Research and development, production, sales and related consulting services of integrated circuit	100	100	
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	General investment	100	100	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	General investment	41.86	41.86	Note1
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	General investment	100	100	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	Investigation and research of business situation and industrial technology	100	100	
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	100	100	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	98.10	98.01	
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	100	100	
Charng Feng Investment Ltd.	Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting and services of integrated circuit, and after - sales service	100	100	
Charng Feng Investment Ltd.	Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	100	100	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Trading	100	100	Note2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Note
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Information software services, product design, management consultant and international trade	75	-	Note3

Note 1: Elite Semiconductor Microelectronics Technology Inc. accounts for the majority of voting rights of Jie Yong Investment Ltd. and have same management. It is evaluated to have substantial control, so it was included in the consolidated financial statements.

Note 2: CHI Microelectronics Limited. was established on August 31, 2020. The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of HKD 100,000 approved by the Investment Commission of MOEA on December 11, 2020.

Note 3: The Company obtained HHHtech Co., Ltd. share interest by 75% through it increased its capital by issuing new shares on March, 2021.Stockholders' meeting of HHHtech Co., Ltd. approved to execute liquidation process on June 28, 2021.

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

D. Adjustments for subsidiaries with different balance sheet dates:
Not applicable.

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.

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 recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized 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 recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary 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’

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized 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 recognized 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 recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 recognized in profit or loss when the asset is derecognized 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 amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(12)Derecognition of financial assets

The Group derecognizes 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 realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14)Investments accounted for using equity method / associates

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

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

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

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

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

(15)Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	3~20 years
Machinery and equipment	3~8 years
Testing equipment	3~8 years
Other	3~10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of Fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term.

Starting from the lease date, the Group assesses whether it can reasonably determine its option to extend the lease or purchase the underlying asset, or not to terminate the lease. The Group considers all relevant facts and circumstances that will generate economic incentives to exercise or not exercise the options. Such circumstances include all expected changes in facts and situations from the start of the lease to the day when the option is exercised. Main factors to consider include contractual terms and conditions within the period of options and the importance of the underlying asset to the lessee’s operations, etc. The lease term will be reassessed if a significant change or a major change in circumstances occurs within the Company's control range.

The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(17)Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18)Intangible assets

A. Patent and technical skill, customer relationship
Separately acquired patent is stated at historical cost. Patent and technical skill, customer relationship acquired in a business combination are recognized at fair value at the acquisition date and amortized on a straight-line basis over their estimated useful lives of 3 years.

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

C. Other intangible assets, mainly computer software, are stated at cost and amortized on a straight-line basis over their estimated useful lives of 1 ~ 3 years.

(19)Impairment of non-financial assets

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

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

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

(20)Borrowings

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

(21)Notes and accounts payable

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

(22)Derecognition of financial liabilities

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

(23)Provisions

Provisions of decommissioning are recognized 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 recognized as interest expense. Provisions are not recognized 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

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

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

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

(26)Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of 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 realized or the deferred tax liability is settled.

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

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

F. If a change in tax rate is enacted, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(27)Share capital

A. 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.

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

(28)Dividends

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

(29)Revenue recognition

A. The Group manufactures and sells integrated circuit. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, 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. The Group accepts sales orders from customers. Sales revenue is recognized according to the contract price, and the Group transfers the promised goods or services to customers. Since the customer's payment period does not exceed one year, the Group has not adjusted the monetary time value of the transaction price.

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

(30)Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date.

(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, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 20201, the carrying amount of inventories was $5,375,685.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 137	$ 137
Checking accounts and demand deposits	897,305	1,042,489
Time deposits	8,893,280	2,555,291
	$ 9,790,722	$ 3,597,917

A. The Group associates 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. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

Item	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stock	$ 20,943	$ 576
Emerging stocks	99,804	162,911
Unlisted stock	8,113	8,113
Beneficiary certificates	72,218	72,991
Bonds	31,226	31,226
Preference share	-	13,784
Subtotal	232,304	289,601
Valuation adjustment	127,382	75,873
Total	$ 359,686	$ 365,474

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	2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 115,957	$ 123,592
Debt instruments	1,206	2,465
Beneficiary certificates	(2,319)	6,571
Total	$ 114,844	$ 132,628

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

C. Information relating to credit risk is provided in Note 12(2)C(b).

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

Item	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Unlisted stock	$ 59,300	$ 59,300
Valuation adjustment	(23,906)	5,536
	$ 35,394	$ 64,836

The Group has elected to classify equity investments that are considered to strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $35,394 and $64,836 as at December 31, 2021, and 2020, respectively.

(4) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable - general customers	$ 1,989,419	$ 1,638,733
Accounts receivable - related parties	-	973
	1,989,419	1,639,706
Less: Allowance for losses	-	(5,713)
	$ 1,989,419	$ 1,633,993

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

	December 31, 2021	December 31, 2020
Not past due	$ 1,989,078	$ 1,633,993
Past due-within 30 days	341	-
Past due-31-90 days	-	-
Past due-91-180 days	-	-
Past due-over 181 days	-	5,713
	$ 1,989,419	$ 1,639,706

The above aging analysis was based on past due date.

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Group’s accounts receivable were $1,989,419 and $1,633,993.

C. The collaterals and fair value held by the Group as guarantee for accounts receivable are as follows:

	December 31, 2021	December 31, 2020
Bank guarantee	$ 55,304	$ 33,044
Pledged certificate of deposit	17,992	4,272
Guarantee deposits received (shown as "other non-current liabilities")	5,106	5,526
Letters of credit	935,013	760,162
Company promissory note/check	667,065	555,221
	$ 1,680,480	$ 1,358,225

D. Information relating to credit risk is provided in Note 12(2).

E. As at December 31, 2021 and 2020, accounts receivable were all from contracts with customers. As at January 1, 2020, the balance of receivables from contracts with customers amounted to $1,256,938.

F. The Group has no accounts receivable pledged to others as collateral.

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 70,736	($ 842)	$ 69,894
Work in progress	3,688,463	(3,188)	3,685,275
Finished goods	1,622,621	(22,257)	1,600,364
Inventory in transit	20,152	-	20,152
	$ 5,401,972	($ 26,287)	$ 5,375,685

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 138,104	($ 10,726)	$ 127,378
Work in progress	4,724,556	(20,266)	4,704,290
Finished goods	1,199,604	(68,482)	1,131,122
Inventory in transit	6,540	-	6,540
	$ 6,068,804	($ 99,474)	$ 5,969,330

The Group recognized as expense or loss:

	Year ended December 31, 2021	Year ended December 31, 2020
Cost of goods sold	$ 15,201,966	$ 12,687,819
Reversal of allowance on market value decline and obsolete and slow-moving inventories	(73,187)	(69,722)
	$ 15,128,779	$ 12,618,097

The reversal of allowance were recognized due to sale of certain inventories which were previously provided with allowance for price decline.

(6)Investments accounted for under the equity method

	2021	2020
At January 1	$ 33,883	$ 33,210
Share of profit or loss of investments accounted for using equity method	17,929	673
At December 31	$ 51,812	$ 33,883

	December 31, 2021	December 31, 2020
Associates	$ 51,812	$ 33,883

(7)Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Testing equipment	Others	Total
At January 1, 2021						
Cost	$ 9,023	$ 636,446	$ 518,018	$ 287,860	$1,481,488	$2,932,835
Accumulated depreciation and impairment	-	(398,943)	(375,047)	(168,256)	(1,213,991)	(2,156,237)
	$ 9,023	$ 237,503	$ 142,971	$ 119,604	$ 267,497	$ 776,598
2021						
At January 1	$ 9,023	$ 237,503	$ 142,971	$ 119,604	$ 267,497	$ 776,598
Additions	159,745	89,097	158,493	20,498	436,120	863,953
Change in consolidated entity	-	-	-	-	627	627
Transfer (Note)	-	7,308	24,850	24,693	-	56,851
Depreciation charge	-	(37,250)	(38,608)	(29,073)	(290,811)	(395,742)
At December 31	$168,768	$ 296,658	$ 287,706	$ 135,722	$ 413,433	$1,302,287
At December 31,2021						
Cost	$168,768	$732,851	$ 701,361	$ 333,051	$1,918,252	$3,854,283
Accumulated depreciation and impairment	-	(436,193)	(413,655)	(197,329)	(1,504,819)	(2,551,996)
	$168,768	$ 296,658	$ 287,706	$ 135,722	$ 413,433	$1,302,287

	Land	Buildings and structures	Machinery equipment	Testing equipment	Others	Total
At January 1, 2020						
Cost	$ 9,023	$ 635,941	$ 429,782	$ 249,302	$1,231,048	$ 2,555,096
Accumulated depreciation and impairment	-	(364,888)	(352,626)	(146,396)	(994,858)	(1,858,768)
	$ 9,023	$ 271,053	$ 77,156	$ 102,906	$ 236,190	$ 696,328
2020						
At January 1	$ 9,023	$ 271,053	$ 77,156	$ 102,906	$ 236,190	$ 696,328
Additions	-	505	85,605	38,058	252,171	376,339
Transfer (Note)	-	-	2,719	1,455	-	4,174
Depreciation charge	-	(34,055)	(22,509)	(22,815)	(220,864)	(300,243)
At December 31	$ 9,023	$ 237,503	$ 142,971	$ 119,604	$ 267,497	$ 776,598
At December 31,2020						
Cost	$ 9,023	$ 636,446	$ 518,018	$ 287,860	$1,481,488	$ 2,932,835
Accumulated depreciation and impairment	-	(398,943)	(375,047)	(168,256)	(1,213,991)	(2,156,237)
	$ 9,023	$ 237,503	$ 142,971	$ 119,604	$ 267,497	$ 776,598

Note: Transferred from prepayments for equipment (shown as “other non-current assets”).

A. For the years ended December 31, 2021 and 2020 no interest expense was capitalized on property, plant and equipment in the Group.

B. The Group has no property, plant and equipment pledged to others.

(8)Leasing arrangements-lessee

A. The Group leases various assets including land, buildings and structures, business vehicles, printers. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Short-term leases with a lease term of 12 months or less comprise business vehicles and staff dormitory.

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

	December 31, 2021	December 31, 2020
	Book value	
Land	$ 58,801	$ 62,221
Buildings and structures	9,066	15,188
Business vehicles	2,565	3,083
Printers	3,117	290
	$ 73,549	$ 80,782

	Year ended December 31,	
	2021	2020
	Depreciation charge	
Land	$ 3,420	$ 3,420
Buildings and structures	6,331	6,294
Business vehicles	2,480	711
Printers	623	696
	$ 12,854	$ 11,121

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $5,702 and $10,410, respectively.

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

	Year ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,165	$ 1,203
Expense on short-term lease contracts	$ 5,636	$ 7,855

E. For years ended December 31, 2021 and 2020, the Group’s total cash outflow for leases were $19,187 and $19,633, respectively.

(9) Investment property

	Buildings and structures
At January 1, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(2,668)
	$ 17,701
2021	
At January 1	$ 17,701
Depreciation charge	(970)
At December 31	$ 16,731
At December 31, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(3,638)
	$ 16,731

	Buildings and structures
At January 1, 2020	
Cost	$ 20,369
Accumulated depreciation and impairment	(1,698)
	$ 18,671
2020	
At January 1	$ 18,671
Depreciation charge	(970)
At December 31	$ 17,701
At December 31, 2020	
Cost	$ 20,369
Accumulated depreciation and impairment	(2,668)
	$ 17,701

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

	Year ended December 31,	
	2021	2020
Rental income from investment property	$ 2,562	$ 2,470
Direct operating expenses arising from the investment property that generated rental income during the period	$ 970	$ 970

B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was $8,130 and $10,516, respectively, which was valued by income approach. Key assumptions are as follows:

	December 31, 2021	December 31, 2020
Rate of net return on capital (Note)	18.57%	13.29%

Note: Calculated based on the weighted average capital cost of the issuer.

C. For the years ended December 31, 2021 and 2020 no interest expense was capitalized on investment property in the Group.

D. The Group has no investment property pledged to others.

(10)Intangible assets

	Patents and Technical skill	Customer Relationship	Goodwill	Others	Total
At January 1, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 370,855	$ 497,091
Accumulated depreciation and impairment	(30,654)	(11,000)	(62,456)	(281,293)	(385,403)
	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
2021					
At January 1	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
Additions	-	-	-	106,868	106,868
Transfer (Note)				429	429
Amortization charge	(3,824)	-	-	(113,034)	(116,858)
Impairment loss	-	-	(18,302)	-	(18,302)
At December 31	$ -	$ -	$ -	$ 83,825	$ 83,825
At December 31, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 478,152	$ 604,388
Accumulated depreciation and impairment	(34,478)	(11,000)	(80,758)	(394,327)	(520,563)
	$ -	$ -	$ -	$ 83,825	$ 83,825

Note: Transferred from prepayments for equipment (shown as "other non-current assets").

	Patents and Technical skill	Customer Relationship	Goodwill	Others	Total
At January 1, 2020					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 203,852	$ 330,088
Accumulated depreciation and impairment	(25,556)	(11,000)	(37,104)	(174,835)	(248,495)
	$ 8,922	$ -	$ 43,654	$ 29,017	$ 81,593
2020					
At January 1	$ 8,922	$ -	$ 43,654	$ 29,017	$ 81,593
Additions	-	-	-	167,003	167,003
Amortization charge	(5,098)	-	-	(106,458)	(111,556)
Impairment loss	-	-	(25,352)	-	(25,352)
At December 31	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
At December 31, 2020					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 370,855	$ 497,091
Accumulated depreciation and impairment	(30,654)	(11,000)	(62,456)	(281,293)	(385,403)
	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688

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

	Year ended December 31,	
	2021	2020
Operating costs	$ 3,824	$ 5,098
Selling expenses	364	176
Administrative expenses	1,864	909
Research and development expenses	110,806	105,373
	$ 116,858	$ 111,556

B. For the years ended December 31, 2021 and 2020 no interest expense was capitalized on intangible assets in the Group.

C. Impairment information about the intangible assets is provided in 6(11).

D. The Group has no intangible assets pledged to others.

(11)Impairment of non-financial assets

The Group performs impairment tests on the recoverable amount of goodwill on the balance sheet date. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations use cash flow projections approved by the management covering a five-year period as the basis for estimation. The relevant discount rates for 2021 and 2020 were 18.57% and 13.29%, respectively. The value-in-use used by the Group to calculate cash-generating units is derived from historical information on estimated future revenue growth rates, gross profit margins, and operating expense ratios, with reference to future industrial economic trends. The recoverable amount calculated based on the above key assumptions is lower than the book value of goodwill. Thus, the Group recognized impairment losses of $18,302 and $25,352 in 2021 and 2020, respectively.

(12)Other non-current assets

	December 31, 2021	December 31, 2020
Guarantee deposit paid	$ 842,417	$ 6,496
Prepayments for equipment	12,302	68,535
Pledged time deposits	3,969	3,969
	$ 858,688	$ 79,000

(13)Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loans	$ 1,700,000	0.70%～0.86%	None

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Credit loans	$ 1,340,000	0.75%～1.05%	None

Interest expense recognized in profit or loss amounted to $16,829 and $8,184 for the years end December 31,2021 and 2020, respectively.

(14)Other payables

	December 31, 2021	December 31, 2020
Salary and bonus payables	$ 1,259,581	$ 381,089
Payable on employees and director remuneration	378,440	80,658
Payable on equipment	94,831	146,904
Others	99,988	85,350
	$ 1,832,840	$ 694,001

(15)Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries 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	$ 8,474	$ 14,033
Fair value of plan assets	(117)	(2,663)
	8,357	11,370
Unadjusted amount for the period	(1,402)	(850)
Net liability recognized in the balance sheet	$ 6,955	$ 10,520

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	($ 14,033)	$ 2,663	($ 11,370)
Current service cost	(333)	-	(333)
Interest (expense) income	(42)	7	(35)
	(14,408)	2,670	(11,738)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	39	39
Change in demographic assumptions	(9)	-	(9)
Change in financial assumptions	382	-	382
Experience adjustments	537	-	537
	910	39	949
Pension fund contribution	-	2,432	2,432
Paid pension	5,024	(5,024)	-
Unadjusted amount for the period	-	-	1,402
At December 31	($ 8,474)	$ 117	($ 6,955)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
At January 1	($ 12,739)	$ 2,409	($ 10,330)
Current service cost	(314)	-	(314)
Interest (expense) income	(88)	18	(70)
	(13,141)	2,427	(10,714)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	80	80
Change in financial assumptions	(524)	-	(524)
Experience adjustments	(368)	-	(368)
	(892)	80	(812)
Pension fund contribution	-	156	156
Unadjusted amount for the period	-	-	850
At December 31	($ 14,033)	$ 2,663	($ 10,520)

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

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

	Year ended December 31,	
	2021	2020
Discount rate	0.70%	0.30%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the sixth and fifth life experience table in Taiwan for the years ended 2021 and 2020.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021 Effect on present value of defined benefit obligation	($ 223)	$ 230	$ 204	($ 199)
December 31, 2020 Effect on present value of defined benefit obligation	($ 330)	$ 341	$ 296	($ 289)

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $131.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	-
1-2 years		-
2-5 years		642
Over 5 years		8,496
	$	9,138

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's subsidiaries, Eon Silicon Solutions, Inc. USA established a 401(K) plan based on the US Government's National Tax Regulation 401(K), and local employees can allocate a certain amount of salary to the pension account each month within the upper limit; the Company may cooperate with the allocation according to its policy of rewarding or comforting employees.

(c) The Company's mainland China subsidiaries, Elite Semiconductor Microelectronics Technology (shenzhen) Inc. and Elite Semiconductor Microelectronics (Shanghai) Technology Inc., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the

Group for the years ended December 31, 2021 and 2020, were $36,241 and $31,867, respectively.

(16)Share-based payment

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

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
Succeed to 2010 Eon Silicon Solution Inc.'s employee stock options	August 10, 2010, October 15, 2010 and January 13, 2011	4,000 thousand shares (Note 2)	10 years	Note 1
Succeed to 2013 Eon Silicon Solution Inc.'s employee stock options	August 19, 2013	7,500 thousand shares (Note 2)	10 years	Note 1

Note 1: The accumulative proportion of the new shares that can be obtained after the two-year, three-year and four-year service expirations are 50%, 75% and 100%, respectively.

Note 2: The number of grants given by the Company to the Eon Silicon Solution Inc. employee stock option plan is the amount given on the original plan grant date. After the merger, Eon Silicon Solution Inc.'s 2010 and 2013 employee stock option plans have 219 thousand shares and 688 thousand shares in circulation.

Among the share-based payment arrangements above are settled by equity.

B. Details of the share-based payment arrangements are as follows:

Succeed to Eon Silicon Solution Inc.'s employee stock options:

	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	518	$ 57.6~217.4	543	$ 59.2~303.4
Options forfeited	-	-	(4)	217.4
Options exercised	(398)	57.6	-	-
Options expired	(106)	217.4	(21)	241.2~295.4
Options outstanding at December 31	14	$ 57.6	518	$ 57.6~217.4
Options exercisable at December 31	14		518	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 was $85.2. No options exercised for the years ended December 31, 2021.

D. As of December 31, 2021 and 2020, the range of exercise prices of stock options outstanding was $57.6 and $57.6~$217.4 (in dollars), respectively; the weighted-average remaining contractual period was 1.64 years and 2.64 years, respectively.

E. Expenses incurred on share-based payment transactions for the years ended December 31, 2021 and 2020, were all $0.

(17)Share capital

A. As of December 31, 2021, the Company's authorized capital was $3,500,000, consisting of 350,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,861,570 with a par value of $10 (in dollars) per share.

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

	Shares: thousand shares	
	2021	2020
Shares outstanding at January 1	271,605	272,320
Employee stock options exercised	398	-
Acquisition of company's share by subsidiary recognized as treasury share	-	(715)
Disposal of company's share by subsidiary recognized as treasury share	800	-
Shares outstanding at December 31	272,803	271,605
Treasury shares at the end of the period	13,354	14,154
Shares issued at December 31	286,157	285,759

B. Treasury shares

The Company's shares held by the Company's subsidiary, Jie Young Investment Ltd., as of December 31, 2021 and 2020 due to the parent company's business strategy, were 13,354 thousand shares and 14,154 thousand shares, with carrying amounts of $328,276 and $347,942, respectively; the average book value per share were all $24.58, and the fair value per share were $165.00 and $64.70, respectively.

(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 capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ -	$ 1,661	$ 100,239	$ 3,913	$ 3,864	$ 109,677
Disposal of company's share by subsidiary recognized as treasury share	-	40,089	-	-		40,089
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	-	-	1,146	-	-	1,146
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	-	-	11,739	-	-	11,739
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	(27)	-	-	(27)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(311)	-	-	(311)
Issue new shares due to employee stock options exercised	20,162	-	-	(1,216)	-	18,946
Expired cash dividends transferred to capital surplus	-	-	-	-	70	70
At December 31	$ 20,162	$ 41,750	$ 112,786	$ 2,697	$ 3,934	$ 181,329

	2020				
	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ 1,661	$ 94,949	$ 3,913	$ 3,782	$ 104,305
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	-	1,146	-	-	1,146
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	-	5,925	-	-	5,925
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	(1,781)	-	-	(1,781)
Expired cash dividends transferred to capital surplus	-	-	-	82	82
At December 31	$ 1,661	$ 100,239	$ 3,913	$ 3,864	$ 109,677

(19)Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be appropriated in the following order:

(a) Payment of all taxes and dues.

(b) Offset against prior years’ operating losses, if any.

(c) Set aside 10% of remaining amount as legal reserve.

(d) Setting aside a special reserve when necessary.

(e) The remainder shall be stockholders’ bonus, which will be appropriated in proportion or be retained shall be resolved by the stockholders at the stockholders’ meeting.

B. Dividend policy

The Company is still in the growth stage, the appropriation of stockholders’ bonus will be appropriated as cash, the remainder will be appropriated as shares when over 5%.

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. As approved by Board of Directors on March 20, 2020, the appropriations of 2019 earnings would be legal reserve $49,804 and cash dividend $285,759, constituting $1(in dollars) per share. Aforementioned appropriations had been approved by stockholders’ meeting on June 15, 2020.

F. As approved by Board of Directors on February 26, 2021, the appropriations of 2020 earnings would be legal reserve $107,724 and cash dividend $2(in dollars) per share. Aforementioned appropriations had been approved by stockholders’ meeting on July 12, 2021.

G. As approved by Board of Directors on February 25, 2022, the appropriations of 2021 earnings would be legal reserve $497,526 and cash dividend $8(in dollars) per share. Aforementioned appropriations had not yet been approved by stockholders’ meeting.

(20)Operating revenue

	Year ended December 31,

	2021	2020
Revenue from contracts with customers	$ 23,844,898	$ 15,267,139

A. Disaggregation of revenue from contracts with customers

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

Years ended December 31,2021	Domestic	Asia	Others	Total
Integrated circuits	$11,523,346	$12,196,154	$ 125,398	$23,844,898

Years ended December 31,2020	Domestic	Asia	Others	Total
Integrated circuits	$ 6,138,237	$ 9,069,729	$ 59,173	$15,267,139

B. Contract liabilities

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

	December 31, 2021	December 31, 2020	January 1,2020
Contract liabilities-advance sales receipts	$ 21,399	$ 5,346	$ 3,959

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

	Year ended December 31,	
	2021	2020
Contract liabilities-advance sales receipts	$ 5,276	$ 3,888

(21)Interest revenue

	Year ended December 31,	
	2021	2020
Interest income from bank deposits	$ 32,668	$ 25,594
Interest income from financial assets at amortized cost	301	1,207
Other interest income	265	611
	$ 33,234	$ 27,412

(22)Other income

	Year ended December 31,	
	2021	2020
Rent income	$ 5,464	$ 5,460
Dividend income	22,184	13,053
Other income, others	20,982	7,992

	$ 48,630	$ 26,505

(23)Other gains and losses

	Year ended December 31,	
	2021	2020
Gains on disposals of property, plant and equipment	$ 10	$ -
Gains on disposals of investments	55,681	-
Gains arising from lease modifications	37	211
Foreign exchange losses	(123,846)	(50,665)
Gains on financial assets at fair value through profit or loss	114,844	132,628
Impairment loss	(18,302)	(25,352)
Miscellaneous disbursements	(1,898)	(970)
	$ 26,526	$ 55,852

(24)Financial costs

	Year ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	$ 16,829	$ 8,184
Provisions for liabilities - unwinding of discount	1,545	1,412
Lease liability	1,165	1,203
Total of interest expense	19,539	10,799
Others	893	728
	$ 20,432	$ 11,527

(25)Expenses by nature

	Year ended December 31,	
	2021	2020
Employee benefit expense	$ 2,529,577	$ 1,183,477
Depreciation charges on property, plant and equipment	$ 395,742	$ 300,243
Depreciation charges on right-of-use assets	$ 12,854	$ 11,121
Depreciation charges on investment property	$ 970	$ 970
Amortization charges on intangible assets	$ 116,858	$ 111,556

(26)Employee benefit expense

	Year ended December 31, 2021	Year ended December 31, 2020
Wages and salaries	$ 2,338,921	$ 1,061,353
Labor and health insurance fees	58,383	49,276
Pension costs	36,621	32,408
Director remuneration	70,264	17,232
Other personnel expenses	25,388	23,208
	$ 2,529,577	$ 1,183,477

A. In accordance with the Articles of Incorporation of the Company, the profit before income tax of the current year, before covering employees' compensation and directors' remuneration, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and 1% for directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $314,318 and $66,124, respectively; while directors' remuneration was accrued at $62,864 and $13,225, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1% of distributable profit for the years ended December 31, 2021.

For the years ended December 31, 2021 and 2020, employees' compensation of subsidiaries was accrued at $13 and $14, respectively; while directors' remuneration of subsidiaries was accrued at $1,245 and $1,294, respectively. The aforementioned amounts were recognized in salary expenses.

C. The employees' compensation and directors' remuneration of 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the period	$ 938,922	$ 154,162
Prior year income tax (over) underestimation	(1,758)	7,025
Total current tax	937,164	161,187
Deferred tax:		
Origination and reversal of temporary differences	3,710	8,072
Income tax expense	$ 940,874	$ 169,259

(b) The income tax charge relating to components of other comprehensive income: None.

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

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (note)	$ 1,221,503	$ 276,096
Tax exempt income by tax regulation	(47,001)	(23,866)
Prior year income tax (over) underestimation	(1,758)	7,025
Temporary differences not recognized as deferred tax assets	(13,265)	(25,963)
Taxable loss not recognized as deferred tax assets	(887)	1,058
Effect from investment tax credits	(224,157)	(65,059)
Change in assessment of realization of deferred tax assets	(13)	(23)
Not exceed the starting point of income tax	(20)	(9)
Effect from alternative minimum tax	6,472	-
Income tax expense	$ 940,874	$ 169,259

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

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

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	$ -	$ -	$ 48
Unrealized exchange loss	348	168	-	516
Loss on market value decline and obsolete and slow-moving inventories	988	(739)	-	249
Pension liability	81	-	-	81
Others	2,348	(126)	-	2,222
Subtotal	3,813	(697)	-	3,116
-Deferred tax liabilities:				
Unrealized exchange gain	(7,933)	2,879	-	(5,054)
Others	(4,509)	(5,892)	-	(10,401)
Subtotal	(12,442)	(3,013)	-	(15,455)
Total	($ 8,629)	($ 3,710)	$ -	($ 12,339)

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	$ -	$ -	$ 48
Unrealized exchange loss	153	195	-	348
Loss on market value decline and obsolete and slow-moving inventories	1,688	(700)	-	988
Pension liability	61	20	-	81
Others	2,224	124	-	2,348
Subtotal	4,174	(361)	-	3,813
-Deferred tax liabilities:				
Unrealized exchange gain	(4,731)	(3,202)	-	(7,933)
Others	-	(4,509)	-	(4,509)
Subtotal	(4,731)	(7,711)	-	(12,442)
Total	($ 557)	($ 8,072)	$ -	($ 8,629)

D. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 295,986	$ 362,221

E. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary difference unrecognized as deferred tax liabilities were $0.

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

(28) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$4,976,211	280,221	$ 17.76
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		8	
Employees' compensation		2,019	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$4,976,211	282,248	$ 17.63

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$1,076,426	279,909	$ 3.85
Assumed conversion of all dilutive potential ordinary shares (Note)			
Employees' compensation		1,295	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$1,076,426	281,204	$ 3.83

Note: The employee stock options not calculate for years ended December

31, 2020 due to the effect of anti-dilution.

(29)Transactions with non-controlling interest

A. On August 25, 2021, the Group acquired an additional shares of its subsidiary-Elite Silicon Technology Inc. for a total cash consideration of $28. The carrying amount of non-controlling interest in Elite Silicon Technology Inc. was $1 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $27.

The effect of changes in interests in Elite Silicon Technology Inc. on the equity attributable to owners of the parent for the nine months ended December 31, 2021 is shown below:

	2021
Carrying amount of non-controlling interest acquired	$ 1
Consideration paid to non-controlling interest	(28)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	($ 27)

B. On March 30, 2020, April 28, 2020 and November 13,2020 the Group acquired an additional shares of its subsidiary-Elite Silicon Technology Inc. for a total cash consideration of $1,752, $128 and $33. The carrying amount of non-controlling interest in Elite Silicon Technology Inc. was $119, $12 and $1 at the acquisition date. This transaction resulted in a decrease in the equity attributable to owners of the parent by $1,633, $116 and $32.

The effect of changes in interests in Elite Silicon Technology Inc. on the equity attributable to owners of the parent for the years ended December 31, 2020 is shown below:

	2020
Carrying amount of non-controlling interest acquired	$ 132
Consideration paid to non-controlling interest	(1,913)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	($ 1,781)

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of property, plant and equipment (including amount of transfer)	$ 920,804	$ 380,513
Add: Ending balance of prepayments for equipment	12,302	68,535
Add: Opening balance of prepayments for equipment transferred to intangible assets	429	-
Less: Opening balance of prepayments for equipment	(68,535)	(5,862)
Add: Opening balance of payable on equipment	146,904	58,026
Less: Ending balance of payable on equipment	(94,831)	(146,904)
Cash paid during the period	$ 917,073	$ 354,308

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of intangible assets (including amount of transfer)	$ 107,297	$ 167,003
Less: Opening balance of prepayments for equipment transferred to intangible assets	(429)	-
Cash paid during the period	$ 106,868	$ 167,003

B. Changes in liabilities from financing activities:

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	$ 1,340,000	$ 149,756	$ 81,637	$ 6,635	$ 1,578,028
Changes in cash flow from financing activities	360,000	(148,869)	(12,386)	(298)	198,447
Interest paid	-	-	(1,165)	-	(1,165)
Interest expense	-	-	1,165	-	1,165
Changes in other non-cash items	-	(887)	5,702	-	4,815
Changes from lease modifications	-	-	(124)	-	(124)
At December 31, 2021	$ 1,700,000	$ -	$ 74,829	$ 6,337	$ 1,781,166

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	$ 274,000	$ -	$ 86,887	$ 9,871	$ 370,758
Changes in cash flow from financing activities	1,066,000	150,476	(10,575)	(3,236)	1,202,665
Interest paid	-	-	(1,203)	-	(1,203)
Interest expense	-	-	1,203	-	1,203
Changes in other non-cash items	-	(720)	10,410	-	9,690
Changes from lease modifications	-	-	(5,085)	-	(5,085)
At December 31, 2020	$ 1,340,000	$ 149,756	$ 81,637	$ 6,635	$ 1,578,028

7.Related Party Transactions

(1)Names of related parties and relationship

Names of related parties	Relationship with the Company
Arima Lasers Corporation	The Company's subsidiary is this company's director
Canyon Semiconductor Inc.	Investee indirectly accounted for under equity method

(2) Key management compensation

	Year ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 193,066	$ 54,409
Post-employment benefits	432	432
Total	$ 193,498	$ 54,841

8.Pledged Assets

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

	Book value		
Assets item	December 31, 2021	December 31, 2020	Purpose
Time deposits (shown as "other non-current assets ")	$ 3,969	$ 3,969	Guarantee deposits for lease of land

9.Significant Contingent Liabilities and Unrecognized Contract Commitments

The Company entered into capacity reservation contracts with suppliers. According to the contracts, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information about the appropriations of earnings of the Company which had been approved by Board of Directors on February 25, 2022 is provided in Note 6(19).

12. Others

(1) Capital management

Considering the industrial characteristics, future development, and changes in the environment, the Group plans the demand of working capital, research and development expenses and dividends to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders, to take care of the benefit of other related parties, and to maintain an optimal capital structure, so as to promote shareholder value in the long-term.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or pay cash to shareholders, or repurchase shares.

The gearing ratios at December 31, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
Total assets	$	20,237,379	$	13,000,348
Total liabilities	(	7,577,819)	(	4,871,065)
Total equity	$	12,659,560	$	8,129,283
Equity to assets ratio		63%		63%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 359,686	$ 365,474
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 35,394	$ 64,836
Financial assets at amortized cost		
Cash and cash equivalents	$ 9,790,722	$ 3,597,917
Financial assets at amortized cost - current	110,720	136,704
Accounts receivable	1,989,419	1,633,993
Other receivables	116,462	95,830
Time deposits (shown as "other non-current assets")	3,969	3,969
Guarantee deposits paid (shown as "other non-current assets")	842,417	6,496
	$ 12,853,709	$ 5,474,909
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 1,700,000	$ 1,340,000
Short-term notes and bills payable	-	149,756
Notes payable	2,205	2,115
Accounts payable	2,980,701	2,396,158
Other accounts payable	1,832,840	694,001
Guarantee deposits received (shown as "other non-current liabilities")	6,337	6,635
	$ 6,522,083	$ 4,588,665
Lease liability	$ 74,829	$ 81,637

B. Financial risk management policies

(a) The Group adopt comprehensive system of risk management and control to identify, measure and control all categories of risk, including market risk, credit risk, liquidity risk, and risk of cash flow, to make sure management is able to control and measure market risk, credit risk, liquidity risk, and risk of cash flow effectively.

(b) In order to control all management objectives of market risk effectively, achieve optimal level of risk, maintain appropriate level of liquidity and collectively manage all market risks, the Group will take factors such as consideration for the overall economic environment, status of competition and market value risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I. The Group operates internationally and is exposed to foreign exchange risk arising from the various currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized 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 companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The companies adopt forward foreign exchange contracts through the Group treasury to manage the foreign exchange risk from future commercial transactions and recognized assets and liabilities. The foreign exchange risk will exist when future commercial transactions and recognized assets and liabilities use the currency different from the functional currency of the companies.

III. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through deposits denominated in the relevant foreign currencies (see Note 6(1)).

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

	December 31, 2021				
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD in thousands)
Financial assets					
Monetary items					
USD:NTD	$	390,394	27.680	$	10,806,106
RMB:NTD		196,376	4.344		853,057
Financial liabilities					
Monetary items					
USD:NTD	$	79,234	27.680	$	2,193,197

(Foreign currency: functional currency)	December 31, 2020				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD in thousands)
Financial assets					
Monetary items					
USD:NTD	$	154,117	28.480	$	4,389,252
RMB:NTD		181,116	4.377		792,745
Financial liabilities					
Monetary items					
USD:NTD	$	50,522	28.480	$	1,438,867
JPY:NTD		67,255	0.276		18,583

V. The total exchange losses, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to $123,846 and $50,665, respectively.

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

(Foreign currency: functional currency)	Year ended December 31,2021				
	Sensitivity analysis				
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
Financial assets					
Monetary items					
USD:NTD	1%	$	108,061	$	-
RMB:NTD	1%		8,531		-
Financial liabilities					
Monetary items					
USD:NTD	1%	($	21,932)	$	-

(Foreign currency: functional currency)	Year ended December 31,2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 43,893	$ -
RMB:NTD	1%	7,927	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 14,389)	$ -
JPY:NTD	1%	(186)	-

Price risk

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

II. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $35,969 and $36,547, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $3,540 and $6,484, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

The Group's main interest rate risk arises from short-term borrowings and short-term notes and bills payable. Borrowings with floating rates expose the Group to cash flow interest rate risk, but the majority of risk offset by cash and cash equivalents with floating rates. Borrowings with fixed rates expose the Group to fair value interest rate risk. The Group doesn't have significant risk of change of interest rate due to borrowings with floating rates are all shorter than one year.

(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 financial instruments stated at amortized cost and debt instruments 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 these with high rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing 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, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

III. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

IV. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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 wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

VII. The financial assets at amortized cost including time deposits and restricted time deposits. The banks are with high rating and don't past due before. In addition to the above, the whole economic environment doesn't change significant, so the risk of credit risk is low and the effect to financial statement is insignificant.

VIII. The information about ageing analysis and collaterals of accounts receivable is provide in Note6(4). The Group request significant clients provide collaterals and other right of guarantee, therefore, the Group classifies customer's accounts receivable in accordance with the nature of collaterals. The applies the simplified approach using loss rate methodology to estimate expected credit loss. In summary, the allowance for losses which the Group should recognize is minor at December 31, 2021 and 2020.

IX. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2021	2020
	Accounts receivable	
At January 1	$ 5,713	$ 14,295
Reversal of impairment	(5,713)	(8,582)
At December 31	$ -	$ 5,713

(c) Liquidity risk

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

II. Surplus cash held by the operating entities over and above balance required for working capital management should invest surplus cash in interest bearing current accounts, time 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 nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31,2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 1,700,000	$ -	$ -
Notes payable	2,205	-	-
Accounts payable	2,980,701	-	-
Other payables	1,832,840	-	-
Lease liability	12,516	22,592	48,666
Guarantee deposits received	-	-	6,337

Derivative financial liabilities: None.

Non-derivative financial liabilities:

December 31,2020	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 1,340,000	$ -	$ -
Short-term notes and bills payable	149,756	-	-
Notes payable	2,115	-	-
Accounts payable	2,396,158	-	-
Other payables	694,001	-	-
Lease liability	12,224	26,569	52,635
Guarantee deposits received	-	-	6,635

Derivative financial liabilities: None.

(3)Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value of the Group including cash and cash equivalents, time deposit (over 3 months), notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and guarantee deposits received. Their carrying amounts are approximate to their fair values.

D. 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 is 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				
Equity securities	$ 227,877	$ -	$ 3,800	$ 231,677
Beneficiary certificates	89,418	-	-	89,418
Debt securities	38,591	-	-	38,591
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	35,394	35,394
	$ 355,886	$ -	$ 39,194	$ 395,080

Financial liabilities: None.

December 31,2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 214,924	$ 2,506	$ 4,917	$ 222,347
Beneficiary certificates	91,737	-	-	91,737
Debt securities	51,390	-	-	51,390
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	64,836	64,836
	$ 358,051	$ 2,506	$ 69,753	$ 430,310

Financial liabilities: None.

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

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

II. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

III. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

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

	Equity securities	
	2021	2020
At January 1	$ 69,753	$ 85,953
Transfers out from level 3	-	(26,157)
Valuation adjustment	(30,559)	9,957
At December 31	$ 39,194	$ 69,753

G. Because M3 Technology Inc. and Powerchip Semiconductor Manufacturing Corporation started their transaction in Emerging Stock Market from November,2020 and December,2020, and there is sufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

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

I. 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	$ 3,800	Market - comparable companies	Discount for lack of marketability	30%	the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	35,394	Market - comparable companies	Discount for lack of marketability	45%	the higher the discount for lack of marketability, the lower 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	$ 4,917	Market - comparable companies	Discount for lack of marketability	30%	the higher the discount for lack of marketability, the lower the fair value
Unlisted shares	64,836	Market - comparable companies	Discount for lack of marketability	40%	the higher the discount for lack of marketability, the lower the fair value

J. 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 and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets Equity instrument	Discount for lack of marketability	±10%	$ 163	($ 163)	$ 2,896	($ 2,896)

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets Equity instrument	Discount for lack of marketability	±10%	$ 211	($ 211)	$ 4,322	($ 4,322)

(4) Others

As of the reported date, the Company has assessed that COVID-19 has no adverse impact on the Company's overall operating activities and financial statements for the years ended December 31, 2021. However, the Company will continue to pay attention to the development of the COVID-19 and its impact on the overall economic environment.

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 (not including subsidiaries, associates and joint ventures): 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: None.
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

As of December 31, 2021, the Company did not have any shareholders with a shareholding ratio more than 5%.

14. Operating Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the

Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

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

	Year ended December 31,	
	2021	2020
Revenue from external customers	$ 23,844,898	$ 15,267,139
Segment income before income tax	$ 5,980,894	$ 1,253,700

	December 31, 2021	December 31, 2020
Segment assets	$ 20,237,379	$ 13,000,348
Segment liabilities	$ 7,577,819	$ 4,871,065

(3) Reconciliation for segment income (loss): None.

(4) Information on products and services

As of December 31, 2021 and 2020 the net operating revenue of integrated circuit and electronic materials is $23,844,898 and $15,267,139.

(5) Geographical information

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

	Year ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Domestic	$ 11,523,346	$ 1,420,472	$ 6,138,237	$ 1,046,111
Asia	12,196,154	63,935	9,069,729	-
Others	125,398	4,286	59,173	9,194
Total	$ 23,844,898	$ 1,488,693	$ 15,267,139	$ 1,055,305

(6) Major customer information

	Year ended December 31,			
	2021		2020	
	Revenue	Segment	Revenue	Segment
A Company	$ 7,122,477	The Group	$ 3,430,386	The Group

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries

Holding of marketable securities at the end of the period

December 31, 2021

Table 1

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

Securities held by	Name and category of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value (Note 1)	Ownership (%)	Fair value (Note 1)	
Elite Semiconductor Microelectronics Technology Inc.	Arima Lasers Corporation stock	Note 2	Financial assets at fair value through profit or loss	2,074,000	77,153	7.36	77,153	
Elite Semiconductor Microelectronics Technology Inc.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	449	0.00	449	
Elite Semiconductor Microelectronics Technology Inc.	HSBC FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	1,000,000	25,744	Not applicable	25,744	
Elite Semiconductor Microelectronics Technology Inc.	ANZ FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	500,000	12,847	Not applicable	12,847	
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	57,320	Not applicable	57,320	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd. preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	17,697	8.06	17,697	
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	32,098	Not applicable	32,098	
Charng Feng Investment Ltd.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	449	0.00	449	
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	Note 3	Financial assets at fair value through profit or loss	907,000	33,740	3.22	33,740	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	400,000	3,800	4.46	3,800	
Charng Feng Investment Ltd.	Powerchip Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	116,086	0.05	116,086	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd. preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	17,697	8.06	17,697	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent company	Financial assets at fair value through other comprehensive income	13,354,000	2,203,410	4.67	2,203,410	

Note 1: Valuation adjustment of financial assets and cumulative translation differences are included.

Note 2: The Company’s subsidiary is this company’s director

Note 3: Charng Feng Investment Ltd. is this company’s director

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries

Information on investees (exclude investee in Mainland China)

Years ended December 31, 2021

Table 2

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee for the years ended December 31, 2021	Investment income (loss) recognized by the Company for the years ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Taiwan	Research and development, production, sales and related consulting services of integrated circuit	$ 272	$ 272	100,000	100	$ 20,551	$ 5,057	$ 5,057	
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	566,029	68,958	70,059	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	415,200	415,200	15	100	612,100	(8,400)	(8,400)	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	188,931	116,873	(2,905)	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc.USA	U.S.A.	Investigation and research of business situation and industrial technology	13,304	13,304	200,000	100	(1,682)	(271)	(271)	
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	69,407	69,407	10,000,000	100	21,612	(341)	(341)	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	61,229	61,201	7,455,860	98.10	(91)	(632)	(620)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee for the years ended December 31, 2021	Investment income (loss) recognized by the Company for the years ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Charng Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	$ 80,337	$ 80,337	8,350,000	40.93	$ 51,812	$ 43,804	$ 17,929	
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Japan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	2,052	2,052	200	100	731	(1,464)	(1,464)	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	Trading	355	355	10,000	100	710	343	343	
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Taiwan	Information software services, product design, management consultant and international trade	15,000	-	1,500,000	75	2,233	(16,607)	(12,455)	Note 2

Note 1: The foreign investment amount translated at the exchange rate as of December 31, 2021.

Note 2: The Company obtained HHHtech Co., Ltd. share interest by 75% through it increased its capital by issuing new shares on March, 2021. Stockholders' meeting of HHHtech Co., Ltd. approved to execute liquidation process on June 28, 2021.

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries

Information on investments in Mainland China

Years ended December 31, 2021

Table 3

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

Investee in Mainland China	Main business activities	Paid-in capital (Note 4)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the years ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2021	Net income (loss) of the investee for the years ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the years ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as at December 31, 2021	Accumulated amount of investment income remittance back to Taiwan as at December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting and services of integrated circuit, and after -sales service	$ 84,133	(1)	$ 2,477	$ 81,656	$ -	$ 84,133	($ 2,990)	100	($ 2,990)	$ 87,951	$ -	Note 5
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	5,536	(1)	5,536	-	-	5,536	377	100	377	7,010	-	Note 6

Company name	Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2021	Investment amount approved by the Investment Commission of MOEA (Note 5)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Charng Feng Investment Ltd.	$ 89,669	$ 89,669	$ 300,000

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirect investment in Mainland China through companies registered in a third region.

(3) Other methods.

Note 2: Investment income (loss) was recognized based on financial statement prepared by each company which were audited by independent auditors.

Note 3: The amount of the statement should show as New Taiwan Dollars.

Note 4: Paid-in capital translated at the exchange rate as of December 31, 2021.

Note 5: The Company's subsidiary, Charng Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000 and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021.

Note 6: Elite Semiconductor Microelectronics (Shanghai) Technology Inc. was established on November 27, 2019. The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA on May 20, 2020.

V. Financial Report of the Company audited and attested by CPAs for the most recent financial year.

Independent Auditors' Report

(2022) Finance-Audit-Letter No.21003672

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Elite Semiconductor Microelectronics Technology Inc. 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 parent company only financial position of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only 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 (ROC GAAS). 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 Elite Semiconductor Microelectronics Technology Inc. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits, 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 parent company only financial statements of the current period. 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 Elite Semiconductor Microelectronics Technology Inc. parent company only financial statements of the current period are stated as follows:

Evaluation of inventories

Description

Refer to Note 4 (13) for the accounting policies on the evaluation of inventories, Note 5 (2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, Note 6 (5) for the Details of inventory. As at December 31,2021, the inventory and allowance for inventory valuation loss amounted to NT$5,388,195 thousand and NT$24,886 thousand.

Elite Semiconductor Microelectronics Technology Inc is primarily engaged in research, development, production, manufacture, and sales of integrated circuit. Elite Semiconductor Microelectronics Technology Inc evaluates inventories stated at lower of cost and net realizable value. Since the evaluation of net realizable value of the inventories exceed specific period and obsolete inventories is subject to management’s judgment and uncertainty of estimations. Consequently, we consider the evaluation of inventories as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above key audit matter included assessed the rationality of policy and procedure on allowance for inventory valuation loss based on our understanding of Elite Semiconductor Microelectronics Technology Inc.’s operations and industry, the historical data of product marginalization in the market and judged the rationality of obsolete inventories. We inspected the appropriateness of inventory aging report to confirm the consistency of report and policy, selected samples to compare the historical data of product marginalization in the market which determine the net realizable value of the obsolete inventories and net realizable value of the obsolete inventories to assessed the rationality of the allowance for inventory valuation loss.

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 Elite Semiconductor Microelectronics Technology Inc.'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 Elite Semiconductor Microelectronics Technology Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Elite Semiconductor Microelectronics Technology Inc.'s financial reporting process.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

7. 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;

8. 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 Elite Semiconductor Microelectronics Technology Inc.'s internal control;

9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

10. 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 Elite Semiconductor Microelectronics Technology Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Elite Semiconductor Microelectronics Technology Inc. to cease to continue as a going concern;

11. 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; and

12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Elite Semiconductor Microelectronics Technology Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only 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 auditor's 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.

Cheng, Ya-Huei

Li, Tien-Yi

for and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Balance Sheets
December 31, 2021 and 2020

Unit: NT$ thousand

	Assets	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 8,749,239	43	$ 2,719,155	21
1110	Financial assets at fair value through profit or loss - current	6(2)	173,513	1	168,548	1
1136	Financial assets at amortized cost - current		110,720	1	136,704	1
1170	Accounts receivable, net	6(4)	1,910,845	9	1,505,780	12
1200	Other receivables	7(2)	115,503	1	94,611	1
130X	Inventories	6(5)	5,363,309	27	5,969,644	46
1410	Prepayments		60,776	-	23,477	-
1470	Other current assets		170	-	5,183	-
11XX	**Total current assets**		16,484,075	82	10,623,102	82
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	17,697	-	32,418	-
1550	Investment accounted for under the equity method	6(6)	1,385,929	7	1,291,337	10
1600	Property, plant and equipment	6(7)	1,237,536	6	776,013	6
1755	Right-of-use assets	6(8)	69,562	-	72,090	-
1760	Investment property, net	6(9)	16,731	-	17,701	-
1780	Intangible assets	6(10) (11)	83,825	1	111,688	1
1840	Deferred income tax assets	6(27)	3,116	-	3,813	-
1900	Other non-current assets	6(12) 8	857,372	4	77,055	1
15XX	**Total non-current assets**		3,671,768	18	2,382,115	18
1XXX	**Total assets**		$ 20,155,843	100	$ 13,005,217	100

(Continued)

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Balance Sheets
December 31, 2021 and 2020

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 1,700,000	8	$ 1,340,000	10
2110	Short-term notes and bills payable		-	-	149,756	1
2130	Contract liabilities - current	6(20)	21,399	-	5,336	-
2150	Notes payable		2,205	-	2,115	-
2170	Accounts payable		2,799,845	14	2,281,658	18
2180	Accounts payable-related party	7(2)	52,939	-	-	-
2200	Other payables	6(14)	1,830,027	9	688,630	5
2230	Current income tax liabilities		904,582	5	147,677	1
2280	Lease liabilities - current		7,509	-	6,368	-
2300	Other current liabilities		5,611	-	9,250	-
21XX	**Total current liabilities**		7,324,117	36	4,630,790	35
	Non-current liabilities					
2550	Provisions - non-current		18,040	-	16,495	-
2570	Deferred income tax liabilities	6(27)	15,455	-	12,442	-
2580	Lease liabilities – non-current		63,328	1	66,561	1
2600	Other non-current liabilities	6(15)	13,488	-	14,886	-
25XX	**Total non-current liabilities**		110,311	1	110,384	1
2XXX	**Total liabilities**		7,434,428	37	4,741,174	36
	Equity					
	Share capital	6(17)				
3110	Common stock		2,861,570	14	2,857,589	22
	Capital surplus	6(18)				
3200	Capital surplus		181,329	1	109,677	1
	Retained earnings	6(19)				
3310	Legal reserve		1,516,762	8	1,409,039	11
3320	Special reserve		-	-	8,524	-
3350	Unappropriated retained earnings		8,323,076	41	4,019,327	31
	Other equity interest					
3400	Other equity interest		(23,906)	-	5,536	-
3500	Treasury shares	6(17)	(137,416)	(1)	(145,649)	(1)
3XXX	**Total equity**		12,721,415	63	8,264,043	64
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Significant Events after the End of the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 20,155,843	100	$ 13,005,217	100

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen Manager: Ming-Chien Chang Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Comprehensive Income
Years ended December 31, 2021 and 2020

Unit: NT$ thousand
(Except earnings per share)

	Items	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	6(20)7(2)	$ 23,844,898	100	$ 15,252,723	100
5000	Operating costs	6(5)(25)(26)7(2)	(15,165,773)	(63)	(12,675,087)	(83)
5900	Gross profit		8,679,125	37	2,577,636	17
5950	Gross profit - net		8,679,125	37	2,577,636	17
	Operating expenses	6(25)(26)				
6100	Selling expenses	7(2)	(486,325)	(2)	(273,154)	(2)
6200	Administrative expenses		(563,666)	(2)	(276,844)	(2)
6300	Research and development expenses	7(2)	(1,777,702)	(8)	(935,087)	(6)
6450	Expected credit impairment gain	12(2)	5,713	-	8,582	-
6000	Total operating expenses		(2,821,980)	(12)	(1,476,503)	(10)
6900	Operating profit		5,857,145	25	1,101,133	7
	Non-operating income and expenses					
7100	Interest income	6(21)	27,254	-	17,540	-
7010	Other income	6(22)7(2)	56,853	-	64,940	-
7020	Other gains or losses	6(23)	(75,268)	-	(35,218)	-
7050	Financial costs	6(24)	(20,341)	-	(11,308)	-
7070	Share of profit (loss) of associates and joint ventures accounted for under equity method	6(6)	63,540	-	106,002	1
7000	Total non-operating income and expenses		52,038	-	141,956	1
7900	**Profit before income tax**		5,909,183	25	1,243,089	8
7950	Income tax expenses	6(27)	(932,972)	(4)	(166,663)	(1)
8200	**Profit for the period**		$ 4,976,211	21	$ 1,076,426	7
	Other comprehensive income (loss) - net					
	Items not reclassified to profit or loss					
8311	(Loss)Gain on remeasurements of defined benefit plans	6(15)	($ 949)	-	$ 812	-
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(3)	(14,721)	-	7,030	-
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method - items not reclassified to profit or loss		(14,721)	-	7,030	-
8300	**Other comprehensive income (loss) - net**		($ 30,391)	-	$ 14,872	-
8500	**Total comprehensive income for the period**		$ 4,945,820	21	$ 1,091,298	7
	Basic earnings per share	6(28)				
9750	Basic earnings per share		$	17.76	$	3.85
	Diluted earnings per share	6(28)				
9850	Diluted earnings per share		$	17.63	$	3.83

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen Manager: Ming-Chien Chang Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Changes in Equity
Years ended December 31, 2021 and 2020

Unit: NT$ thousand

	Note	Common stock	Capital surplus	Legal reserve (Retained earnings)	Special reserve (Retained earnings)	Unappropriated retained earnings (Retained earnings)	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Treasury share	Total equity
2020									
Balance at January 1, 2020		$ 2,857,589	$ 104,305	$ 1,359,235	$ -	$ 3,286,176	($ 8,524)	($ 137,321)	$ 7,461,460
Profit for the period		-	-	-	-	1,076,426	-	-	1,076,426
Other comprehensive income for the period		-	-	-	-	812	14,060	-	14,872
Comprehensive income for the period		-	-	-	-	1,077,238	14,060	-	1,091,298
Distribution of 2019 earnings	6(19)								
Legal reserve appropriated		-	-	49,804	-	(49,804)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(285,759)	-	-	(285,759)
Special reserve appropriated		-	-	-	8,524	(8,524)	-	-	-
Acquisition of company's share by subsidiary recognized as treasury share		-	-	-	-	-	-	(8,328)	(8,328)
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	6(18)	-	1,146	-	-	-	-	-	1,146
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	6(18)	-	5,925	-	-	-	-	-	5,925
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(18)	-	(1,781)	-	-	-	-	-	(1,781)
Expired cash dividends transferred to capital surplus	6(18)	-	82	-	-	-	-	-	82
Balance at December 31, 2020		$ 2,857,589	$ 109,677	$ 1,409,039	$ 8,524	$ 4,019,327	$ 5,536	($ 145,649)	$ 8,264,043
2021									
Balance at January 1, 2021		$ 2,857,589	$ 109,677	$ 1,409,039	$ 8,524	$ 4,019,327	$ 5,536	($ 145,649)	$ 8,264,043
Profit for the period		-	-	-	-	4,976,211	-	-	4,976,211
Other comprehensive income for the period		-	-	-	-	(949)	(29,442)	-	(30,391)
Comprehensive income for the period		-	-	-	-	4,975,262	(29,442)	-	4,945,820
Distribution of 2020 earnings	6(19)								
Legal reserve appropriated		-	-	107,723	-	(107,723)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(572,314)	-	-	(572,314)
Reversal of special reserve		-	-	-	(8,524)	8,524	-	-	-
Disposal of company's share by subsidiary recognized as treasury share	6(18)	-	40,089	-	-	-	-	8,233	48,322
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	6(18)	-	1,146	-	-	-	-	-	1,146
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	6(18)	-	11,739	-	-	-	-	-	11,739
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(18)	-	(27)	-	-	-	-	-	(27)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(18)	-	(311)	-	-	-	-	-	(311)
Issue new shares due to employee stock options exercised	6(16) (17) (18)	3,981	18,946	-	-	-	-	-	22,927
Expired cash dividends transferred to capital surplus	6(18)	-	70	-	-	-	-	-	70
Balance at December 31, 2021		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen　　Manager: Ming-Chien Chang　　Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Cash Flows
Years ended December 31, 2021 and 2020

Unit: NT$ thousand

	Notes	2021	2020
Cash flows from operating activities			
Profit before income tax for the period		$ 5,909,183	$ 1,243,089
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(7) (8) (9) (25)	401,657	306,407
Amortization	6(10) (25)	116,866	111,401
Expected credit impairment gain	12(2)	(5,713)	(8,582)
Net gain on financial assets at fair value through profit or loss	6(2) (23)	(52,007)	(17,707)
Interest expenses	6(24)	20,341	11,308
Interest income	6(21)	(27,254)	(17,540)
Dividend income	6(22)	(3,155)	(3,473)
Impairment loss	6(10) (11) (23)	18,302	25,352
Share of (loss) profit of associates and joint ventures accounted for under equity method		(63,540)	(106,002)
Gains arising from lease modifications	6(23)	(4)	(91)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit and loss		47,042	-
Notes receivable		-	34
Accounts receivable		(400,325)	(337,025)
Accounts receivable - related parties		973	-
Other receivables		(17,200)	(15,468)
Inventories		606,335	(1,001,120)
Prepayments		(37,299)	(1,614)
Other current assets		5,013	(2,550)
Net changes in liabilities relating to operating activities			
Notes payable		90	225
Accounts payable		518,187	146,978
Accounts payable - related parties		52,939	-
Contract liabilities		16,063	1,387
Other payables		1,193,033	148,355
Other current liabilities		(3,639)	4,925
Other non-current liabilities		(2,049)	386
Cash inflow (outflow) generated from operations		8,293,839	488,675
Interest received		23,562	18,142
Interest paid		(19,246)	(10,093)
Income taxes paid		(172,357)	(50,874)
Net cash flows from operating activities		8,125,798	445,850

(Continued)

Elite Semiconductor Microelectronics Technology Inc.
Parent Company Only Statements of Cash Flows
Years ended December 31, 2021 and 2020

Unit: NT$ thousand

	Notes	2021	2020
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 144,324)	($ 140,157)
Disposal of financial assets at amortized cost		170,308	144,359
Proceeds from capital withdrawal from liquidation of subsidiaries		-	19,408
Acquisition of property, plant and equipment	6(29)	(850,539)	(354,365)
Acquisition of intangible assets	6(29)	(106,876)	(167,264)
Increase in guarantee deposit paid		(836,550)	(56)
Dividends received		18,250	27,760
Net cash flows from investing activities		(1,749,731)	(470,315)
Cash flows from financing activities			
Increase in short-term borrowings	6(29)	360,000	1,070,000
Increase (decrease) in short-term notes and bills payable	6(29)	(148,869)	150,476
Lease principal repayment	6(29)	(7,499)	(5,320)
Decrease in guarantee deposit received	6(29)	(298)	(3,236)
Employee exercised stock options		22,927	-
Cash dividends paid	6(19)	(572,314)	(285,759)
Expired cash dividends	6(18)	70	82
Net cash flows from (used in) financing activities		(345,983)	926,243
Net increase in cash and cash equivalents		6,030,084	901,778
Cash and cash equivalents at beginning of period	6(1)	2,719,155	1,817,377
Cash and cash equivalents at end of period	6(1)	$ 8,749,239	$ 2,719,155

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Hsing-Hai Chen　　Manager: Ming-Chien Chang　　Accounting Manager: Candy Chu

Elite Semiconductor Microelectronics Technology Inc.
Notes to the Parent Company Only Financial Statements
Years Ended December 31, 2021 and 2020

Unit: NT$ thousand
(Unless otherwise indicated)

1. History and Organization

Elite Semiconductor Microelectronics Technology Inc. (the Company) was founded in May 1998 and started operation in December of the same year. The core business of the Company include research, development, production, manufacture, and sales of dynamic and static random access memory, flash memory, analog integrated circuit, analog and digital mixed integrated circuit. The Company also provides technical services related to product design and R&D.

The Company merged with Ji Xin Technology Co., Ltd. On December 5, 2005, and merged with Eon Silicon Solution Inc. on June 8, 2016, and the Company is the surviving company.

2. The Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The parent company only financial statements were reported to the Board of Directors on February 25, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Amendments and Interpretations	Effective Date by International Accounting Standards Board("IASB")
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 endorsed by the FSC effective from 2022 are as follows:

New Standards, Amendments and Interpretations	Effective Date by IASB
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 Company's financial condition and financial performance based on the Company's assessment.

(3) Effects of 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, Amendments and Interpretations	Effective Date by IASB
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 IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Initial application of IFRS 17 and IFRS 9 – comparative information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8, "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the 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 these 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 parent company only 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, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivatives instruments) at fair value through profit or loss.

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

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity 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"), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3)Foreign currency translation

Items included in the parent company only financial statements 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 and presentation currency.

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 recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized 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 recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary 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'.

(4)<u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(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 amortized cost or fair value through other comprehensive income.

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

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income 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 recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized 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 recognized 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 recognized 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 amortized cost

A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 recognized in profit or loss when the asset is derecognized 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 amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Operating leases(lessee)

Rental income under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are entities controlled by the Company (including structured entities). The Company controls the 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. All unrealized profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted when necessary in order to be consistent with those of the Company.

C. The Company’s share of profit or loss in subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognized in other comprehensive income. If the Company’s share of loss in a subsidiary exceeds its share of equity in such a subsidiary, the Company continues to recognize losses in its shareholding percentage.

D. If a change in shareholding in a subsidiary does not result in a loss of control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

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

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

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

H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

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

J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

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

L. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(15)Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	3~20 years
Machinery and equipment	3~8 years
Testing equipment	3~8 years
Other	3~10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of Fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term.

Starting from the lease date, the Company assesses whether it can reasonably determine its option to extend the lease or purchase the underlying asset, or not to terminate the lease. The Company considers all relevant facts and circumstances that will generate economic incentives to exercise or not exercise the options. Such circumstances include all expected changes in facts and situations from the start of the lease to the day when the option is exercised. Main factors to consider include contractual terms and conditions within the period of options and the importance of the underlying asset to the lessee's operations, etc. The lease term will be reassessed if a significant change or a major change in circumstances occurs within the Company's control range.

The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Intangible assets

A. Patent and technical skill, customer relationship

Separately acquired patent is stated at historical cost. Patent and technical skill, customer relationship acquired in a business combination are recognized at fair value at the acquisition date and amortized on a straight-line basis over their estimated useful lives of 3 years.

B. Goodwill

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

C. Other intangible assets, mainly computer software, are stated at cost and amortized on a straight-line basis over their estimated useful lives of 1 ~ 3 years.

(19) 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

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

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

(20) Borrowings

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

(21) Notes and accounts payable

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

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions of decommissioning are recognized 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 recognized as interest expense. Provisions are not recognized 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

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

(25)<u>Employee share-based payment</u>

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

(26)<u>Income tax</u>

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

B. The current income tax expense is calculated on the basis of the tax laws substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only 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 realized or the deferred tax liability is settled.

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

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

F. If a change in tax rate is enacted, the Company recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(27)<u>Share capital</u>

A. 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.

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

(28)Dividends

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

(29)Revenue recognition

A. The Company manufactures and sells integrated circuit. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, 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. The Company accepts sales orders from customers. Sales revenue is recognized according to the contract price, and the Company transfers the promised goods or services to customers. Since the customer's payment period does not exceed one year, the Company has not adjusted the monetary time value of the transaction price.

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

5.Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only 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; and the related information is addressed below:

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2021, the carrying amount of inventories was $5,363,309。

6.Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 115	$ 115
Checking accounts and demand deposits	747,543	879,139
Time deposits	8,001,581	1,839,901
	$ 8,749,239	$ 2,719,155

A. The Company associates 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. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

Item	December 31, 2021	December 31, 2020
Current items:		

Financial assets mandatorily measured at fair value through profit or loss		
Listed stock	$ 286	$ 286
Emerging stocks	69,438	115,673
Beneficiary certificates	45,465	45,465
Bonds	31,226	31,226
Subtotal	146,415	192,650
Valuation adjustment	27,098	(24,102)
Total	$ 173,513	$ 168,548

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	2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 52,087	$ 9,300
Debt instruments	1,504	2,991
Beneficiary certificates	(1,584)	5,416
Total	$ 52,007	$ 17,707

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk is provided in Note 12(2)C(b).

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

Item	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Unlisted stock	$ 29,650	$ 29,650
Valuation adjustment	(11,953)	2,768
	$ 17,697	$ 32,418

The Company has elected to classify equity investments that are considered to strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $17,697 and $32,418 as at December 31, 2021, and 2020, respectively.

(4) Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable - general customers	$ 1,910,845	$ 1,510,520
Accounts receivable - related parties	-	973
	1,910,845	1,511,493
Less: Allowance for losses	-	(5,713)
	$ 1,910,845	$ 1,505,780

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

	December 31, 2021	December 31, 2020
Not past due	$ 1,910,504	$ 1,505,780
Past due-within 30 days	341	-
Past due-31-90 days	-	-
Past due-91-180 days	-	-
Past due-over 181 days	-	5,713
	$ 1,910,845	$ 1,511,493

The above aging analysis was based on past due date.

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Company's accounts receivable were $1,910,845 and $1,505,780.

C. The collaterals and fair value held by the Company as guarantee for accounts receivable are as follows:

	December 31, 2021	December 31, 2020
Bank guarantee	$ 55,304	$ 33,044
Pledged certificate of deposit	17,992	4,272
Guarantee deposits received		
(shown as "other non-current liabilities")	5,106	5,526
Letters of credit	935,013	760,162
Company promissory note/check	667,065	555,221
	$ 1,680,480	$ 1,358,225

D. Information relating to credit risk is provided in Note 12(2).

E. As at December 31, 2021 and 2020, accounts receivable were all from contracts with customers. As at January 1, 2020, the balance of receivables from contracts with customers amounted to $$1,160,173.

F. The Company has no accounts receivable pledged to others as collateral.

(5) Inventories

	December 31, 2021					
	Cost		Allowance for valuation loss		Book value	
Raw materials	$	58,400	($	842)	$	57,558
Work in progress		3,688,463	(	3,188)		3,685,275
Finished goods		1,621,180	(	20,856)		1,600,324
Inventory in transit		20,152		-		20,152
	$	5,388,195	($	24,886)	$	5,363,309

	December 31, 2020					
	Cost		Allowance for valuation loss		Book value	
Raw materials	$	138,104	($	10,726)	$	127,378
Work in progress		4,724,546	(	20,266)		4,704,280
Finished goods		1,199,284	(	67,779)		1,131,505
Inventory in transit		6,481		-		6,481
	$	6,068,415	($	98,771)	$	5,969,644

The Company recognized as expense or loss:

	Year ended December 31,			
	2021		2020	
Cost of goods sold	$	15,239,658	$	12,745,078
Reversal of allowance on market value decline and obsolete and slow-moving inventories	(	73,885)	(	69,991)
	$	15,165,773	$	12,675,087

The reversal of allowance were recognized due to sale of certain inventories which were previously provided with allowance for price decline.

(6) Investments accounted for under the equity method

	December 31, 2021		December 31, 2020	
Subsidiaries:				
Elite Investment Services Ltd.	$	612,100	$	620,500
Charng Feng Investment Ltd.		566,029		511,029
Jie Yong Investment Ltd.		188,931		136,983

Elite Semiconductor Memory Technology Inc.	20,551	24,236
Eon Silicon Solution Inc. USA	(1,682)	(1,411)
	$ 1,385,929	$ 1,291,337

Information about subsidiaries of the Company is provided in Note 4(3) in 2021 consolidated financial statements.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Testing equipment	Others	Total
At January 1, 2021						
Cost	$ 9,023	$636,446	$518,018	$284,731	$1,480,677	$2,928,895
Accumulated depreciation and impairment	-	(398,943)	(375,047)	(165,365)	(1,213,527)	(2,152,882)
	$ 9,023	$237,503	$142,971	$119,366	$ 267,150	$ 776,013
2021						
At January 1	$ 9,023	$237,503	$142,971	$119,366	$ 267,150	$ 776,013
Additions	159,745	23,581	157,570	20,516	436,007	797,419
Transfer (Note)	-	7,308	24,850	24,693	-	56,851
Depreciation charge	-	(34,918)	(38,437)	(28,888)	(290,504)	(392,747)
At December 31	$168,768	$233,474	$286,954	$135,687	$ 412,653	$1,237,536
At December 31,2021						
Cost	$168,768	$667,335	$700,438	$329,940	$1,916,684	$3,783,165
Accumulated depreciation and impairment	-	(433,861)	(413,484)	(194,253)	(1,504,031)	(2,545,629)
At December 31,2021	$168,768	$233,474	$286,954	$135,687	$ 412,653	$1,237,536

	Land	Buildings and structures	Machinery equipment	Testing equipment	Others	Total
At January 1, 2020						
Cost	$ 9,023	$635,941	$429,694	$250,644	$1,228,482	$2,553,784
Accumulated depreciation and impairment	-	(364,888)	(352,538)	(148,491)	(992,800)	(1,858,717)
	$ 9,023	$271,053	$ 77,156	$102,153	$ 235,682	$ 695,067
2020						
At January 1	$ 9,023	$271,053	$ 77,156	$102,153	$ 235,682	$ 695,067
Additions	-	505	85,605	38,091	252,195	376,396
Transfer (Note)	-	-	2,719	1,455	-	4,174
Depreciation charge	-	(34,055)	(22,509)	(22,333)	(220,727)	(299,624)

At December 31	$ 9,023	$237,503	$142,971	$119,366	$ 267,150	$ 776,013
At December 31,2020						
Cost	$ 9,023	$636,446	$518,018	$284,731	$1,480,677	$2,928,895
Accumulated depreciation						
and impairment	-	(398,943)	(375,047)	(165,365)	(1,213,527)	(2,152,882)
	$ 9,023	$237,503	$142,971	$119,366	$ 267,150	$ 776,013

Note: Transferred from prepayments for equipment (shown as "other non-current assets").

A. For the years ended December 31, 2021 and 2020 no interest expense was capitalized on property, plant and equipment in the Company.

B. The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements-lessee

A. The Company leases various assets including land, buildings and structures, business vehicles, printers. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Short-term leases with a lease term of 12 months or less comprise business vehicles and staff dormitory.

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

	December 31, 2021	December 31, 2020
	Book value	
Land	$ 58,801	$ 62,221
Buildings and structures	5,079	6,496
Business vehicles	2,565	3,083
Printers	3,117	290
	$ 69,562	$ 72,090

	Year ended December 31,	
	2021	2020
	Depreciation charge	
Land	$ 3,420	$ 3,420
Buildings and structures	1,417	986
Business vehicles	2,480	711
Printers	623	696
	$ 7,940	$ 5,813

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $5,702 and $10,410, respectively.

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

	Year ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,074	$ 1,046
Expense on short-term lease contracts	$ 533	$ 1,436

E. For years ended December 31, 2021 and 2020, the Company’s total cash outflow for leases were $9,106and $7,802, respectively.

(9) Investment property

	Buildings and structures
At January 1, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(2,668)
	$ 17,701
2021	
At January 1	$ 17,701
Depreciation charge	(970)
At December 31	$ 16,731
At December 31, 2021	
Cost	$ 20,369
Accumulated depreciation and impairment	(3,638)
	$ 16,731

	Buildings and structures
At January 1, 2020	
Cost	$ 20,369
Accumulated depreciation and impairment	(1,698)
	$ 18,671
At January 1	
Depreciation charge	$ 18,671
At December 31	(970)
At January 1	$ 17,701

At December 31, 2020		
Cost	$	20,369
Accumulated depreciation and impairment	(	2,668)
	$	17,701

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

	Year ended December 31,	
	2021	2020
Rental income from investment property	$ 2,562	$ 2,470
Direct operating expenses arising from the investment property that generated rental income during the period	$ 970	$ 970

B. The fair value of the investment property held by the Company as at December 31, 2021 and 2020 was $8,130 and $10,516, respectively, which was valued by income approach. Key assumptions are as follows:

	December 31, 2021	December 31, 2020
Rate of net return on capital (Note)	18.57%	13.29%

Note: Calculated based on the weighted average capital cost of the issuer.

C. For the years ended December 31, 2021 and 2020 no interest expense was capitalized on investment property in the Company.

D. The Company has no investment property pledged to others.

(10) Intangible assets

	Patents and Technical skill	Customer Relationship	Goodwill	Others	Total
At January 1, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 535,108	$ 661,344
Accumulated depreciation and impairment	(30,654)	(11,000)	(62,456)	(445,546)	(549,656)
	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
2021					
At January 1	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
Additions	-	-	-	106,876	106,876

Transfer (Note)	-	-	-	429	429
Amortization charge	(3,824)	-	-	(113,042)	(116,866)
Impairment loss	-	-	(18,302)	-	(18,302)
At December 31	$ -	$ -	$ -	$ 83,825	$ 83,825
At December 31, 2021					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 642,413	$ 768,649
Accumulated depreciation and impairment	(34,478)	(11,000)	(80,758)	(558,588)	(684,824)
	$ -	$ -	$ -	$ 83,825	$ 83,825

Note: Transferred from prepayments for equipment (shown as "other non-current assets").

	Patents and Technical skill	Customer Relationship	Goodwill	Others	Total
At January 1, 2020					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 367,844	$ 494,080
Accumulated depreciation and impairment	(25,556)	(11,000)	(37,104)	(339,243)	(412,903)
	$ 8,922	$ -	$ 43,654	$ 28,601	$ 81,177
2020					
At January 1	$ 8,922	$ -	$ 43,654	$ 28,601	$ 81,177
Additions	-	-	-	167,264	167,264
Amortization charge	(5,098)	-	-	(106,303)	(111,401)
Impairment loss	-	-	(25,352)	-	(25,352)
At December 31	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688
At December 31, 2020					
Cost	$ 34,478	$ 11,000	$ 80,758	$ 535,108	$ 661,344
Accumulated depreciation and impairment	(30,654)	(11,000)	(62,456)	(445,546)	(549,656)
	$ 3,824	$ -	$ 18,302	$ 89,562	$ 111,688

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

	Year ended December 31,	
	2021	2020
Operating costs	$ 3,824	$ 5,098
Selling expenses	372	21
Administrative expenses	1,864	909
Research and development expenses	110,806	105,373
	$ 116,866	$ 111,401

B. For the years ended December 31, 2021 and 2020 no interest expense was capitalized on intangible assets in the Company.

C. Impairment information about the intangible assets is provided in 6(11).

D. The Company has no intangible assets pledged to others.

(11) Impairment of non-financial assets

The Company performs impairment tests on the recoverable amount of goodwill on the balance sheet date. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations use cash flow projections approved by the management covering a five-year period as the basis for estimation. The relevant discount rates for 2021 and 2020 were 18.57% and 13.29%, respectively. The value-in-use used by the Company to calculate cash-generating units is derived from historical information on estimated future revenue growth rates, gross profit margins, and operating expense ratios, with reference to future industrial economic trends. The recoverable amount calculated based on the above key assumptions is lower than the book value of goodwill. Thus, the Company recognized impairment losses of $18,302 and $25,352 in 2021 and 2020, respectively.

(12) Other non-current assets

	December 31, 2021	December 31, 2020
Guarantee deposit paid	$ 841,101	$ 4,551
Prepayments for equipment	12,302	68,535
Pledged time deposits	3,969	3,969
	$ 857,372	$ 77,055

(13) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loans	$ 1,700,000	0.70%～0.86%	None

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Credit loans	$ 1,340,000	0.75%～1.05%	None

Interest expense recognized in profit or loss amounted to $16,829 and $8,122 for the years end December 31,2021 and 2020, respectively.

(14) Other payables

	December 31, 2021	December 31, 2020
Salary and bonus payables	$ 1,255,968	$ 376,625
Payable on employees and director remuneration	377,182	79,349
Payable on equipment	94,831	146,904
Others	102,046	85,752
	$ 1,830,027	$ 688,630

(15) Pensions

A.(a) The Company have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company 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 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	$ 8,474	$ 14,033
Fair value of plan assets	(117)	(2,663)
	8,357	11,370

Unadjusted amount for the period	(1,402)	(850)
Net liability recognized in the balance sheet	$ 6,955	$ 10,520

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	($ 14,033)	$ 2,663	($ 11,370)
Current service cost	(333)	-	(333)
Interest (expense) income	(42)	7	(35)
	(14,408)	2,670	(11,738)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	39	39
Change in demographic assumptions	(9)	-	(9)
Change in financial assumptions	382	-	382
Experience adjustments	537	-	537
	910	39	949
Pension fund contribution	-	2,432	2,432
Paid pension	5,024	(5,024)	-
Unadjusted amount for the period	-	-	1,402
At December 31	($ 8,474)	$ 117	($ 6,955)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
At January 1	($ 12,739)	$ 2,409	($ 10,330)
Current service cost	(314)	-	(314)
Interest (expense) income	(88)	18	(70)
	(13,141)	2,427	(10,714)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	80	80
Change in financial assumptions	(524)	-	(524)
Experience adjustments	(368)	-	(368)
	(892)	80	(812)
Pension fund contribution	-	156	156
Unadjusted amount for the period	-	-	850
At December 31	($ 14,033)	$ 2,663	($ 10,520)

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

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

	Year ended December 31,	
	2021	2020
Discount rate	0.70%	0.30%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the sixth and fifth life experience table in Taiwan for the years ended 2021 and 2020.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 223)	$ 230	$ 204	($ 199)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 330)	$ 341	$ 296	($ 289)

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to $131.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	-
1-2 years		-
2-5 years		642
Over 5 years		8,496
	$	9,138

B.(a) Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020, were $32,440 and $30,121, respectively.

(16) Share-based payment

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

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condition
Succeed to 2010 Eon Silicon Solution Inc.'s employee stock options	August 10, 2010, October 15, 2010 and January 13, 2011	4,000 thousand shares (Note 2)	10 years	Note 1
Succeed to 2013 Eon Silicon Solution Inc.'s employee stock options	August 19, 2013	7,500 thousand shares (Note 2)	10 years	Note 1

Note 1: The accumulative proportion of the new shares that can be obtained after the two-year, three-year and four-year service expirations are 50%, 75% and 100%, respectively.

Note 2: The number of grants given by the Company to the Eon Silicon Solution Inc. employee stock option plan is the amount given on the original plan grant date. After the merger, Eon Silicon Solution Inc.'s 2010 and 2013 employee stock option plans have 219 thousand shares and 688 thousand shares in circulation.

Among the share-based payment arrangements above are settled by equity.

B. Details of the share-based payment arrangements are as follows:

Succeed to Eon Silicon Solution Inc.'s employee stock options:

	2021		2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	518	$ 57.6~217.4	543	$ 59.2~303.4
Options forfeited	-	-	(4)	217.4
Options exercised	(398)	57.6	-	-
Options expired	(106)	217.4	(21)	241.2~295.4
Options outstanding at December 31	14	$ 57.6	518	$ 57.6~217.4
Options exercisable at December 31	14		518	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2021 was $85.2. No options exercised for the years ended December 31, 2021.

D. As of December 31, 2021 and 2020, the range of exercise prices of stock options outstanding was $57.6 and $57.6~$217.4 (in dollars), respectively; the weighted-average remaining contractual period was 1.64 years and 2.64 years, respectively.

E. Expenses incurred on share-based payment transactions for the years ended December 31, 2021 and 2020, were all $0.

(17) Share capital

A. As of December 31, 2021, the Company's authorized capital was $3,500,000, consisting of 350,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,861,570 with a par value of $10 (in dollars) per share.

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

Shares: thousand shares

	2021	2020
Shares outstanding at January 1	271,605	272,320
Employee stock options exercised	398	-
Acquisition of company's share by subsidiary recognized as treasury share	-	(715)
Disposal of company's share by subsidiary recognized as treasury share	800	-
Shares outstanding at December 31	272,803	271,605
Treasury shares at the end of the period	13,354	14,154
Shares issued at December 31	286,157	285,759

B. Treasury shares

The Company's shares held by the Company's subsidiary, Jie Young Investment Ltd., as of December 31, 2021 and 2020 due to the parent company's business strategy, were 13,354 thousand shares and 14,154 thousand shares, with carrying amounts of $328,276 and $347,942, respectively; the average book value per share were all $24.58, and the fair value per share were $165.00 and $64.70, respectively.

(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 capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ -	$ 1,661	$ 100,239	$ 3,913	$ 3,864	$109,677
Disposal of company's share by subsidiary recognized as treasury	-	40,089	-	-	-	40,089

share						
Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	-	-	1,146	-	-	1,146
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	-	-	11,739	-	-	11,739
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	-	(27)	-	-	(27)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(311)	-	-	(311)
Issue new shares due to employee stock options exercised	20,162	-	-	(1,216)	-	18,946
Expired cash dividends transferred to capital surplus	-	-	-	-	70	70
At December 31	$ 20,162	$ 41,750	$ 112,786	$ 2,697	$ 3,934	$181,329

	2020				
	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	$ 1,661	$ 94,949	$ 3,913	$ 3,782	$104,305

Recognition of effects from change in ownership interests in subsidiaries - cash dividends distribution from subsidiaries	-	1,146	-	-	1,146
Adjustment of capital reserve due to cash dividends that subsidiaries received from parent	-	5,925	-	-	5,925
Recognition of effects from change in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	-	(1,781)	-	-	(1,781)
Expired cash dividends transferred to capital surplus	-	-	-	82	82
At December 31	$ 1,661	$100,239	$ 3,913	$ 3,864	$109,677

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following order:

(a) Payment of all taxes and dues.

(b) Offset against prior years' operating losses, if any.

(c) Set aside 10% of remaining amount as legal reserve.

(d) Setting aside a special reserve when necessary.

(e) The remainder shall be stockholders' bonus, which will be appropriated in proportion or be retained shall be resolved by the stockholders at the stockholders' meeting.

B. Dividend policy

The Company is still in the growth stage, the appropriation of stockholders' bonus will be appropriated as cash, the remainder will be appropriated as shares when over 5%.

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. As approved by Board of Directors on March 20, 2020, the appropriations of 2019 earnings would be legal reserve $49,804 and cash dividend $285,759, constituting $1(in dollars) per share. Aforementioned appropriations had been approved by stockholders' meeting on June 15, 2020.

F. As approved by Board of Directors on February 26, 2021, the appropriations of 2020 earnings would be legal reserve $107,724 and cash dividend $2(in dollars) per share. Aforementioned appropriations had been approved by stockholders' meeting on July 12, 2021.

G. As approved by Board of Directors on February 25, 2022, the appropriations of 2021 earnings would be legal reserve $497,526 and cash dividend $8(in dollars) per share. Aforementioned appropriations had not yet been approved by stockholders' meeting.

(20) Operating revenue

	Year ended December 31,	
	2021	2020
Revenue from contracts with customers	$ 23,844,898	$ 15,252,723

A. Disaggregation of revenue from contracts with customers

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

Years ended December 31,2021	Domestic	Asia	Others	Total
Integrated circuits	$11,523,346	$12,196,154	$ 125,398	$23,844,898

Years ended December 31,2020	Domestic	Asia	Others	Total
Integrated circuits	$6,133,005	$9,061,325	$ 58,393	$15,252,723

2. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1,2020
Contract liabilities-advance sales receipts	$ 21,399	$ 5,336	$ 3,949

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

	Year ended December 31,	
	2021	2020
Contract liabilities- advance sales receipts	$ 5,276	$ 3,888

(21) Interest revenue

	Year ended December 31,	
	2021	2020
Interest income from bank deposits	$ 26,740	$ 15,722
Interest income from financial assets at amortized cost	249	1,207
Other interest income	265	611
	$ 27,254	$ 17,540

(22) Other income

	Year ended December 31,	
	2021	2020
Rent income	$ 5,669	$ 6,341
Dividend income	3,155	3,473
Other income, others	48,029	55,126
	$ 56,853	$ 64,940

(23) Other gains and losses

	Year ended December 31,	
	2021	2020
Gains arising from lease modifications	$ 4	$ 91
Foreign exchange losses	(108,007)	(26,694)
Gains on financial assets at fair value through profit or loss	52,007	17,707
Impairment loss	(18,302)	(25,352)
Miscellaneous disbursements	(970)	(970)
	($ 75,268)	($ 35,218)

(24) Financial costs

	Year ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	$ 16,829	$ 8,122
Provisions for liabilities - unwinding of discount	1,545	1,412

Lease liability	1,074	1,046
Total of interest expense	19,448	10,580
Others	893	728
	$ 20,341	$ 11,308

(25) Expenses by nature

	Year ended December 31,	
	2021	2020
Employee benefit expense	$ 2,424,794	$ 1,085,436
Depreciation charges on property, plant and equipment	$ 392,747	$ 299,624
Depreciation charges on right-of-use assets	$ 7,940	$ 5,813
Depreciation charges on investment property	$ 970	$ 970
Amortization charges on intangible assets	$ 116,866	$ 111,401

(26) Employee benefit expense

	Year ended December 31,	
	2021	2020
Wages and salaries	$ 2,247,037	$ 975,203
Labor and health insurance fees	57,726	48,483
Pension costs	32,820	30,662
Director remuneration	70,264	15,938
Other personnel expenses	16,947	15,150
	$ 2,424,794	$ 1,085,436

A. In accordance with the Articles of Incorporation of the Company, the profit before income tax of the current year, before covering employees' compensation and directors' remuneration, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and 1% for directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $314,318 and $66,124, respectively; while directors' remuneration was accrued at $62,864 and $13,225, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1% of distributable profit for the years ended December 31, 2021.

C. The employees' compensation and directors' remuneration of 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the period	$ 931,043	$ 151,804
Prior year income tax (over) underestimation	(1,781)	6,787
Total current tax	929,262	158,591
Deferred tax:		
Origination and reversal of temporary differences	3,710	8,072
Income tax expense	$ 932,972	$ 166,663

(b) The income tax charge relating to components of other comprehensive income: None.

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

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate (note)	$ 1,181,837	$ 248,618
Tax exempt income by tax regulation	(9,680)	(16,824)
Prior year income tax (over) underestimation	(1,781)	6,787
Temporary differences not recognized as deferred tax assets	(13,247)	(6,859)
Effect from investment tax credits	(224,157)	(65,059)

Income tax expense	$ 932,972	$ 166,663

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

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	$ -	$ -	$ 48
Unrealized exchange loss	348	168	-	516
Loss on market value decline and obsolete and slow-moving inventories	988	(739)	-	249
Pension liability	81	-	-	81
Others	2,348	(126)	-	2,222
Subtotal	3,813	(697)	-	3,116
-Deferred tax liabilities:				
Unrealized exchange gain	(7,933)	2,879	-	(5,054)
Others	(4,509)	(5,892)	-	(10,401)
Subtotal	(12,442)	(3,013)	-	(15,455)
Total	($ 8,629)	($ 3,710)	$ -	($ 12,339)

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Bad debt expense	$ 48	$ -	$ -	$ 48
Unrealized	153	195	-	348

exchange loss				
Loss on market value decline and obsolete and slow-moving inventories	1,688	(700)	-	988
Pension liability	61	20	-	81
Others	2,224	124	-	2,348
Subtotal	4,174	(361)	-	3,813
-Deferred tax liabilities:				
Unrealized exchange gain	(4,731)	(3,202)	-	(7,933)
Others	-	(4,509)	-	(4,509)
Subtotal	(4,731)	(7,711)	-	(12,442)
Total	($ 557)	($ 8,072)	$ -	($ 8,629)

D. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 295,986	$ 362,221

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

(28) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$4,976,211	280,221	$ 17.76
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		8	
Employees' compensation		2,019	
Diluted earnings per share			

Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$4,976,211	282,248	$ 17.63

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$1,076,426	279,909	$ 3.85
Assumed conversion of all dilutive potential ordinary shares (Note)			
Employees' compensation		1,295	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$1,076,426	281,204	$ 3.83

Note: The employee stock options not calculate for years ended December 31, 2020 due to the effect of anti-dilution.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31,	
	2021	2020
Purchase of property, plant and equipment (including amount of transfer)	$ 854,270	$ 380,570
Add: Ending balance of prepayments for equipment	12,302	68,535
Add: Opening balance of prepayments for equipment transferred to intangible assets	429	-
Less: Opening balance of prepayments for equipment	(68,535)	(5,862)

	2021	2020
Add: Opening balance of payable on equipment	146,904	58,026
Less: Ending balance of payable on equipment	(94,831)	(146,904)
Cash paid during the period	$ 850,539	$ 354,365

	Year ended December 31,	
	2021	2020
Purchase of intangible assets (including amount of transfer)	$ 107,305	$ 167,264
Less: Opening balance of prepayments for equipment transferred to intangible assets	(429)	-
Cash paid during the period	$ 106,876	$ 167,264

B. Changes in liabilities from financing activities:

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	$ 1,340,000	$ 149,756	$ 72,929	$ 6,831	$ 1,569,516
Changes in cash flow from financing activities	360,000	(148,869)	(7,499)	(298)	203,334
Interest paid	-	-	(1,074)	-	(1,074)
Interest expense	-	-	1,074	-	1,074
Changes in other non-cash items	-	(887)	5,702	-	4,815
Changes from lease modifications	-	-	(295)	-	(295)
At December 31, 2021	$ 1,700,000	$ -	$ 70,837	$ 6,533	$ 1,777,370

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	$ 270,000	$ -	$ 73,235	$ 10,067	$ 353,302
Changes in cash flow from financing activities	1,070,000	150,476	(5,320)	(3,236)	1,211,920
Interest paid	-	-	(1,046)	-	(1,046)
Interest expense	-	-	1,046	-	1,046
Changes in other non-cash items	-	(720)	10,410	-	9,690
Changes from lease modifications	-	-	(5,396)	-	(5,396)

At December 31, 2020	$ 1,340,000	$ 149,756	$ 72,929	$ 6,831	$ 1,569,516

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Elite Semiconductor Memory Technology Inc.	Subsidiary
CML Inc. (Note 1)	”
Charng Feng Investment Ltd.	”
Jie Yong Investment Ltd.	”
Elite Investment Services Ltd.	”
Elite Semiconductor (B.V.I.) Ltd. (Note 2)	”
Eon Silicon Solutions Inc. USA	”
Elite Memory Technology Inc.	Sub-subsidiary
Elite Silicon Technology Inc.	”
Elite Innovation Japan Ltd.	”
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	”
Elite Innovation (B.V.I.) Ltd. (Note 3)	”
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	”
CHI Microelectronics Limited (Note 4)	”
HHHtech Co., Ltd. (Note 5)	”
Arima Lasers Corporation	The Company’s subsidiary is this company’s director
Canyon Semiconductor Inc.	Investee indirectly accounted for under equity method

Note 1: This company had been liquidated in May 2020.

Note 2:This company had been liquidated in February 2021.

Note 3: This company had been liquidated in March 2020.

Note 4: This company had been established on August 31, 2020.

Note 5:This company’s stockholders’ meeting had been approved to execute liquidation process on June 2021.

(2) Significant transactions and balances with related parties

A. Operating revenue

	Year ended December 31,	
	2021	2020

Sales of goods:		
-Associates	$ 6,556	$ 6,021

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	Year ended December 31,	
	2021	2020
Purchases of goods:		
-Subsidiaries	$ 129,842	$ 3,828

Goods are purchased from subsidiaries on normal commercial terms and conditions.

C. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
-Subsidiaries	$ 52,939	$ -

D. Others

	Year ended December 31,	
	2021	2020
Other income-support service		
-Subsidiaries	$ 30,000	$ 48,178
Research and development expenses:		
-Subsidiaries	$ 54,314	$ 76,375
Selling expenses:		
-Subsidiaries	$ 57,263	$ 46,797

(3) Key management compensation

	Year ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 193,066	$ 54,409
Post-employment benefits	432	432
	$ 193,498	$ 54,841

8. Pledged Assets

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

Assets item	Book value December 31, 2021	Book value December 31, 2020	Purpose
Time deposits (shown as "other non-current assets ")	$ 3,969	$ 3,969	Guarantee deposits for lease of land

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

The Company entered into capacity reservation contracts with suppliers. According to the contracts, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information about the appropriations of earnings of the Company which had been approved by Board of Directors on February 25, 2022 is provided in Note 6(19).

12. Others

(1) Capital management

Considering the industrial characteristics, future development, and changes in the environment, the Company plans the demand of working capital, research and development expenses and dividends to safeguard the Company's ability to continue as a going concern, to provide returns for shareholders, to take care of the benefit of other related parties, and to maintain an optimal capital structure, so as to promote shareholder value in the long-term.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or pay cash to shareholders, or repurchase shares.

The gearing ratios at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total assets	$ 20,155,843	$ 13,005,217
Total liabilities	(7,434,428)	(4,741,174)

Total equity	$ 12,721,415	$ 8,264,043
Equity to assets ratio	63%	64%

(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	$ 173,513	$ 168,548
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 17,697	$ 32,418
Financial assets at amortized cost		
Cash and cash equivalents	$ 8,749,239	$ 2,719,155
Financial assets at amortized cost - current	110,720	136,704
Accounts receivable	1,910,845	1,505,780
Other receivables	115,503	94,611
Time deposits (shown as “other non-current assets”)	3,969	3,969
Guarantee deposits paid (shown as “other non-current assets”)	841,101	4,551
	$ 11,731,377	$ 4,464,770
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 1,700,000	$ 1,340,000
Short-term notes and bills payable	-	149,756
Notes payable	2,205	2,115
Accounts payable	2,799,845	2,281,658
Accounts payable -related party	52,939	-
Other accounts payable	1,830,027	688,630
Guarantee deposits received (shown as “other non-current liabilities”)	6,533	6,831

	$ 6,391,549	$ 4,468,990
Lease liability	$ 70,837	$ 72,929

B. Financial risk management policies

(a) The Company adopt comprehensive system of risk management and control to identify, measure and control all categories of risk, including market risk, credit risk, liquidity risk, and risk of cash flow, to make sure management is able to control and measure market risk, credit risk, liquidity risk, and risk of cash flow effectively.

(b) In order to control all management objectives of market risk effectively, achieve optimal level of risk, maintain appropriate level of liquidity and collectively manage all market risks, the Company will take factors such as consideration for the overall economic environment, status of competition and market value risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I. The Company operates internationally and is exposed to foreign exchange risk arising from the various currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

II. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge the entire foreign exchange risk exposure with the Company treasury. The Company adopt forward foreign exchange contracts through the Company treasury to manage the foreign exchange risk from future commercial transactions and recognized assets and liabilities. The foreign exchange risk will exist when future commercial transactions and recognized assets and liabilities use the currency different from the functional currency of the companies.

III. The Company’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021				
(Foreign currency: functional currency)	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD in thousands)
Financial assets					
Monetary items					
USD:NTD	$	368,999	27.680	$	10,213,892
RMB:NTD		139,387	4.344		605,497
Financial liabilities					
Monetary items					
USD:NTD	$	73,314	27.680	$	2,029,332

	December 31, 2020				
(Foreign currency: functional currency)	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD in thousands)
Financial assets					
Monetary items					
USD:NTD	$	132,416	28.480	$	3,771,208
RMB:NTD		125,949	4.377		551,279
Financial liabilities					
Monetary items					
USD:NTD	$	47,030	28.480	$	1,339,414
JPY:NTD		62,800	0.276		17,352

IV. The total exchange losses, including realized and unrealized, 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 $108,007 and $$26,694, respectively.

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

Year ended December 31,2021
Sensitivity analysis

(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 102,139	$ -
RMB:NTD	1%	6,055	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 20,293)	$ -

P	Year ended December 31,2020		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 37,712	$ -
RMB:NTD	1%	5,513	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 13,394)	$ -
JPY:NTD	1%	(174)	-

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 and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by

10% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $17,351 and $16,855, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,770 and $3,242, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

The Company's main interest rate risk arises from short-term borrowings and short-term notes and bills payable. Borrowings with floating rates expose the Company to cash flow interest rate risk, but the majority of risk offset by cash and cash equivalents with floating rates. Borrowings with fixed rates expose the Company to fair value interest rate risk. The Company doesn't have significant risk of change of interest rate due to borrowings with floating rates are all shorter than one year.

(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 financial instruments stated at amortized cost and debt instruments at fair value through profit or loss.

II. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only these with high rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing 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, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

III. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

IV. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

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 wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

VII. The financial assets at amortized cost including time deposits and restricted time deposits. The banks are with high rating and don’t past due before. In addition to the above, the whole economic environment doesn’t change significant, so the risk of credit risk is low and the effect to financial statement is insignificant.

VIII. The information about ageing analysis and collaterals of accounts receivable is provide in Note6(4). The Company request significant clients provide collaterals and other right of guarantee, therefore, the Company classifies customer’s accounts receivable in accordance with the nature of collaterals. The applies the simplified approach using loss rate methodology to estimate expected credit loss. In summary, the allowance for losses which the Company should recognize is minor at December 31, 2021 and 2020.

IX. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2021		2020	
At January 1	$	5,713	$	14,295
Reversal of impairment	(	5,713)	(	8,582)
At December 31	$	-	$	5,713

(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. Surplus cash held by the operating entities over and above balance required for working capital management should invest surplus cash in interest bearing current accounts, time 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 nonderivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31,2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 1,700,000	$ -	$ -
Notes payable	2,205	-	-
Accounts payable	2,799,845	-	-
Accounts payable-related party	52,939		-

		-	
Other payables	1,830,027	-	-
Lease liability	8,496	22,592	48,666
Guarantee deposits received	-	-	6,533

Derivative financial liabilities: None.

Non-derivative financial liabilities:

December 31,2020	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 1,340,000	$ -	$ -
Short-term notes and bills payable	149,756	-	-
Notes payable	2,115	-	-
Accounts payable	2,281,658	-	-
Other payables	688,630	-	-
Lease liability	7,405	22,554	52,635
Guarantee deposits received	-	-	6,831

Derivative financial liabilities: None.

(3) Fair value information

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

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

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

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. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value of the Company including cash and cash equivalents, time deposit (over 3 months), notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and guarantee deposits received. Their carrying amounts are approximate to their fair values.

D. 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 is 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				
Equity securities	$ 77,602	$ -	$ -	$ 77,602
Beneficiary certificates	57,320	-	-	57,320
Debt securities	38,591	-	-	38,591
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	17,697	17,697
	$ 173,513	$ -	$ 17,697	$ 191,210

Financial liabilities: None.

December 31,2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 72,557	$ -	$ -	$ 72,557
Beneficiary certificates	58,904	-	-	58,904
Debt securities	37,087	-	-	37,087
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	32,418	32,418
	$ 168,548	$ -	$ 32,418	$ 200,966

Financial liabilities: None.

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

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

II. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

III. 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 and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the 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 parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

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

	Equity securities			
	2021		2020	
At January 1	$	32,418	$	25,388
Valuation adjustment	(	14,721)		7,030
At December 31	$	17,697	$	32,418

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

H. 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	$	17,697	Market - comparable companies	Discount for lack of marketability	45%	the higher the discount for lack of marketability, the lower 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	$	32,418	Market - comparable companies	Discount for lack of marketability	40%	the higher the discount for lack of marketability, the lower the fair value

(4) Others

As of the reported date, the Company has assessed that COVID-19 has no adverse impact on the Company's overall operating activities and financial statements for the years ended December 31, 2021. However, the Company will continue to pay attention to the development of the COVID-19 and its impact on the overall economic environment.

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 (not including subsidiaries, associates and joint ventures): 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: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2)<u>Information on investees</u>

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3)<u>Iformation on investments in Mainland China</u>

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4)<u>Majoreholders information</u>

As of December 31, 2021, the Company did not have any shareholders with a shareholding ratio more than 5%.

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries

Holding of marketable securities at the end of the period

December 31, 2021

Table 1

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

Securities held by	Name and category of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value (Note 1)	Ownership (%)	Fair value (Note 1)	
Elite Semiconductor Microelectronics Technology Inc.	Arima Lasers Corporation stock	Note 2	Financial assets at fair value through profit or loss	2,074,000	77,153	7.36	77,153	
Elite Semiconductor Microelectronics Technology Inc.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	449	0.00	449	
Elite Semiconductor Microelectronics Technology Inc.	HSBC FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	1,000,000	25,744	Not applicable	25,744	
Elite Semiconductor Microelectronics Technology Inc.	ANZ FRN PERPETUAL bond	None	Financial assets at fair value through profit or loss	500,000	12,847	Not applicable	12,847	
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	57,320	Not applicable	57,320	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd. preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	17,697	8.06	17,697	
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	32,098	Not applicable	32,098	
Charng Feng Investment Ltd.	King Yuan Electronics Corporation stock	None	Financial assets at fair value through profit or loss	10,000	449	0.00	449	
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	Note 3	Financial assets at fair value through profit or loss	907,000	33,740	3.22	33,740	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	400,000	3,800	4.46	3,800	
Charng Feng Investment Ltd.	Powerchip Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	116,086	0.05	116,086	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd. preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	17,697	8.06	17,697	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent company	Financial assets at fair value through other comprehensive income	13,354,000	2,203,410	4.67	2,203,410	

Note 1: Valuation adjustment of financial assets and cumulative translation differences are included.

Note 2: The Company’s subsidiary is this company’s director

Note 3: Charng Feng Investment Ltd. is this company’s director

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries

Information on investees (exclude investee in Mainland China)

Years ended December 31, 2021

Table 2

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee for the years ended December 31, 2021	Investment income (loss) recognized by the Company for the years ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Taiwan	Research and development, production, sales and related consulting services of integrated circuit	$ 272	$ 272	100,000	100	$ 20,551	$ 5,057	$ 5,057	
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	566,029	68,958	70,059	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	415,200	415,200	15	100	612,100	(8,400)	(8,400)	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	188,931	116,873	(2,905)	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc.USA	U.S.A.	Investigation and research of business situation and industrial technology	13,304	13,304	200,000	100	(1,682)	(271)	(271)	
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	69,407	69,407	10,000,000	100	21,612	(341)	(341)	
Charng Feng Investment Ltd.	Elite Silicon Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	61,229	61,201	7,455,860	98.10	(91)	(632)	(620)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee for the years ended December 31, 2021	Investment income (loss) recognized by the Company for the years ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Charng Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	$ 80,337	$ 80,337	8,350,000	40.93	$ 51,812	$ 43,804	$ 17,929	
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Japan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	2,052	2,052	200	100	731	(1,464)	(1,464)	
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	Trading	355	355	10,000	100	710	343	343	
Charng Feng Investment Ltd.	HHHtech Co., Ltd.	Taiwan	Information software services, product design, management consultant and international trade	15,000	-	1,500,000	75	2,233	(16,607)	(12,455)	Note 2

Note 1: The foreign investment amount translated at the exchange rate as of December 31, 2021.

Note 2: The Company obtained HHHtech Co., Ltd. share interest by 75% through it increased its capital by issuing new shares on March, 2021. Stockholders' meeting of HHHtech Co., Ltd. approved to execute liquidation process on June 28, 2021.

Elite Semiconductor Microelectronics Technology Inc. and Subsidiaries

Information on investments in Mainland China

Years ended December 31, 2021

Table 3

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

Investee in Mainland China	Main business activities	Paid-in capital (Note 4)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the years ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2021	Net income (loss) of the investee for the years ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the years ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as at December 31, 2021	Accumulated amount of investment income remittance back to Taiwan as at December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting and services of integrated circuit, and after - sales service	$ 84,133	(1)	$ 2,477	$ 81,656	$ -	$ 84,133	($ 2,990)	100	($ 2,990)	$ 87,951	$ -	Note 5
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	5,536	(1)	5,536	-	-	5,536	377	100	377	7,010	-	Note 6

Company name	Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2021	Investment amount approved by the Investment Commission of MOEA (Note 5)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Charng Feng Investment Ltd.	$ 89,669	$ 89,669	$ 300,000

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirect investment in Mainland China through companies registered in a third region.

(3) Other methods.

Note 2: Investment income (loss) was recognized based on financial statement prepared by each company which were audited by independent auditors.

Note 3: The amount of the statement should show as New Taiwan Dollars.

Note 4: Paid-in capital translated at the exchange rate as of December 31, 2021.

Note 5: The Company's subsidiary, Charng Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000 and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021.

Note 6: Elite Semiconductor Microelectronics (Shanghai) Technology Inc. was established on November 27, 2019. The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA on May 20, 2020.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent financial year or during the current financial year up to the date of publication of the Annual Report, the manner in which the difficulties will affect the Company’ s financial situation shall be explained: None.

Review of Financial Position, Operating Results, and Risk Management

I. Financial Status

Major reasons for changes in assets, liabilities, and shareholders' equity, as well as related effects in the most recent two financial years. If such effects are material, response measures should be elaborated:

Comparative Analysis of Financial Position

Unit: NT$1,000

Item \ Year	FY 2021	FY 2020	Difference	
			Amount	%
Current assets	17,811,977	11,832,047	5,979,930	50.54
Financial assets at fair value through comprehensive profit or loss - non-current	35,394	64,836	(29,442)	(45.41)
Investment accounted for using equity method	51,812	33,883	17,929	52.91
Property, plant and equipment	1,302,287	776,598	525,689	67.69
Right-of-use assets	73,549	80,782	(7,233)	(8.95)
Net investment assets	16,731	17,701	(970)	(5.48)
Intangible assets	83,825	111,688	(27,863)	(24.95)
Other assets	861,804	82,813	778,991	940.66
Total assets	20,237,379	13,000,348	7,237,031	55.67
Current liabilities	7,467,705	4,756,158	2,711,547	57.01
Non-current liabilities	110,114	114,907	(4,793)	(4.17)
Total liabilities	7,577,819	4,871,065	2,706,754	55.57
Equity attributable to the parent company	12,721,415	8,264,043	4,457,372	53.94
Share capital	2,861,570	2,857,589	3,981	0.14
Capital reserves	181,329	109,677	71,652	65.33
Retained profits	9,839,838	5,436,890	4,402,948	80.98
Minority interest	(23,906)	5,536	(29,442)	(531.83)
Treasury shares	(137,416)	(145,649)	8,233	5.65
Non-controlling interest	(61,855)	(134,760)	72,905	54.10
Total equity	12,659,560	8,129,283	4,530,277	55.73

Descriptions:

1. Current assets: Mainly due to a significant increase in profit of the year, which leads to a significant increase in cash equivalent.
2. Financial assets at fair value through other comprehensive income - non-current and

other equity: Mainly due to a significant increase in the end-term valuation gain on financial assets at fair value through other comprehensive income during the year.

3. Investment accounted for using equity method and non-controlling interest: Mainly due to the increase in profits from the investees.
4. Property, plant and equipment: Mainly due to purchase of offices and equipment.
5. Intangible assets: Mainly due to software amortization and recognition of impairment losses.
6. Other assets: Mainly due to an increase in the refundable deposit during the year.
7. Current liabilities: Mainly due to the increase in accounts payable as a result of future sales, the increase in directors' and employees' remuneration, bonuses, and the significant increase in income tax payable was due to the increase in profit.
8. Capital surplus: Mainly due to treasury stock transactions and share premium from the employee stock options.
9. Retained earnings: Mainly due to the high increase in the Company's profit in the current year.
10. Future plans for significant impact: As mentioned in 1. to 9. above, the reasons for the differences are not significant to the Company.

II. Financial Performance

The main reasons for the significant changes in operating revenue, operating profit and net profit before tax for the most recent two financial years, and the expected sales volume and its basis, and the possible impact on the Company's financial operations, and the response plans thereof:

Comparative Analysis of Financial Performance

Unit: NT$1,000

Item	FY 2021	FY 2020	Increased (Decreased) Amount	Percentage Change
Operating Revenue	23,844,898	15,267,139	8,577,759	56.18
Gross profit	8,716,119	2,649,042	6,067,077	229.03
Operating Profit (Loss)	5,875,007	1,154,785	4,720,222	408.75
Non-operating income and expenses	105,887	98,915	6,972	7.05
Net profit before tax	5,980,894	1,253,700	4,727,194	377.06
Net gain (loss) from continuing operations in the current period	5,040,020	1,084,441	3,955,579	364.76
Loss from discontinued operations	-	-	-	-
Net Profit (Loss)	5,040,020	1,084,441	3,955,579	364.76
Other comprehensive income (net, after tax)	(30,391)	14,872	(45,263)	(304.35)
Total comprehensive income	5,009,629	1,099,313	3,910,316	355.71
Net income attributable to parent company	4,976,221	1,076,426	3,899,795	362.29
Total comprehensive income attributable to parent company	4,945,820	1,091,298	3,854,522	353.21

Descriptions:

1. Operating income and gross profit: The following table provides an analysis of the changes in gross profit.
2. Operating income (loss): Mainly due to the sluggish global economy caused by the COVID-19 pandemic. However, the electronics industry grew against the trend due to the China-US trade war, and as a result of the growth of the electronics industry against the trend during the year.
3. Net income before tax: The combined effect of 1. and 2. above resulted in an increase of approximately 408.75% in net income before tax .
4. Other comprehensive income: Mainly due to a significant increase in the end-term valuation gain on financial assets at fair value through other comprehensive loss during the year.
5. Total comprehensive income and loss, net income attributable to owners of the parent company, and total comprehensive income and loss attributable to owners of the parent company: This is mainly due to the significant increase in the Company's operating profit due to the sluggish global economy caused by the COVID-19 pandemic. However, the electronics industry grew against the trend due to the China-US trade war.
6. The possible impact of expected sales volume and its basis on the Company's future financial operations and the Company's response plans: Please refer to "Sales Volume Forecast and Its Basis" on #page 4# for the expected sales volume and its basis. Please refer to "Future

Company Development Strategy" on #page 4# for the possible impact on the Company's future financial operations and the response plans.

Analysis table of operating margin changes

Unit: NT$1,000

Product Type	The number of changes in the previous and late periods	Price difference	Cost price difference	Sales mix difference	Quantity difference
Integrated circuit	6,067,077	6,636,340	1,519,217	500,729	449,225
Total	6,067,077	6,636,340	1,519,217	500,729	449,225
Description: Mainly due to the sluggish global economy caused by the COVID-19 pandemic. However, the electronics industry grew against the trend due to the China-US trade war. As a result, the Company's revenue and earnings performance was better than that of 2020.					

III. Cash flow

(I) Analysis of changes in cash flow in the most recent financial year

Unit: NT$1,000

Initial cash balance	Net cash flow from operating activities of the year	Cash outflow of the year	Cash Balance (Deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
3,597,917	8,289,599	(2,096,794)	9,790,722	—	—

(II) Liquidity analysis for the most recent financial year

Item \ Year	2021	2020	Percentage Increase (Decrease)
Cash Flow Ratio (%)	111.01	9.53	1,064.85%
Cash flow Sufficiency Ratio (%)	144.61	57.56	151.23%
Cash Reinvestment Ratio (%)	51.08	1.72	2,869.77%

Description:

1. The cash flow ratio and the cash reinvestment ratio rose, mainly due to the growth in revenue and profit during the year, which leads to a significant increase in the operating cash flow from the previous year.
2. The cash flow adequacy ratio rose, mainly because the average operating cash flow increased significantly from the previous year.

(III) Analysis of the cash liquidity of the coming year:

Unit: NT$1,000

Initial cash balance	Net cash flow from operating activities of the year	Cash outflow of the year	Cash Balance (deficit)	Remedial measures for	
				Investment plan	Financial plan
9,790,722	3,546,780	(3,289,256)	10,048,246	—	—

1: Analysis of cash flow change in 2022:
(1) Operating activities: In this year, due to the expected improvement in business conditions, net cash flow from operating activities is a net inflow.
(2) Investment activities: Mainly due to the increase in new investment and increased photomask required to purchase R&D equipment and new products.
(3) Financing activities: Mainly, cash outflow caused by the issuance of cash dividends.

2. Remedial measures for cash deficit and liquidity analysis: None.

IV. Major capital expenditures in the most recent financial year and their impact on the Company's finances: none

V. Investment policy in the most recent financial year, main causes for profit or loss, improvement plans and the investment plans for the coming year: None.

VI. Risk Analysis and Assessment

(I) The impact of interest rate, exchange rate fluctuations and inflation on corporate profits and losses and future countermeasures:

(1) Impact on the Company's profit/loss:

Unit: NT$1,000

Item	2021	2020
Net interest income or expense	12,802	15,885
Exchange Gain (Loss)	(123,846)	(50,665)

In terms of inflation, with the increase in oil prices and the recovery of natural resource prices, the global economy is facing high inflation, which will inevitably affect the cost of purchasing raw materials needed for production. However, the production of the Company is outsourced, and the cost of raw materials and processing costs are mainly determined by the capacity allocation of outsourced processing plants based on the business cycle and market supply and demand. Therefore, it is expected that inflation will have a limited impact on the Company's profit and loss.

(2) Future response measures:

1. Fluctuation of interest rates

The Company maintains close contact with banks and pays attention to changes in the market in order to obtain more favorable borrowing rates from banks. Another major capital expenditure will be to raise funds by issuing corporate bonds to obtain lower capital costs.

2. Fluctuation of exchange rates

The Company's products are mainly priced in US dollars. Recently, the exchange rate of the New Taiwan dollar against the US dollar has fluctuated volatilely, resulting in loss on exchange. In view of this, the Company will strengthen its ability to manage foreign exchange risks. In addition to continuously collecting exchange rate information and fully grasping the exchange rate trends, the bank will be invited to provide professional advice and suggestions to decide when to convert the New Taiwan dollar or keep it in the foreign exchange account. In addition, in terms of the management of foreign exchange positions, funds are dispatched and used to meet foreign exchange expenditures with their own foreign exchange income to effectively reduce exchange risk.

3. Inflation

The Company established a good cooperative relationship with the wafer foundry and back-end packaging and testing plants to ensure that the production capacity can be obtained and obtain stable processing prices, and through the provision of technical services for product design, actively develop cooperation with other domestic and foreign foundries Besides, the Company obtained more diversified resources of wafer foundry manufacturers, thereby reducing the impact of inflation.

(II) Policies of engaging in high-risk, high-leverage investments, loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures to be undertaken:

The Company has not engaged in high-risk, high-leveraged investment and derivative financial commodity transactions in the most financial recent year and up to the date of publication of the prospectus. The object of loan and endorsement guarantee of funds is limited to the subsidiaries, and it is handled in accordance with the provisions of the "Operational Procedures for Loaning Funds to Others" and "Procedures of Provision of Endorsements/Guarantees". As of the date of publication of the public statement in 2020 and 2021 of the Company, there was no loan to others.

(III) Future R&D plans and expected investments in R&D:

(1) The products operated by the Company are highly changing industries. Therefore, it is necessary to leverage on market opportunities, launch new products, and develop new processes to reduce costs.

(2) The competitiveness of the Company is sustained by its research and development capabilities. The Company will continue to invest in research and development expenditures, and continue to recruit and train outstanding talents to achieve this

goal and create a good business performance for the Company.

(3) Expected R&D investments

Main R&D projects / new products	Key success factors for R&D projects
xMB SDRAM 2Xnm product development project	Existing experience in SDRAM technology
xMB DDR2 SDRAM 3Xnm product development project	Existing experience in DDR SDRAM technology
xGB DDR3 SDRAM 2Xnm product development project	Existing experience in DDR2 SDRAM technology
xGB DDR4 SDRAM 2Xnm product development project	Existing experience in DDR3 SDRAM technology
xMB FLASH 5Xnm product development project	Existing experience in Flash technology
Power IC, analog IC product development project	Existing experience in IC, analog IC technology
Development of new products	Strong R&D performance and experience

The estimated R&D expenditure for 2022 is approximately NT$ 1,200 million.

(IV) The impact of changes in important domestic and foreign policies and laws adopted on the Company's financial operations, and the countermeasures thereof:

(1) The Company's management team has been paying close attention to any policies and laws that may affect the Company's finances and business. In addition, the Company has also cooperated with professional institutions to continue to pay close attention to the development of relevant laws and regulations and to adjust immediately to meet the needs of operations.

(2) Countermeasures

The Company's current operations are in compliance with the relevant existing laws and regulations of domestic and foreign reinvestment countries. The management team will also continue to pay close attention to any changes in policies and laws that may affect the Company's finances and business, as a reference for operations. In addition, the Company also cooperates with professional organizations to pays close attention to the development of relevant laws and regulations, and immediately adjusts its strategy to meet the needs of operations. Therefore, the Company can timely manage and respond to important domestic and foreign policy and legal changes.

(V) Impact of technological (Including information security risks)and market changes on the Company’s finances and business, and the countermeasures thereof:

(1) Impact on the Company's finance and business due to technological and industrial changes, and the countermeasures thereof

The company is one of the leading manufacturers in its industry. Technology R&D and innovation are the indispensable elements of the Company's operations, and it is also the Company's main competitive niche. Therefore, technological changes have a positive effect on the Company's financials.

(2) Countermeasures

The Company will continue to strengthen its research and development capabilities, pay attention to domestic and foreign technology and market development directions at all times, and strengthen cash flow management and maintain a stable financial structure in order to diversify operating risks in response to the Company's operational needs.

Information Security Policy and Management Plan

1. Information Security Management Framework

The Information Technology Department is responsible for information security and formulating and implementing information security policies. Every three months, the information security implementation plan and implementation status are reported to the management to ensure the continuous and effective operation of the internal security management mechanism.

The Internal Audit Department is the audit unit of the Information Technology Department. If the audit discovers any discrepancies, the department shall require the audit unit to propose relevant improvement plans and regularly track the improvement results to reduce internal security risks.

The organization's operation mode adopts PDCA (Plan-Do-Check-Act) circular management to build a complete security management system to effectively prevent the occurrence of information security incidents, ensure the achievement of information security goals, and continue to optimize and improve.

2. Information Security Policy

This policy is to protect the security of all information assets of Elite Semiconductor Microelectronics Technology Inc., and to prevent internal or external, intentional or accidental threats and destruction that may result in business failure or information tampering, fetching or damage, so as to fulfill our goal of sustainability operation.

1. Definition of Information Security

Protect the Company's information and information systems from unauthorized entry, use, disclosure, destruction, modification, inspection, recording and destruction, and maintain the availability of existing information systems.

2. Information Security Objective

1. Ensure the confidentiality of business-related information and protect company confidentiality.
2. Ensure the integrity and availability of business-related information.
3. Improve Information Security Protection Capabilities.

3. Scope of Information Security

This policy applies to various information systems within the Company, internal colleagues, and vendors and third-party personnel who have access to business information or provide services.

3. Information Security Management Solution

The Company has invested in hardware equipment electronic insurance for business assets, such as information systems, network equipment and other information equipment, and avoids equipment being stolen or malicious damage through security monitoring operations. In view of the fact that information security is an emerging type of insurance, considering the comprehensive effect of topics such as insurance coverage, claims coverage, claims identification, and qualifications of identification institutions, the Company will not purchase information security insurance for the time being after evaluation. However, in response to the challenges faced by information security, such as APT advanced persistent attacks, DDos attacks, ransomware, social engineering, and stolen funds and other security issues, the following strategies have been adopted: Keep track of the changes in the information environment in accordance with the Company ’s information security policy, and develop information security protection mechanisms and solutions with reference to technical information. Join ISAC to obtain the latest attack information and take appropriate defensive countermeasures. Conduct regular safety inspections, information security and health consultations, social security and information security drills, strengthen the Company ’s colleagues’ awareness on security crisis and their responsiveness, in order to prevent in advance and effectively identify and prevent proliferation immediately.

4. Information Security Management Measures, including:

Information Security Management		
Type	Description	Relevant Operation
Access control	Management measures for personnel account, authority management and system operation behavior	● Personnel account permission management and review ● Periodic check of personnel account permissions
Access control	Control measures for personnel to access internal and external systems and data transmission channels	● Internal/external access control measures ● Confidential information leakage control ● Operation behavior track record
External threat	Potential internal weaknesses, poisoning pipelines and protective measures	● Host/computer weakness protection and update measures ● Virus protection and malware detection ● Network threat monitoring
System availability	System availability and measures to deal with service interruption	● System/network availability monitoring and notification mechanism ● Contingency measures for service interruption ● Information backup measures, local/offsite backup mechanism ● Regular disaster recovery drills

(VI) The impacts of the change of corporate image on the enterprise crisis management, and the countermeasures thereof:

The Company focuses on its business operation and has achieved outstanding performance, and it is committed to distributing the business results back to the shareholders. The corporate image has always been good, and the Company publishes all messages through a spokesperson or agent spokesperson, who can provide timely explanations in regards to reports and news that could affect the Company's image, so there is no threat to the corporate image. In the future, while pursuing the maximization of shareholders' interests, the Company will continue to fulfill its corporate social responsibilities and improve the corporate image.

(VII) The expected benefits and possible risks to engage in mergers and acquisitions (M&A), and the countermeasures thereof: None.

(VIII) Expected benefits, possible risks and countermeasures for the expansion of plants: The Company currently has no plans to expand the plants.

(IX) Risks associated with over-concentration in procurement and sales, and the countermeasures thereof:

(1) Risk of concentrated procurement

The Company is a professional IC design company. The main raw materials in the production process are wafers and lead frames. The wafers are produced by wafer foundries. Since China is the world's largest wafer foundry production area, meanwhiles there are only few wafer foundries in domestic industry. Therefore, domestic IC design companies generally in the industry tends to have their purchasing concentrated in a certain wafer foundry. In addition to continuing to establish good cooperative relations with wafer foundries to ensure production capacity, the Company actively develops cooperative relations with other domestic and foreign wafer foundries by providing technical services for product design to diversify the concentration of incoming purchases.

(2) Risk of concentrated sales

Based on the consideration of professional division of labor and emphasis on efficiency, most products are mainly sold through agents. In recent years, sales of goods have gradually deviated from focusing on the few particular customers. In response to the growing trend of the company and industry in the future, the Company will further diversify appropriately and diversify its future sales targets to maintain a more balanced and stable operating result, which is the goal of the Company's continuous efforts.

(X) Impact and risks resulted from major equity transfer or replacement from the Directors, Supervisors, or major shareholders holding more than 10% of the Company's shares, and the countermeasures thereof:

(XI) The effect upon and risk to the Company associated with any change in governance personnel or top management and response measures being or to be taken: None.

(XII) If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the publication date of this Annual Report shall be disclosed: None.

(XIII) Other material risks and countermeasures:

The outbreak of COVID-19 in 2020 caused dramatic changes in the global economy and society. The huge increase in the number of new confirmed cases and deaths in the world every day was a cause for concern. For enterprises, it was also the best time to show the resilience of the organization. The pandemic has restricted people's movement and changed the way people live and work, in the battle against the pandemic, the Company has taken complete and strict measures in epidemic prevention, and all of our personnel are united in the fight against the virus!
When the COVID-19 outbreak occurred in March 2020, our Administration Department immediately set up an epidemic prevention team under the direction of our Chief Executive Officer. The Company adjusted the epidemic level according to the development of the epidemic and informed all employees of the Company's epidemic prevention measures through the announcement system.

The control measures of the Company during the epidemic prevention period are as follows:

(1)Employees: Daily temperature measurement, regular health reports, no entry into the factory if their temperatures exceed 37.5°C, etc.
(2)Visitors and manufacturers: Fill in the health report, temperature measurement, and no entry into the factory if their temperatures exceed 37.5℃.
(3)Restaurant: Add partitions, checkerboard seating, keep a safe distance, etc.
(4)Closed space: Reduce unnecessary meetings or switch to video conference, etc.
(5)Environment: Increase the frequency of disinfection.
(6)Others: Split operation and work in shifts, provision of medical masks for employees, occasional announcements of the latest company initiatives, control of the frequency of business travels, etc.

VII. Other important matters:

Intelligent Property Management Plan

With the continuous advancement of technology, the Company has been increasing its investment in R&D costs year by year. To strengthen the competitiveness of the Company's business operations and maintain the state-of-the-art technologies obtained through the hard work of the R&D staff, the Company's intellectual property management combines the Company's operational objectives and R&D resources to establish an operation model that creates corporate value and intangible assets through intellectual property rights. The business management model that combines corporate product strategy, R&D strategy and intellectual property strategy bolsters the utilization of the Company's intellectual property, not only to protect the Company's freedom of operation and strengthen its competitiveness, but also to help the Company make profits.

1. Patent Protection Measures

To enhance the competitiveness of intellectual property, the Company's patent application strategy includes not only patent placement for existing and future products, but also patent placement for specific technologies in a strategic or walled mode. The Company has dedicated staff for intellectual property management, from relevant literature search, technical discussion and patent map preparation for specific technologies before product development to the maintenance of the patent after application, to keep the quality of patent technologies under strict control. In the meantime, the Company monitors the patent application profiles of its competitors to learn the development trend of their products and technologies and whether there are any concerns about patent infringement.

The Company also pays attention to the patent transfer and patent trading market. Whenever various trading platforms (such as ITRI, AS, TWTM, etc.) hold patent transfer or matchmaking activities, the Company will select and evaluate whether there are opportunities for such technologies to be transferred or matched, so as to revitalize the value of the Company's patents. The Company has a patent evaluation committee consisting of senior executives, experienced technical executives who are familiar with the technology field, and expert consultants to enhance the quality of patents through a graded review process. The Company has also established an appropriate patent incentive system to encourage employees to actively file patent applications, and through unscheduled education and training related to patent technology to raise employees' awareness of professional technology and patent protection.

2. Protection of Trade Secrets

The protection of trade secrets is crucial to the Company's competitive advantages, such as technological leadership, manufacturing excellence and customer trust, and is even more crucial to the Company as an IC design company with its own product development and design.

The Company has formulated internal rules and regulations for the management of trade secrets. The Company regularly conducts training courses for new recruits on the protection of trade secrets, and from time to time, makes internal announcements to inform employees of its policy on trade secrets protection. All employees are required to sign a written non-disclosure agreement upon their arrival at and departure from the Company, which is to ensure that they fulfill their duties and obligations of confidentiality to the Company's confidential information. The Company has established a document control system and has set up a Document Control Center (DCC) dedicated to managing and maintaining important technical information of the Company. The Company also attaches great importance to information security, and has established information security management regulations and implemented relevant measures to prevent improper leakage of company information that could harm the interests of the Company. The Company also organizes training on trade secrets from time to time to raise employees' professional awareness of the protection of company secrets and related laws and regulations.

3. Management of Trademark Rights

Since its establishment, the Company has been actively engaged in trademark placement in countries where the Company's products are mainly sold to obtain protection of trademark rights. The Company has designated personnel to handle pre-application trademark searches, management of trademark cases and trademark databases, as well as trademark rights enforcement matters, so that the Company can market its products worldwide under its own brand name.

4. Copyright Management

To protect the Company's confidential information and patent technology rights, if the Company's product technology needs to be published or made public through journals, papers, seminars, etc., the Company will first review and manage it, and establish control and review methods to ensure the implementation of internal review mechanisms to prevent the improper disclosure of important technical information.

Implementation Status

The Company submitted a report on matters related to intellectual property to the Board of Directors at the tenth meeting of the eighth Board (Dec. 23, 2020) and proposed improvement measures in response to the Directors' recommendations.

Since its establishment, the Company has been committed to building a sound intellectual property management system step by step. In the recent years, the Company has implemented the following:

1. Since 2006, the Company has invited renowned scholars and the head of the Legal and Intellectual Property Division of the Company to give lectures to our employees on the protection of trade secrets and the basic concepts related to the acquisition of patent technologies and patent rights.
2. Since 2011, the Company has participated in the Intellectual Property Office's corporate intellectual property promotion activities and invited renowned lawyers and scholars to the Company to provide education and training for its employees on topics and practical discussions related to patents, trademarks, copyrights and trade secrets.
3. In 2013, the Company updated its patent application procedures and implemented a tiered patent examination system.
4. In 2014, the Company established a mechanism for request for and review of public disclosure of the Company's information.

5. In 2015, the Company established and implemented patent technology placement and analysis strategy for new products to match the technology areas in which the development of new products is involved.

6. In 2017, the Company updated and established a complete intellectual property information management system to enhance the management of various applications and rights protection information, and further updated the intellectual property protection strategy and patent evaluation system to support new business development and operation.

7. In 2018, the Company invited Professor of the Law Department of Soochow University and Director of the Intellectual Property Law Research Center to give lectures on copyright protection and fair use. In addition, the head of the Company's patent department organized special educational training for the R&D staff to analyze patent technical issues.

8. In 2019, the Company investigated the classification standards for important information and evaluated patent licensing companies and patent insurance.

9. In 2020, the Company evaluated the feasibility of introducing the Taiwan Intellectual Property Management System (TIPS).

10. In 2021, ESMT invited the professor of the School of Law, Soochow University, who is also the director of the Technology and Intellectual Property Right Law Research Center, to talk about the protection of business secrets, copyright protection, and computer program.

To enhance the efficiency of data management, and reinforce the maintenance and protection of legal documents and confidential information that is in the review process, ESMT built an online review system to ensure the material information is only accessed by the relevant staff, creating higher protection for confidential documents.

In response to the new product lines, ESMT adjusted the composition of the Patent Assessment Committee for the new technology attributes, improving the patented technology of the new products.

11. The current list of intellectual property acquisition are as follows.

(1) Patents: By December 2021, the total number of patents granted worldwide had accumulated over 455, of which 36 domestic and foreign patents were granted in 2021 alone.

(2) Trademarks: By December 2021, the Company had obtained a total of 36 registered trademarks in major target countries for its presence and operation.

Prevention of Insider Trading

1. ESMT is a listed company. The disclosure of any material information that would impact shareholders' rights and share prices is strictly limited by law.
2. Material information is defined in Article 4 of Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
3. Any disclosure of the Company's material internal information, except as otherwise provided by law or regulation, shall be made by this Corporation's spokesperson, or by a deputy spokesperson. Any personnel of the Company, unless otherwise authorized, is not allowed to disclose material information.
4. Personnel of the Company who have actual knowledge of material information are prohibited from dealing in the Company's securities/shares on their own or in the name of others, either before or within 18 hours after the information is not officially public or officially public. Persons who, not because of their position, are indirectly informed of material information that is not yet disclosed are also bound by relevant regulations.
5. Personnel is not allowed to inquire about or collect the Company's material information that is not related to individual duties.
6. The personnel of the Company are obligated to keep confidential the business secrets and material undisclosed information of the Company. They shall perform their duties under the principles of honesty and integrity with the care of a good administrator, and shall not disclose to irrelevant personnel any material information concerning the business secrets and undisclosed information of the Company that is known to them due to their duties.
7. Any organization or person outside of the Company that is involved in any corporate action of the Company relating to an investment, merger or acquisition, procurement, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any business secret and undisclosed material information of the Company.
8. Any personnel of the Company shall not discuss any topic involving the Company in the investment or share related social media or online platforms.
9. If there is any doubt as to whether certain conduct has breached laws related to insider trading, or whether any business secrets or undisclosed material information is disclosed, please ask the Legal Affairs and Compliance Department or the Audit Department for assistance.

According to the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company has formulated Prevention of Insider Trading Management Rules under the internal control system. Educational training is conducted every year as required. The Company completed the educational training featuring the prevention of insider trading through online learning in December 2021. A total of 457 people completed the training, with the achievement rate reaching 91.77%. For employees who haven't completed the training, they will be tracked closely in the education program in the following year.

Report of Unethical/Inappropriate Conduct

According to Ethical Corporate Management Principles, if the personnel of the Company has unethical or inappropriate conduct, a report can be made internally or externally. The reporting email is audit@esmt.com.tw.

The following information must be provided by the whistleblower:

I. The whistleblower's name, I.D. number, address, telephone number and e-mail address where he/she can be reached.

II. The informed party's name or other information sufficient to distinguish his/her identifying features.

III. Specific facts available for investigation.

A written statement shall be provided by the handling personnel to keep the whistleblower's information as well as the reporting event confidential. The Company shall promise that the whistleblower will not be mistreated due to the whistle-blowing.

The responsible unit of the Company shall observe the following procedure:

I. Reporting matters involving general employees should be reported to the direct supervisor. Reporting matters involving Directors or senior managers should be reported to Independent Directors.

II. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related departments.

III. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

IV. Documentation of case acceptance, investigation processes and investigation results shall be retained for 5 years and may be retained electronically. Before the expiration of the retention period, in the event of a lawsuit related to the whistleblowing content, the relevant information shall be retained until the conclusion of the litigation.

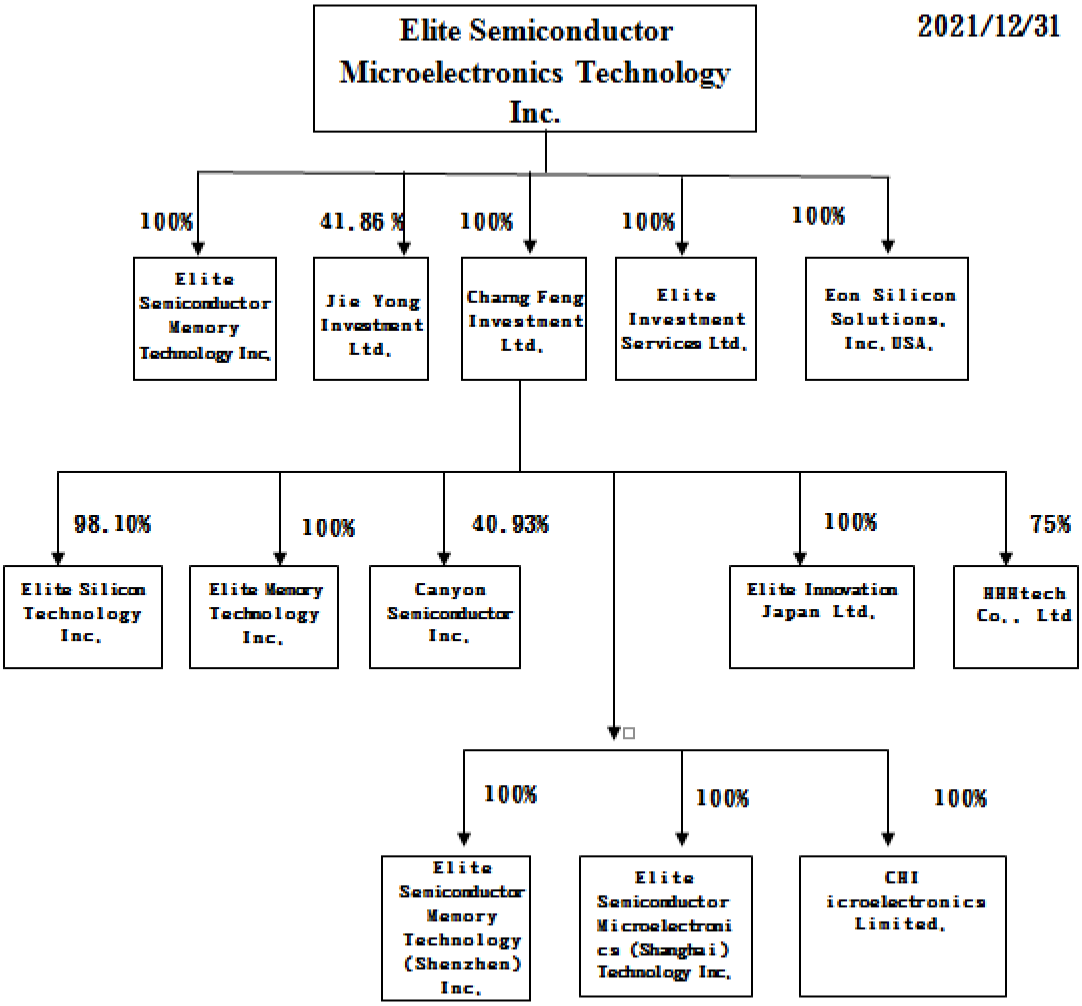
V. With respect to a confirmed information, relevant units shall be charged with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent a recurrence.

VI. The responsible unit shall collate all complaints made, the countermeasures, and any subsequent proposed improvements, and report to the Board of Directors.

Special Disclosures

I. Information about the Company's Affiliated Companies

1. Organization Structure of Affiliated Companies



2. Basic Information of Affiliated Companies

Unit: NT$

Name	Date of Incorporation	Address	Actual Paid-in Capital	Primary Business
Elite Semiconductor Memory Technology Inc.	1992.11.05	1/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 1,000,000	Research and development, production, sales and related consulting services of integrated circuit
Charng Feng Investment Ltd.	2000.05.22	1/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 500,000,000	General investment
Elite Investment Services Ltd.	2006.07.04	Citio Building P.O.Box 662,Road Town Tortola, British Virgin Islands	US$ 15,000,000	General investment
Jie Yong Investment Ltd.	2009.01.16	2/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 86,000,000	General investment
Elite Memory Technology Inc.	2004.11.22	1/F, No. 13, Lane 24, Minxiang 1st Street, East District, Hsinchu City	NT$ 100,000,000	Electronic component manufacturing, information software services, product design, other business services, other consulting services and international trade
Elite Silicon Technology Inc.	2005.04.07	5/F, No. 24-2, Gongye East 4th Road, East District, Hsinchu City	NT$ 76,000,000	Information software services, product design, other business services, other consultancy services, and international trade
Canyon Semiconductor Inc.	2013.06.26	3/F, No. 19-1, Gongye East 4th Road, East District, Hsinchu City	NT$ 204,000,000	Integrated circuit design and manufacturing of electronic components
Elite Innovation Japan Ltd.	2011.12.16	4-8-11 Takanawa, Minato-ku, Tokyo	JPY 10,000,000	Electronic component manufacturing, information software services, product design, other business services, other consulting services and international trade
Eon Silicon Solutions, Inc. USA	2003.02.01	4699 Old Ironsides Drive, Suite 300 Santa Clara, CA95054 USA	US$ 100,000	FLASH product design, development and testing
Elite Semiconductor Memory Technology (Shenzhen) Inc.	2011.08.09	Unit A, Tian'an Digital City I, Futian District, Shenzhen	US$ 3,200,000	Technical consultation and service, after-sales service
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	2019.11.27	Room 2515, No. 18 Xinjinqiao Road, China (Shanghai) Pilot Free Trade Zone	US$ 200,000	Product design, wholesale and retail of electronic materials, information software services and international trade
CHI Microelectronics Limited.	2020.08.31	15/F Boc Grouplife Assurance Tower 136 Des Voeux RD Central HK	HKD$ 100,000	Trading
HHHtech Co., Ltd	2020.11.23	Hsinchu City East District Jinshan Li Jinshan 6th Street 6 Lane 6 No. 15 4th Floor	NT$ 20,000,000	Information software services, product design, management consulting and international trade

Note 1: The foreign currency investment amount is converted based on the exchange rate on December 31, 2021.
Note 2: Dissolution was approved on 15 March 2022.

3. Information on the same shareholders of companies that are considered to have a controlling and subordinate relation: None.

4. The affiliated companies' business and operations, the industries they cover, and their correspondence and division of labor:

Name	Division of Labor in Interaction
Elite Semiconductor Memory Technology Inc.	IC production, sales and related consulting services
Charng Feng Investment Ltd.	General investment industry: Not applicable
Elite Investment Services Ltd.	General investment industry: Not applicable
Jie Yong Investment Ltd.	General investment industry: Not applicable
Elite Memory Technology Inc.	R&D, production, sales and related consulting services of MEMS
Elite Silicon Technology Inc.	SoC IC R&D, production, sales and related consulting services
Canyon Semiconductor Inc.	Power IC R&D, production, sales and related consulting services
Elite Innovation Japan Ltd.	IC sales and related consulting services
Eon Silicon Solutions, Inc. USA	FLASH product design, development and testing
Elite Semiconductor Memory Technology (Shenzhen) Inc.	Technical consultation and service, after-sales service
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Technical consultation and service, after-sales service
CHI Microelectronics Limited.	Trading
HHHtech Co., Ltd	R&D, production, sales and related consulting services of integrated circuits

5. Information of Directors, Supervisors and Presidents in all affiliated companies:

December 31, 2019

Name	Title	Name or Representative	Shareholding		Remarks
			Number of Shares	Percentage of Shareholding	
Elite Semiconductor Memory Technology Inc.	Chairman of the Board and President	Hsing-Hai Chen	100,000	100.00%	Representative of Elite Semiconductor Microelectronics Technology Inc.
Charng Feng Investment Ltd.	Chairman of the Board and President	Ming-Chien Chang	50,000,000	100.00%	Representative of Elite Semiconductor Microelectronics Technology Inc.
Elite Investment Services Ltd.	Director	Hsing-Hai Chen	15	100.00%	Representative of Elite Semiconductor Microelectronics Technology Inc.
	Director	Ming-Chien Chang	15	100.00%	Representative of Elite Semiconductor Microelectronics Technology Inc.
Jie Yong Investment Ltd.	Chairman of the Board and President	Hsing-Hai Chen	800,000	9.30%	
	Director	Ming-Chien Chang	400,000	4.65%	
	Director	Kuan-Chun Chang	500,000	5.81%	
	Director	Yeong-Wen Daih	200,000	2.33%	
	Supervisor	Hsin-Jung Peng	200,000	2.33%	

Name	Title	Name or Representative	Shareholding		Remarks
			Number of Shares	Percentage of Shareholding	
Elite Memory Technology Inc.	Chairman of the Board and President	Hsing-Hai Chen	10,000,000	100.00%	Representative of Charng Feng Investment
Elite Silicon Technology Inc.	Chairman of the Board	Hsing-Hai Chen	7,448,960	98.10%	Representative of Charng Feng Investment
	Director	Ming-Chien Chang	7,448,960	98.10%	Representative of Charng Feng Investment
	Director	Jennifer Feng	7,448,960	98.10%	Representative of Charng Feng Investment
	Supervisor	Candy Chu	0	0.00%	
Canyon Semiconductor Inc.	Chairman of the Board	Kuan-hsi Chen	8,350,000	40.93%	Representative of Charng Feng Investment
	Director	Ernest Shyh Yuh Lin	10,400,000	50.98%	Representative of Diodes Holding B.V. (the Netherlands)
	Director	Sam Chen	8,350,000	40.93%	Representative of Charng Feng Investment
	Director	Sam Chen	75,000	0.37%	
	Director	Evan Yu	10,400,000	50.98%	Representative of Diodes Holding B.V. (the Netherlands)
	Director and President	William Yang	10,400,000	50.98%	Representative of Diodes Holding B.V. (the Netherlands)
	Director and President	William Yang	450,000	2.21%	
	Supervisor	Patricia Huang	0	0%	
	Supervisor	Hong-Gee Wu	0	0%	
Elite Innovation Japan Ltd.	Director	Yajima Masaharu	200	100.00%	Representative of Charng Feng Investment
	Director	Chih-Hong Ho	200	100.00%	Representative of Charng Feng Investment
	Director	Hong-Gee Wu	200	100.00%	Representative of Charng Feng Investment
	Supervisor	Candy Chu	200	100.00%	Representative of Charng Feng Investment
Eon Silicon Solutions, Inc. USA	Director	Ming-Chien Chang	200,000	100.00%	Representative of Elite Semiconductor Microelectronics Technology Inc.
Elite Semiconductor Memory Technology (Shenzhen) Inc.	Legal Representative	Chih-Hong Ho	-	100.00%	Representative of Charng Feng Investment
Elite Semiconductor Microelectronics (Shanghai)	Legal Representative	Chih-Hong Ho	-	100.00%	Representative of Charng Feng Investment

Name	Title	Name or Representative	Shareholding		Remarks
			Number of Shares	Percentage of Shareholding	
Technology Inc.					
CHI Microelectronics Limited.	Legal Representative	Kun-Ren Chang	10,000	100.00%	Representative of Charng Feng Investment
HHHtech Co., Ltd	Chairman of the Board	Kun-Ren Chang	1,500,000	75.00%	Representative of Charng Feng Investment
	Director	Huang Peijie	1,500,000	75.00%	Representative of Charng Feng Investment
	Director	Jin Junhu	170,000	8.50%	
	Supervisor	Jennifer Feng	0	0.00%	

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6. Operations Overview of Affiliated Companies

December 31, 2021 Unit: NT$1,000

Name	Capital	Total Asset	Total liabilities	Net Value	Revenue	Operating Profit (Loss)	Profit (Loss) of the FY	Earnings Per Share (NT$)
Elite Semiconductor Memory Technology Inc.	1,000	98,323	77,772	20,551	325,169	6,347	5,057	50.57
Charng Feng Investment Ltd.	500,000	566,948	919	566,029	—	(205)	68,958	1.38
Elite Investment Services Ltd.	415,200	612,100	—	612,100	—	(118)	(8,400)	(559,985.60)
Jie Yong Investment Ltd.	86,000	2,336,755	7,013	2,329,742	—	(1,374)	116,873	13.59
Elite Memory Technology Inc.	100,000	21,664	52	21,612	—	(407)	(341)	(0.03)
Elite Silicon Technology Inc.	76,000	1,497	1,590	(93)	487	(633)	(632)	(0.08)
Canyon Semiconductor Inc.	204,000	158,288	31,622	126,585	176,319	45,852	43,804	2.15
Elite Innovation Japan Ltd.	2,052	2,236	1,505	731	7,055	(1,199)	(1,464)	(7,321.53)
Eon Silicon Solutions, Inc. USA	13,304	7,912	9,594	(1,682)	54,285	(3,206)	(271)	(1.36)
Elite Semiconductor Memory Technology (Shenzhen) Inc.	84,133	89,013	1,062	87,951	26,247	1,000	(2,990)	–
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	5,536	8,140	1,130	7,010	21,865	1,170	377	–
CHI Microelectronics Limited.	355	104,059	103,349	710	129,622	(110)	343	34.30
HHHtech Co., Ltd	20,000	3,048	70	2,978		(16,477)	(16,607)	(8.30)

Consolidated financial statements of affiliated companies: Please refer to #page 114#.

Elite Semiconductor Microelectronics Technology Inc

Declaration of Consolidated Financial Statements of Affiliated Companies

The entities that are required to be included in the consolidated financial statements of Elite Semiconductor Microelectronics Technology Inc. for the year ended December 31, 2021 (January 1 to December 31, 2021), under the Criteria Governing the Preparation of Affiliated Enterprise 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, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declared by

Company Name: Elite Semiconductor Microelectronics Technology Inc.

Person-in-charge: Hsing-Hai Chen

February 25, 2022

II. Private placement of securities for the most recent financial year until the date of the publication of the Annual Report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent financial year or during the current financial year up to the date of the publication of the annual report:

Unit: NT$1,000; share; %

Name of Subsidiaries	Actual Paid-in Capital	Source of Funding	Shareholding Percentage of the Company	Date of Acquisition or Disposal	Number and Value of Shares Acquired	Number and Value of Shares Disposed	Gain (Loss) from Investment	Number and Value of Shares Held until the publication of the Annual Report	Condition of Setting the Pledges	Amount of Endorsement Made for the Subsidiaries	Amount Loaned to the Subsidiaries
Jie Yong Investment Ltd.	86,000	Internally Generated Funds	41.86%	July 6, 2021~ Dec. 24, 2021	− −	800 115,887	-	13,354 328,276	-	-	-
			Current financial year up to the publication date of the Annual Report		- -	- -	-	- -	-	-	-

IV. Other Necessary Supplements: None.

V. In the most recent financial year up the date of publication of the Annual Report, if there an issue of significant impact on shareholders' equity or securities prices as stipulated in Article 36, paragraph 2, subparagraph 2 of the securities exchange Act: None.

Elite Semiconductor Microelectronics Technology Inc.

Chairman of the Board: Hsing-Hai Chen

President: Ming-Chien Chang